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GOVERNING THROUGH GOAL SETTING: ENHANCING THE ECONOMIC AND NATIONAL SECURITY OF AMERICA

HEARING

BEFORE THE

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

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GOVERNING THROUGH GOAL SETTING: ENHANCING THE ECONOMIC AND NATIONAL SECURITY OF AMERICA

WEDNESDAY, JUNE 17, 2015

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 9:34 a.m., in room SD–342, Dirksen Senate Office Building, Hon. Ron Johnson, Chairman of the Committee, presiding.

Present: Senators Johnson, Ayotte, Ernst, Sasse, Carper, Booker, and Lankford.

OPENING STATEMENT OF CHAIRMAN JOHNSON

Chairman JOHNSON. This hearing will come to order.

Good morning. I want to welcome all of our witnesses and thank you for taking the time to appear and also for your thoughtful testimony. I see that Senator Lieberman is not here yet, but apparently he missed his first flight or it was canceled, but he is on his way, so we will look forward to welcoming him back to his Committee room.

I would like to first ask unanimous consent to have my written statement entered into the record.[1]

Senator CARPER. Reserving the right to object—no, I am just kidding. [Laughter.]

Chairman JOHNSON. Yes, he always does that.

Senator CARPER. Actually, we are getting along better here.

Chairman JOHNSON. Normally, I ask when his back is turned to me. [Laughter.]

But, I warn the witnesses, too, I want to spend a little bit more time than I normally do with an opening statement because this is a really important hearing, from my standpoint. I think your efforts are extremely important. I love the fact that you are starting with goals, which is—we have got three business people sitting at our witness table here. It is just critical. I mean, we will hear that in their testimony, how important it is to establish goals, because if we do not have an achievable goal, it is pretty hard to develop a strategy if it is not directed toward an achievable goal.

But, let us start out today's Committee hearing with—because it is a political discussion—the way I would always start out my business negotiations. I would imagine you are probably similar to me.

[1] The prepared statement of Senator Johnson appears in the Appendix on page 43.

I did not start my negotiations arguing. I would always spend a lot of time on the front end of any negotiation laying out all the areas of agreement. So, let us start today the way I would start those business negotiations, on a goal that we agree on. We do share the same goal as Americans. We all want a prosperous, a safe and secure America.

We actually, by the way, issued a mission statement for this Committee. It is pretty simple: To enhance the economic and national security of America.

We are all concerned about each other. We all want every American to have the opportunity to build a good life for themselves and their family. That is what this hearing is all about, how do you accomplish that goal? How do you accomplish that mission?

And I see Senator Lieberman here. Welcome, sir.

Senator LIEBERMAN. Thank you, Mr. Chairman. I am sorry for—I apologize for U.S. Air. [Laughter.]

Chairman JOHNSON. I just saw you were on Senate time, sir. [Laughter.]

Senator LIEBERMAN. Well, that too.

Chairman JOHNSON. No. Chairman Lieberman, it is so good to have you back here. I will introduce everybody prior to testifying, but one thing I am noticing on your introduction, it does not say that you were one of the original cast members of the Senate Three Amigos—— [Laughter.]

So you are back here—and, by the way, we have your replacement on the Committee, as well, so now we have Kelly Ayotte.

Senator LIEBERMAN. There was apparently some agreement that my replacement was not only smarter and more able, but much better looking. [Laughter.]

Chairman JOHNSON. I would not confirm that or dispute it. [Laughter.]

But, anyway, let me pick up where I left off, with that shared goal. If we concentrate on those shared purposes and shared goals, if we do not question each other's motives, if we engage in a process that you good men and women are engaged in trying to find the common ground, to actually solve some of these problems, we are going to be in a whole lot better shape. So, again, I want to start with that.

Now, what you are engaged in is a problem solving process, and coming from a manufacturing background, I have solved a lot of problems, and there actually is a process you go through. In business, and this is borne out in testimony here, there is something called a strategic planning process, and in my mind, it has four steps to it.

The first one is you have to ascertain the reality. You have really got to understand what the problem is. Then, based on that reality, you set achievable goals, which is what your group is trying to do here. Based on those goals, then you develop the strategies. And then the tactics are just there to support the strategies.

Now, what I have found in Washington, D.C. is we are always at the tactical level. So, if you just engaged in tactics and the tactics are not tied to a strategy, that are not directed toward an achievable goal, that are divorced from reality, I think I just described a big part of the problem here in Washington, D.C.

So, again, I really commend you for your involvement in this problem solving process, but I also want to take a step back, because I think you are kind of in the second step, and I want to spend a little bit of time on the first step, which, according to—Mr. Tisch, you recognize that the first step, you said in your testimony, is to identify the problem. I will add to that a little bit. You have to define it.

And, then, I think you—really, the first step, though, in solving any problem, once you have defined it and identified it is you have to admit you have it. And, I would argue in America, and I think this is on a bipartisan basis, we have not leveled with the American public. I do not think we collectively understand the depth of the problem. I do not think we collectively have admitted we have the problem. And, until we get the public to the point of admitting the problem, we are, unfortunately, a long ways from solutions.

Ms. Hogan, I love the fact in your testimony you talked about strengths, weaknesses, opportunities, and threats a (SWOT) analysis. Now, we were talking earlier, that is not a real common term here. When I say "swat" in Washington, D.C., people are looking for a fly or a mosquito. But, in a business strategic planning process, SWOT is strengths, weaknesses, opportunities, and threats.

Let me just quickly go through a very fast, very abbreviated SWOT analysis on the American economy. What are our strengths? I would mention two. We are the world's largest economy. We are the world's biggest customer. I come from a manufacturing background. Manufacturers want to be close to their customers. It makes all the sense in the world. It is an enormous competitive advantage in a global economy. We are the world's biggest customer.

Also, we have abundant and relatively cheap energy. If you are going to manufacture something, you need power, and cheap power is a whole lot better than expensive power. So, let us not artificially drive the cost of power up. Let us have a strong economy so we can certainly spend on keeping our environment clean, but let us keep energy cheap. Let us make sure it is abundant. Those are our strengths.

What are our weaknesses? Well, take a look at our tax system. It is completely uncompetitive. If you are a global manufacturer wanting to come and take advantage of cheap energy and the world's biggest market, are you going to site your plant in Toronto with a 15 percent top marginal tax rate or Detroit at 35 percent? That is just not competitive. We have to recognize that reality and we have to fix our tax system.

What about our regulatory environment? It is onerous. We have had hearings. There are multiple studies that show that the costs of complying with Federal regulations on an annual basis are approaching $2 trillion per year. Let me put that number in perspective. Only nine economies in the world today exceed or are larger than $2 trillion. That is the burden we are placing on innovators, on people that build things, on people who are trying to grow a business and create the good paying jobs. We have to reduce that burden.

I will not spend a whole lot of time on our legal system, which is also a disaster and also holding our economy back.

Now, those are our strengths. Those are our weaknesses. What are our opportunities? Well, let us fix those weaknesses. Enormous opportunities.

And, of course, threats. Take a look at international issues. Senator Lieberman has been just a real leader in terms of recognizing the dangers that this Nation faces. But, I agree with Admiral Mike Mullen that our greatest threat to national security is our debt and deficit, which gets me to pretty much the last part of what I want to talk about here, is the reality.

So, we have gone through the SWOT analysis. So, let us take a look at the reality of the situation in terms of our debt and deficit, and I have some sheets out here. I have some charts and I want to go through this.

I really developed this concept, the way to describe the depth of the problem to the American people with discussions and the White House. I was one of the small group of Republican Senators that was working with the White House, trying to find some areas of agreement on the debt and deficit. So, sitting down in those talks, I started looking at how you define the problem. We do not have a 10-year budget window problem. We have a 30-year demographic problem. All the Baby Boom generation, who are retiring at the rate of 10,000 people per day, on a bipartisan basis we have made all these promises and we do not have a way to pay for it.

Now, a lot of people talk about unfunded liabilities. The problem with that definition is it is too far in the future. It is $100 or $200 trillion and people just cannot get their heads around that. People can have some concept of what 30 years is, and unfortunately—as I always point out, my little baby girl just turned 32, and that went by like that. So, this problem is going to be on us in no time.

So, let us just take a look at the Congressional Budget Office (CBOs) alternate fiscal scenario.[1] Now, this is last year's and they are actually going to be holding a hearing today at the Budget Committee on their updated version. It is not going to vary by much. This is CBO's alternate fiscal scenario. No, keep it up. The first decade, CBO estimates about $9 trillion of deficit. Now, that is massive. That is going to take our debt up to $26, $27 trillion. I do not know if we get through the first decade without a debt crisis, but it pales in comparison to the second decade, $31 trillion of deficit. The third decade, $87 trillion, for a whopping total over 30 years of $127 trillion of deficit.

Now, put that in perspective. The entire net private asset base of America is $110 trillion. So, that is the problem we are trying to deal with.

Now, a way to try and adequately lay this out so it is comprehendible is a one-page income statement. Again, we get these four-inch thick budget binders and it just does not lay it out. You can really describe the Federal Government in one page, on a one-page income statement, and I have done it here for the 30-year deficit. You have three columns, outlays, revenue, deficit. The first two rows really point us in the direction of what needs to be fixed, and, of course, you guys recognize that with your goals.

[1] The chart referenced by Senator Johnson appears in the Appendix on page 59.

Social Security over the next 30 years will pay out about $15 trillion more in benefits than it takes in the payroll tax. Medicare will pay out about $35 trillion more in benefits that it takes in the payroll tax. That is $50 trillion of the $127 trillion. The rest of that deficit is in interest, $71 trillion that is not doing anything to improve the lives of ordinary Americans. It is paying off our bond holders.

So, this directs our activity. We have to make Social Security and Medicare solvent. We cannot run up those deficits, so we do not incur the debt, so we do not have to pay that interest. And, of course, that is one of your goals.

Now, this next chart[1] in case anybody is thinking this alternate fiscal scenario is overstating the case, take a look at the last 20 years in terms of average spending as a percent of gross domestic product (GDP). Now, those are estimated based on actuarial math. Defense the last 20 years, we spent about 3.9 percent of our GDP on defense. This scenario has us spending about 3.5 percent. Other programs, we spent about 6.7 percent. This scenario is only six, and interest for the plug.

Now, next chart.[2] I hear all the time that—this is not the right one. You have them in your packets. I hear all the time, well, why do you guys not just do Simpson-Bowles? We have done about 81 percent of Simpson-Bowles. We got about $700 billion of tax increases in the fiscal cliff deal. We got about $2.1 trillion of spending constraint in the Budget Control Act. So, we have done about 81 percent, but it did not really change the trajectory.

Now, if you really want to solve problems, you have to use real information. Again, I do not have the chart, but I have it in your pamphlet here. We need to look at real information. We cannot rely on demagoguery. You want an example of demagoguery? Paul Ryan puts forward a proposal on Medicare, premium support, whatever you want to call it. To my knowledge, it has never been scored, but there has been a political reaction to it. We had political opponents run an ad, a Paul Ryan look-alike pushing Granny off the cliff, and it was effective. Where that ad was run, the Republican did not win. But, I would argue, how does that do anything to solve our problems? Let us start using real information.

So, I have developed a solutions menu. I hear all the time, well, Social Security, that is the easy one to fix. Oh, yes? You try it. I have two sheets here.[3] This is available on my website. But, we have one sheet that shows by decade the score of different solutions that have been proposed. How much of that $15 trillion in Social Security would something solve?

Let us just pick one. Let us say we increase the age of retirement from 67 to 70. That saves about $1 trillion—oh, by the way, over 4 years. Now, in today's political environment, that is a draconian change to Social Security. That would only save $1 trillion of the $15 trillion deficit. We have to use real information. We have to get away from demagoguery. We are only going to solve these problems with the truth.

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[1] The chart referenced by Senator Johnson appears in the Appendix on page 61.
[2] The chart referenced by Senator Johnson appears in the Appendix on page 62.
[3] The chart referenced by Senator Johnson appears in the Appendix on page 63.

Here is a truth people do not want to recognize, because I hear it all the time, and this is one of the reasons the American people do not understand the depth of the problem is because they are told repeatedly that Social Security is solvent until the year 2033. It is not. It is already paying more out in benefits than it is taking in the payroll tax. It is already in a deficit cash-flow situation, except for the fiction of the Social Security Trust Fund, that accounting convention.

Let me just describe how that is just an accounting convention. You have about $2.77 trillion of U.S. Government bonds in the trust fund, so it is an asset to the trust fund. The problem is, a U.S. Government bond is a liability to the Treasury. If you consolidate the books of the Federal Government and you are looking at this is a liability to the Federal Government, Social Security, that transaction nets to zero, and the Office of Management and Budget (OMBs) own publication says that. I have two quotes. One is just talking about the trust fund is just a bookkeeping convention. It is really not any asset that can really pay out those benefits. Next chart.[1]

Basically, that transaction of netting the trust fund asset against the Treasury liability, it nets to zero. But, by the way, the trust fund does exist. I have a picture of it. Next chart.

That is it. That is the Social Security Trust Fund.[2] It is a four-drawer file located in Parkersburg, West Virginia. This is what the American people are expecting are going to be paying off the cash-flow deficit of Social Security over the next 20 or so years. That is not being honest with the American public.

So, the last thing I would just say on this chart[3] is a solution menu on Medicare. It is pretty sparse. We do not have many solutions to fill a $35 trillion gap.

So, let me close with one little story. Because unless we are willing to recognize these realities, unless we collectively are willing to take that first step in solving any problem, admitting we have one, again, I will emphasize, we are not going to be achieving the goals that you are courageously setting out here.

I was in the White House for a 2-hour meeting. President Obama joined the meeting for the last half. And, of course, President Obama wanted everything on the table for discussion, tax increases, spending restraint. I mean, fair enough. And, I said, Mr. President, if you are serious about wanting everything on the table, the way to get everything on the table, at least for discussion, is use your bully pulpit. Tell the American people the truth. And I slid a chart similar to the one I just had up there on the 30-year deficit. Show the American people the depth of the problem so that we collectively take that first step and know we have the problem.

You know what he said to me? He said, "Ron, we cannot show the American public numbers that big. If we do, they will get scared. They will give up hope. And," he said, "besides, Ron, we cannot do all the work. We have to leave some work for future Presidents, future Congresses." Now, that is an almost verbatim quote. I have witnesses. Kelly was one of them.

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[1] The chart referenced by Senator Johnson appears in the Appendix on page 65.
[2] The chart referenced by Senator Johnson appears in the Appendix on page 67.
[3] The chart referenced by Senator Johnson appears in the Appendix on page 68.

I think you all realize that without Presidential leadership, we cannot do big things in this country. But, again, without recognizing the reality of the situation, without having elected officials being willing to tell the American people the truth, we are a long way toward being able to agree on and vote on and pass the solutions to the problems to the goals that you set out.

So, again, I just want to commend all of you for being involved in this process. Thank you for your courage. I hope you succeed. I am certainly going to dedicate myself to doing everything I can to help you succeed.

And, with that, Senator Carper.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. Thanks, Mr. Chairman. Thanks for pulling this together. It is great to see all of you this morning.

As Senator Lieberman knows, I oftentimes travel back and forth to Washington on the train and catch an early train in the morning. This morning, I sat in the quiet car, and in the very front of the quiet car, they have a couple of seats on either side of the aisle where they have two seats facing each other, and so as many as four people can sit there. And on my right were a family with a couple of kids and a mom and another passenger. I sit down in a seat, Joe, where there was an adult woman who was, like, all curled up asleep, in one of the two seats facing each other, but the other seat was empty. And, so, I sat down there and the conductor came by and collected my ticket and she continued to sleep all the way down to Baltimore. The train stopped in Baltimore and people got on board and she continued to sleep. And then the train pulled out and kind of jerked a little bit and she opened her eyes and she looked at me and she said, "You look so familiar." I said, "I am Joe Lieberman." [Laughter.]

She said, "I thought I was dreaming."

Senator LIEBERMAN. She called me later that day——

Senator CARPER. It was today.

Senator LIEBERMAN [continuing]. And I said——

Senator CARPER. I gave her your card.

Senator LIEBERMAN. I said, "It is Carper again." [Laughter.]

Senator CARPER. It is great to see you, my friend.

Senator LIEBERMAN. It is great to see you.

Senator CARPER. It is great to see you, my friend.

Last time I talked with Joe Lieberman—this is forever—I told Joe I love him, and I really do. When he ran for President, I think you were the best of the Republicans running maybe the last time out, Governor. You are the pick of the litter. When Joe ran in 2004, I had the privilege of being his Campaign Chairman in the State of Delaware. I am trying to remember that night that we had all those primaries that night, what State did you—where was your best finish in the whole——

Senator LIEBERMAN. Senator Carper, there is no doubt, no lack of clarity. The best race I ran was in Delaware. [Laughter.]

That was because of the Chairman that I had in Delaware.

Senator CARPER. In spite of your Campaign Chair. We beat out John Edwards by seven votes, I think, in second place.

Senator LIEBERMAN. Yes. That was important.

Senator CARPER. It was——

Senator LIEBERMAN. It was symbolic.

Senator CARPER [continuing]. A resounding win. And, I was about to hold a press conference on election night in Delaware, on primary night, and announce that we had a second place finish in Delaware, we were on our way, and I got this phone call from Joe on my cell phone, he said, "I am pulling out." I said, how could you do that? We are on a roll here.

Senator LIEBERMAN. In Delaware.

Senator CARPER. In Delaware. [Laughter.]

We are the first State, the State that started a Nation. We have to get it started somewhere.

Well, it is great to see you——

Senator LIEBERMAN. Thank you.

Senator CARPER [continuing]. And to be in this room where you provided great leadership for all those years, you and Susan Collins. What an example you set for the rest of us.

Before I get into some serious remarks, I just wanted to ask you, Senator Lieberman, do you recognize the young woman behind me over my, kind of, like, over my left shoulder?

Senator LIEBERMAN. Yes, I do.

Senator CARPER. Yes.

Senator LIEBERMAN. Perpetually young.

Senator CARPER. Yes, forever young.

Senator LIEBERMAN. That would be Janet.

Senator CARPER. Yes. Janet Burrell is leaving us, leaving us this week——

Senator LIEBERMAN. I heard that, yes.

Senator CARPER [continuing]. Leaving us this week after 37 years of service to our country and some 30 years of service to——

[Applause.]

So, we are grateful to her for all that she has done and continues to do.

I have prepared remarks, and what I want to do is just submit those for the record.[1]

But, I want to come back to the four goals that are outlined in your testimony, and I have a glass of water here. This is a full glass, but I am one of those glass half-full people, and I always see a glass, if it is half-full, or even less than half-full, I am a glass half-full guy. And, I think, I know several of you are, as well. And, I am a glass half-full guy on America, and I wanted to just kind of talk about the goals you have set for our country and just give you my own thoughts of how we are doing.

One of the goals is to create 25 million new jobs over the next 10 years. That is an average that, actually, we came pretty close to that during the Clinton Administration, very close to that, as I recall. So, it is not an impossible task. In the last, I think, the last 2 years, we have been going along at about an average of 200,000 jobs per month, which would add up over 10 years to 25 million jobs. So, it is not entirely impossible. But, along the way, you are going to have a recession. We had a huge recession, as you know, several years ago.

[1] The prepared statement of Senator Carper appears in the Appendix on page 45.

But, in our jobs, whether you happen to be a Senator or a Governor, a recovering Governor, which is what I am—you probably are, too, Governor Jon Huntsman—we do not create jobs. The President does not create jobs. Mayors do not create jobs. What we do is help to create a nurturing environment for job creation, as you know, and that includes a whole lot of different things. It includes access to capital. It includes common sense regulation, access to decisionmakers. It includes public safety, rule of law, the ability to defend our intellectual property, our research and development (R&D), from those who would like to steal it and beat us to the punch economically. It includes clean air and clean water. It includes affordable health care, the ability for people to access health care, but to do so in a way that is affordable. It includes access to foreign markets. It includes a budget policy that sort of embodies all of the above.

And, so, I want to go right down the list that you all have submitted to us of your four major goals. The first one, create 25 million new jobs over the next 10 years. How do we do that? I think we do that by creating a nurturing environment. We do not just do it here in Washington. We do it all across the country, and it is not just government. It is partnership. This is an all hands on deck deal and a shared responsibility, so we need a great partnership, the kind of partnership that, frankly, you are demonstrating to us today and the kind of partnership that Joe demonstrated when he served here for 25 years.

The idea of balancing the budget by 2030, I do not think that is a pipe dream. If you go back 6½ years ago, the week that Joe Biden and Barack Obama were sworn into office, that week 628,000 people filed for unemployment insurance. Think about that. In one week, 628,000 people; filed for unemployment insurance. Last week, about 279,000. Any time that number is under 400,000, we are adding jobs. We have been under 300,000 now for months. So, we need to sustain that and to keep that going.

The first year that Joe Biden and Barack Obama were in office, we lost 2.5 million jobs. Actually, the 6-months before they took office, 2.5 million jobs. The first 6 months they were in office, five million jobs, we lost them just like that in 12 months. And, the budget deficit that year spiked to $1.4 trillion dollars, which is about 10 percent of GDP.

This year, we are on path, I think, to realize a budget deficit of about one-third that, maybe a little bit less than one-third that is still way too much. But, is it an improvement? Sure. Are we heading in the right direction? Sure. It is about 3 percent of GDP. Is that too much? I think it is.

And, I would suggest three things that we need for budget deficit reduction. The Chairman has mentioned—I take these in context. Full disclosure, I am a Bowles-Simpson believer. I am a true believer in Bowles-Simpson. I think they nailed it. I thought so then, and one of my criticisms of the current President, and, frankly, Democrat and Republican leadership in the Senate and House, is we never really fully embraced Bowles-Simpson and it is unfortunate that we did not.

But, there are three things to do for deficit reduction. No. 1 would be entitlement reform that saves these programs for our

kids, that saves money and does not savage old people or poor people. That is No. 1.

No. 2, tax reform that lowers the rates on the corporate side, broadens the base, and provides some money for deficit reduction, or for transportation investments, which is, I think, where we are heading right now. International tax reform, some of the money that is parked overseas, I think some of it may be deemed appropriate to bring back and I think we may end up doing that and that would probably be a good thing.

The third thing we need to do on deficit reduction is to look at everything we do. We had a hearing here just earlier this week focused on just one area where we waste money, and just focus on everything we do like a laser, work with the Government Accountability Office (GAO) and OMB and all those folks. And, if it is not perfect, make it better.

And, the last thing that is in—of your goals is make America energy secure by 2024. That is doable, and we are on a march to do that. We used to be the Saudi Arabia of coal. We still are. We are now the Saudi Arabia of natural gas. We are building four new nuclear power plants, the first time we have built them in years, and I think I am a nuclear guy, done safely, and I think that that is part of the solution. There is also wind, onshore, offshore, solar, geothermal. I mean, there is a great portfolio, energy security—energy conservation, the fifth fuel.

So, those are all elements that are there. We are actually making some progress on these, some pretty good progress. Can we do better? Sure, we can, and I think your support and your example and your encouragement, your ideas, will help us do better still.

You have given us a great agenda for our country and sort of, maybe by hook or crook, we are sort of executing it and we are making some progress. We need to make more.

Welcome. Thank you so much for joining us today. Thank you for your leadership and for being great citizens.

Chairman JOHNSON. Thank you, Senator Carper.

I am going to quick just slide over my chart[1] that shows we have done 81 percent of Simpson-Bowles.

With that, as Senator Lieberman realizes, it is the tradition of this Committee to swear in witnesses, and so if you would all rise and raise your right hand.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Senator LIEBERMAN. I do.

Mr. HUNTSMAN. I do.

Mr. TISCH. I do.

Ms. HOGAN. I do.

Chairman JOHNSON. Thank you. Please be seated.

Now, we will get to the good part, the witnesses. Our first witness is Senator Joe Lieberman. Senator Lieberman spent 24 years in the U.S. Senate, retiring in January 2013 following the end of his fourth term. He notably served as the Chairman of the Committee on Homeland Security and Governmental Affairs (HSGAC).

[1] The chart referenced by Senator Johnson appears in the Appendix on page 62.

He did a fine job and really set a tradition of true bipartisanship, which we are trying to follow in your footsteps, sir. Prior to being elected to the Senate, Senator Lieberman served as Attorney General (AG) for the State of Connecticut for 6 years.

Currently, he works with the law firm of Kasowitz Benson Torres and Friedman, advising clients on independent internal investigations, as well as public policy and regulatory issues. In addition, he is also Co-Chair of the American Enterprise Institute's American Internationalism Project. Senator Lieberman.

TESTIMONY OF HONORABLE JOSEPH I. LIEBERMAN,[1] CO-CHAIR, NO LABELS

Senator LIEBERMAN. Thanks very much, Chairman Johnson, Senator Carper, Senator Ayotte, Senator Ernst, other Members of the Committee who may come and go.

It is really great to be back in this room. I was privileged to serve all 24 years of my time in the Senate on this Committee. I have the best memories of the work we did across party lines to try to make government more efficient and to try to solve some of the people's problems, and it just seems to me that there could be no more fitting place for No Labels to have the first congressional hearing on its National Strategic Agenda, or, more generally, the topic of governing through goal setting, than here, and I thank you both for giving me and my colleagues the opportunity to do that. I think in your opening statements, you made pretty clear that you get it, and we appreciate it very much.

As I look back at my 24 years and the things that I am proudest of, every one of them involved bipartisan cooperation, and they were quite varied. Some were environmental. Some were national security. Some were human rights, et cetera, et cetera. But, they also involved, although we did not describe it that way, goal setting. That is, we would join together across party lines because we shared a goal, to try to solve a problem, to make something work better in government, even though we did not agree at the beginning on every little detail of how we were going to do it, and then we led to a process of negotiation and, ultimately, a lot of the time actually getting something done.

I want to just go back and give two examples of that. The first was early on in my time in the Senate, I was on the Environment Committee. In 1990, there was really a quite remarkable agreement, bipartisan agreement, beginning with President Bush 41 and Senator George Mitchell of Maine, Democratic Leader of the Senate, about the fact that there was a problem of air pollution and there was a problem that was affecting people's health. There was a problem of acid rain that was having a really terrible impact on the environment, particularly in the Northeast. So, they set the goal, and we on our Committee, with Quentin Burdick, the Democratic Chair, but Pat Moynihan really leading the way, and John Chafee, Ranking Republican, worked together to report out a bill with bipartisan support.

But then what happened was really quite remarkable, and maybe is a model. President Bush 41 and Senator George Mitchell

[1] The prepared statement of Hon. Lieberman appears in the Appendix on page 47.

agreed that this was just the beginning of the process and that this bill affected so many different regions and interests in the country that George Mitchell convened an ongoing series of meetings in his conference room at which members of the Environment Committee from both parties were there. It was really a thrill for me early on in my career. Boyden Gray, the White House Counsel for President Bush, Bill Reilly, the head of the U.S. Environmental Protection Agency (EPA) were there every day, and different groups from outside and inside the Senate, different regions, different points of view came in and we negotiated with them.

We came to an agreement. We all compromised, because it is the only way you ever get anything done around here. It is not a compromise of principle, but you have to decide, I am going to accept less than 100 percent of what I really want here. And then we magically agreed that we were going to stick with the program, that we were not going to break on individual amendments. The result was the Clean Air Act passed in 1990. Acid rain was greatly diminished. And, people are living longer as a result of cleaner air.

The second example is from right within this Committee, and there, in a way, the goals were—in the example I want to give were forced upon us by the terrorist attacks of 9/11, when everybody agreed we had to do some really bold things to make sure, to the best of our ability, that we would not be as vulnerable as we were on September 11, 2001.

And, first, working with Senator Fred Thompson, who was the Chair of the Committee at that time, and then with Senator Susan Collins, this Committee led the way in creating the Department of Homeland Security and authorizing or creating the 9/11 Commission, the Kean-Hamilton Commission, and then in negotiating this remarkable change in the Intelligence Reform and Terrorism Prevention Act of, I guess it was 2004, which constituted the most significant reforms and realignment of our national security structure since the beginning of the cold war in the late 1940s.

And, the remarkable thing to say here is that we had differences along the way, some tough negotiations in the Senate, with the House, but they were not partisan. In some ways, they were ideological or they were turf battles about who was protecting what part of the Federal Government that we wanted to change. And, it was all because we had shared a goal and we decided to negotiate and compromise to make it happen, and as a result, I think the country has been a lot safer since then.

I know that many Members of this Committee are frustrated by the inability of recent Congresses to summon the same spirit of bipartisan problem solving. It is not for lack of trying. I know that on this Committee there are members who are reaching across the aisle to try to get important work done, for instance, to reform our criminal justice system, to strengthen veterans' health care, to better prepare students for the workforce, to combat human trafficking. I thank you for this work that is critically important.

Today, we are here to talk about the urgent work that remains to be done to address the festering problems that both you, Mr. Chairman and Senator Carper, described that threaten the future prosperity and security of our country. You know the nature of these challenges. You have described it very well in your opening

statements. The question, of course, is how we meet them before they become crises or catastrophes, which they will.

Today, my colleagues and I from No Labels aim to provide an answer, but the answer really is a process. It is not a specific answer. It is an identification of problems and then a process to solve them.

We believe it is time for Congress and our next President to embrace a National Strategic Agenda for our country. No Labels National Strategic Agenda is based on this simple premise: to solve a problem, any problem, you need first to set goals. You need to know where you want to go. And then you need to get people to buy into those goals, and then put a process or plan in place to achieve them.

At this time of pervasive partisan gridlock in Congress, this process, which in some ways used to be natural, the goal setting process, may actually be a way to lift Congress and the White House out of the partisan morass into a higher ground of goal setting and problem solving just as you, Mr. Chairman, described as common in the private sector, and, I must say, more common at the State Government level than it is here.

Since last year, No Labels has been working to mobilize Members of Congress and citizens across the country around this idea, and their response has been, I would say, astounding. As of today, we have an impressive and growing number of Members of Congress who have supported a resolution calling for the creation of a National Strategic Agenda. It is over 50 Members of the House, and last week, Senator Bill Nelson and Senator Thune introduced legislation supporting such a resolution in the Senate.

We are also organizing a grassroots army of citizens in New Hampshire, Iowa, and elsewhere to put the National Strategic Agenda on the screen, and hopefully on the agenda of all the Presidential candidates. It is—we have people on the ground in New Hampshire and Iowa. It is almost as if this is a national campaign, not with a candidate, but for an idea, which is to solve some of America's biggest problems and, basically, stop fighting and start fixing what America needs to be fixed.

Let me just take a moment to say how No Labels settled on these four National Strategic Agenda goals, and the answer, I think, is significant. Basically, it is what the American people told us they wanted the Federal Government to do. Last year, No Labels conducted a number of national polls to ask what problems the people most wanted to see Congress and the President solve, and interestingly to me, they basically chose four that came out highest on the polls that probably most of us would say are our most significant problems. So, this was not something that Jon Huntsman and I cooked up. This came from the people.

Create 25 million new jobs over the next 10 years. Balance the Federal budget by 2030. Secure Medicare and Social Security for the next 76 years. And make America energy secure by 2024.

In the next period of time, Governor Huntsman, Andrew, and Andrea will explain why we believe it is so important to tackle these challenges now, how we believe a new National Strategic Agenda can empower Washington to do that, how a few tried and true problem solving techniques from the private sector have in-

formed our strategy, and, finally, what the implementation of a National Strategic Agenda can actually look like.

With, again, my personal thanks for giving us the opportunity to be heard, and with your permission, I would like to yield to my Co-Chair of No Labels—although I should give you the opportunity to introduce him. I think you are getting ready, Mr. Chairman. I am very proud to serve with a dear friend, former Governor, former Ambassador Jon Huntsman.

Chairman JOHNSON. Well, thank you, Senator Lieberman, for your testimony, for your efforts, really, for your fine example and for your service to this country.

Our next witness is Governor Jon Huntsman. Governor Huntsman is a former Governor of Utah and National Co-Chairman for the No Labels group. Governor Huntsman began his public service career as a Staff Assistant to President Ronald Reagan, having served four U.S. Presidents since, most recently as U.S. Ambassador to China. He was elected twice as Utah's Governor and also served as the Chairman of the Western Governor's Association.

Currently, he serves as the Chairman of the Atlantic Council and on the boards of Ford Motor Company, Caterpillar Corporation, Chevron Corporation, Huntsman Corporation, the U.S. Naval Academy Foundation, and the University of Pennsylvania. Governor Huntsman.

TESTIMONY OF HON. JON M. HUNTSMAN, JR.,[1] CO-CHAIR, NO LABELS

Mr. HUNTSMAN. Thank you, Senator Johnson, and I could very well be the only witness you have ever had who could quote you the price of polyethylene. [Laughter.]

Chairman JOHNSON. I appreciate that.

Mr. HUNTSMAN. Back to your old days in business, of course.

Thank you to Members of the Committee. It is a real honor to be here. And to Joe Lieberman, my thanks to him, my colleague. Joe is a modern day hero to a lot of people, and it is a real honor and privilege to be able to have him as part of our efforts with No Labels and, indeed, to be able to call him a great friend, even if he does not return my calls on weekends sometimes. [Laughter.]

Senator LIEBERMAN. Only on the Sabbath. [Laughter.]

Mr. HUNTSMAN. I just want to remind you all that we are here, Andrew, Andrea, the rest of us, as hard-headed realists. We have some experience under our belts. We have run businesses. We have run States. We balance budgets. We are raising families. I have two kids in the military, one grandchild now. I am looking to the future, as we all are, anticipating the kind of world we are about to enter. So, we come to you not with just sort of a newfangled set of suggestions, but an effort that, indeed, is catching on at the grassroots level and that has been given a great deal of thought and consideration by people with enormous levels of experience in life.

I am here to answer two key questions. First, why is a National Strategic Agenda the right answer for America right now? And second, how would the implementation of this agenda actually work?

[1] The prepared statement of Hon. Huntsman appears in the Appendix on page 50.

Now, there is clearly agreement in this room, and Senator Johnson, you laid it out beautifully at the very beginning, and I think there is in most rooms across the country, that the problems we are discussing today are urgent: Job creation, fiscal responsibility, securing our social safety net, and energy security. They all belong at the top of Washington's "to do" list, and yet few believe Washington will be checking these items off any time soon.

Frustration, as we all know, is running very high. Some say we need to rethink our whole system with the formation of a third party or a Constitutional Convention. Others are focused on broad electoral reforms like reducing the influence of money in politics or making primary elections more inclusive with redistricting reform. I do not disagree. Some of these ideas have real merit. But many are also tough, multi-year, multi-state slogs with uncertain odds for success.

America does not have that kind of time. No Labels believes America's challenges are so urgent that we need to find a way to bring the country's leaders together now, largely within the system and with the leaders we already have. The National Strategic Agenda is how we do it.

The National Strategic Agenda is modeled after an approach that we know works. Identify problems or opportunities. Set goals to fix those problems or seize those opportunities. And commit to a process to reach those goals.

In a moment, you are going to hear from Andrew and Andrea and they are going to talk about how they use this approach to lead their businesses. But this approach is just as effective in government. It is how we did it when I was Governor of Utah, when we decided to fix a flawed tax code, an inefficient health care system, and an outdated educational system, and through it all, Utah was ranked as the most competitive State in America by some measurements.

Embracing big goals and committing to a process to achieve them has also been instrumental at the national level, whether it was President Reagan and Tip O'Neill bringing their parties together to fix the tax code and shore up Social Security, or President Clinton and Newt Gingrich doing the same thing when they balanced the budget.

Make no mistake, these bipartisan efforts were often contentious and controversial. There was no hiatus from partisanship and politicking. But these leaders hung in there, even when there were ample reasons not to, because they were invested in a big goal and committed to a process to actually achieve it.

I believe the National Strategic Agenda can provide the framework to help revive that bipartisan spirit that Senator Lieberman so ably talked about and has so ably lived. Let me paint the picture for you very quickly as to what this could look like, and it is not all hypothetical. This is already happening.

As Senator Lieberman just noted, some 50 members of the House and the Senate have signed onto a congressional resolution calling for the creation of a new National Strategic Agenda—50 members, half Republican, half Democrat. Meanwhile, No Labels is mobilizing our growing citizen army in New Hampshire, Iowa, and else-

where to make the National Strategic Agenda a priority issue in the 2016 election cycle. Here is what the end game looks like.

A new President comes into office, having called for the creation of a new National Strategic Agenda for the country. In the Inaugural Address, this new President promises to fly congressional leaders from both parties down to Camp David within the first hundred days to start work on the Agenda. At Camp David, the President and the congressional leaders pick one of the goals to focus on and they commit to a process. They assign working groups or congressional Committees to study the issues and suggest solutions. They agree to timelines and metrics for success. They agree to be accountable to one another, and above all, to the country. And they get to work, knowing that at least 50 Members of the House and the Senate, and who knows how many more we will have by Election Day, have already gone on record with a resolution saying they want to help create a National Strategic Agenda for America.

Is this idea ambitious? Yes. Is it a total departure from how Washington has worked for well over a decade? You bet. Is it impossible? Absolutely not.

Now, having spoken to many Members of this Committee, I know this is exactly where you want to focus your time and efforts. You and your colleagues want to tackle the big problems, and I commend you all for it. So, I submit to you today that the National Strategic Agenda can be a critical part of getting us there.

Thank you all so very much for having us.

Chairman JOHNSON. Thank you, Governor Huntsman.

[Scattered applause.]

You can have applause, I guess. [Laughter.]

I agree.

Senator CARPER. Let the record show there was scattered applause. [Laughter.]

Very scattered.

Chairman JOHNSON. As opposed to thunderous?

Mr. HUNTSMAN. Basically, what I used to get as a piano player, too, so—— [Laughter.]

Chairman JOHNSON. Our next witness is Mr. Andrew Tisch, who is a Co-Chairman of the Board of Directors of Loews Corporation. Previously, Mr. Tisch served as Chief Executive Officer (CEO) of Lorillard, Inc., and President of the Bulova Corporation from 1979 to 1990. Currently, he serves on the Board of Directors of CNA Financial Corporation, Texas Gas Transmission LLC, Boardwalk Pipelines LLC, Diamond Offshore Drilling Company, and as Director of K12, Inc.

Mr. Tisch is highly involved in the New York community through civic organizations. In addition, Mr. Tisch is deeply committed to education and is involved in leadership Committees at Harvard Business School, Cornell University, NYU Tisch School of the Arts, and the Young Women's Leadership Foundation. He is the recent past Chairman of the Economic Club of New York, a Trustee of the Brookings Institute, and member of the Council on Foreign Relations.

You are a pretty busy guy, Mr. Tisch, so we appreciate you coming here and look forward to your testimony.

TESTIMONY OF ANDREW H. TISCH,[1] CO-CHAIRMAN OF THE BOARD, LOEWS CORPORATION

Mr. TISCH. Thank you, Mr. Chairman. Thank you also to Governor Huntsman and Senator Lieberman, and thank you, Chairman Johnson and Senator Carper, for your most supportive opening statements.

Almost 5 years ago, I helped found No Labels because I believed that there had to be an alternative to the relentless partisanship that has made it virtually impossible for our Nation to solve big problems. There had to be a way to bring our parties together around a common vision and common goals. Many of you on this Committee have been working tirelessly to find and share that common vision with me.

With No Labels' National Strategic Agenda, I believe that we have found a way by setting ambitious goals in four areas that are most important to the American people: jobs, the budget, Social Security and Medicare, and energy. The National Strategic Agenda can bring the focus, the discipline, and the accountability that is necessary to solve the problems that Senator Lieberman and Governor Huntsman and many of you on this Committee have so aptly described.

Senator Lieberman just said something that bears repeating. To solve a problem, any problem, you must set goals, get people to buy into those goals, and put together a process or a plan to achieve them, and that is what the National Strategic Agenda does, and that is what we do every day at Loews Corporation.

Although running a business is somewhat different than running a government, it does require a similar outlook. At Loews, our businesses are constantly changing. What began some 70 years ago as a family business with a single hotel is today a multinational corporation spanning hotels and finance, energy, pipelines, and insurance. In a dynamic market, it is easy to get distracted, sidetracked, or to let short-term tactics divert you from long-term goals. But, that road inevitably leads to disappointment or failure, and it is too often the road that is chosen in Washington.

In business, we tend to work in longer cycles, such as 5-year projections. In public companies, we report results quarterly, and we report to our boards of directors monthly, and to our shareholders annually. We deal with distractions, but we try to get back to our long-range plans as quickly as feasible.

Our first step is to identify a problem or an opportunity. The second step is to figure out how to solve that problem or how to seize the opportunity. Then we set a goal that identifies the metrics and the timeline for success. And then we hold the team accountable for meeting that goal, and that is how we succeed in our business, and that is how government has succeeded in the past, whether it is winning a war or sending a man to the moon.

So, let us start with a few facts and illustrate the problems facing America. It begins with our economy, which despite recent improvements still is not creating enough good jobs that can sustain a middle-class living for enough people. When you account for the new people entering our labor force, the United States is still 3.6

[1] The prepared statement of Mr. Tisch appears in the Appendix on page 53.

million jobs below where we need to be to reach pre-2007 employment levels. Household income is about where it was at the turn of the century, meaning many Americans have not gotten a raise in 15 years. Meanwhile, small business, which is America's best job creation engine, is sputtering. In the last few years, more new businesses have been dying off than are being born, and that is the first time that that has happened since record keeping began in the 1970s.

Then there are America's budget and entitlement challenges to which you, Mr. Chairman, alluded earlier. The CBO projects that the Federal Government will be paying almost $800 billion in annual interest by 2024, and that number will only grow if interest rates rise. Instead of investing in the future, in infrastructure, in education and research, more of our resources are going to be paying for profligate spending from the past.

Of course, the two key drivers of long-term debt are Social Security and Medicare. These are programs that are critical to the security of so many families, and these programs must be preserved and protected. But these programs also must be updated, as you said, to adjust to the new realities of the 21st Century. Whereas there were once 16 workers paying into Social Security for every beneficiary, today, there are three. Whereas once retiree benefits could be expected to be paid only for a few years, today, they are often paid for decades. People are living longer, and in most cases, healthier lives, which is one of the most exciting developments of our time. But our social safety net programs simply were not built to accommodate this new reality or some of the end-of-life costs.

And, finally, there is energy, where our Nation is still much too vulnerable, with an electric grid that is vulnerable, with an economy that is still too exposed to volatility and global energy markets, and with a greater need for cleaner and more efficient use of energy.

These are different challenges, but they all have something in common. Each gets harder to solve the longer we wait. I liken America's situation to an airplane heading into a big storm system. At several hundred miles out, the pilot need only make gradual adjustments to avoid the thunderclouds. Shift a degree here or a degree there and the pilot can get safely past the thunderclouds without much turbulence. But waiting too long, he or she will need to take sudden evasive maneuvers. Otherwise, it is going to be a bumpy and dangerous ride.

Well, America is headed for a bumpy and dangerous ride if we do not rise to meet these problems soon, and that is why the National Strategic Agenda is such an essential idea. It identifies our most pressing problems, it sets realistic goals and timelines to solve them. As Governor Huntsman and Senator Lieberman have explained, it provides a rigorous process and a decisionmaking framework that could help the Congress do the work of and for the people.

I thank you.

Chairman JOHNSON. Thank you, Mr. Tisch.

Our next witness is Ms. Andrea Hogan. Ms. Hogan is President and Chief Executive Officer of Merchants Metals. Prior to her current role, Ms. Hogan was with Bridgewell Resources, most recently

as Vice President of Business Development. Previously, Ms. Hogan served in a variety of leadership roles within WESCO Distribution, Inc., where she ultimately led the global distribution of lighting, solar, and alternate energy products. Ms. Hogan also served as a member of the management team of Strategic Distribution, Inc., a leading provider of onsite integrated supply services focusing on the indirect material chain for large industrial consumers. Ms. Hogan.

TESTIMONY OF ANDREA HOGAN,[1] PRESIDENT AND CHIEF EXECUTIVE OFFICER, MERCHANTS METALS, INC.

Ms. HOGAN. Thank you, Chairman Johnson and Members of the Committee, for the invitation to participate in this important discussion. It is truly an honor to be part of this distinguished panel and to testify before you today.

As you introduced, I am the President and CEO of Merchants Metals, an Atlanta headquartered company that is one of the largest manufacturers and distributors of fence systems in the country. And while I am relatively new to No Labels, I share the resolve of Senator Lieberman, Governor Huntsman, and Chairman Tisch in urging the adoption of a National Strategic Agenda.

As Mr. Tisch stated, for those of us privileged to lead great organizations, it is inconceivable that you could run an enterprise successfully without first establishing and communicating the key goals and objectives. In fact, I know of no business that can succeed long term without a clear vision of what success looks like, a shared, goal-driven agenda of strategic imperatives and a defined set of tactics aimed at achieving the organization's goals. And yet, remarkably, with the largest enterprise in the world, the United States of America, all $17 trillion of it in economic output terms, operates precisely this way today. We cannot allow this to be the case anymore.

We are inspired and encouraged by the growing number of committed problem solvers in Congress willing to acknowledge our shared challenges and pursue bipartisan solutions, but our message today should be unambiguous. The gridlock in Washington has made it much harder for businesses such as Merchants Metals to execute against our most basic needs: Finding qualified workers, developing cost effective ways to get our products to market, and accessing credit.

Mr. Tisch provided a few facts to illustrate the serious problems facing our Nation. At Merchants, we would refer to this as a burning platform, a set of circumstances that, if left unaddressed, will severely damage and in some cases destroy an organization. When presented with a burning platform problem, our first order of business is to find out what can be known and organize the facts in a way that makes sense.

A useful framework that you referred to is the SWOT analysis. Once these elements are defined, a strategy can be developed to leverage strengths, eliminate or neutralize weaknesses, capture the top opportunities, and mitigate the threats. This is precisely what the National Strategic Agenda is designed to enable.

[1] The prepared statement of Ms. Hogan appears in the Appendix on page 56.

From there, we create a plan and move to execution and accountability. Organizations both large and small can accomplish great things with great plans. Having been a part of teams with great plans, and those with no plan at all, I can tell you the former gets results and the latter do not.

Employers across the country see firsthand each day weaknesses and threats to our shared enterprise, an economy that just does not work well enough for enough people, and a fiscal situation so uncertain it dampens the entrepreneurial spirit that once made the United States the global pacesetter in virtually every critical industry.

The National Strategic Agenda provides a path to address those weaknesses and threats and that alone is good enough reason to adopt it. But the agenda can also build on our strengths and empower us to seize opportunities.

Take just one of the goals on the agenda, creating 25 million new jobs over the next decade. This is a goal we all surely embrace. But success requires a Federal Government to make meaningful progress in a number of policy areas, from creating a simpler, more competitive tax code, to reforming our immigration laws and investing in our public infrastructure.

Last Tuesday, I sat with one of my top customers in Dallas. I asked him what I could do to help him grow his business and he said, "You can find me some qualified workers. We have had five openings for over a year, and while the folks that we have interviewed can do the work, we have not yet met one that can meet the State and Federal requirements." Figuring out a way to help fill those jobs will help my customer grow his business and, in turn, will help me grow mine. And, remember, it is not a job until somebody is in it.

By adopting the National Strategic Agenda and executing against these policy initiatives, Congress would enable us to capitalize on this Nation's unmatched strengths, our abundant natural resources, the world's most entrepreneurial workforce, and deep capital markets, just to name a few. And, it would allow us to seize new opportunities in industries like energy, technology, health care, and even fence systems.

Our economy is still not humming, but we have navigated the post-crisis era better than most, a testament to our resilience as a people and our strength as a Nation. But, we need a plan. A Federal Government that adopts a plan and demonstrates progress toward its goals instills confidence in the population and, in turn, fuels new innovation, risk taking, and growth. Absent that firm foundation, we wait, we postpone, we take the safer path, or we take no path at all.

The fence industry employs thousands of hard-working people from manufacturing through to installation, and in addition to aesthetics, our products provide two things that people value, privacy and security. But the industry has been reluctant to innovate because of scars from the Great Recession, seemingly uncontrollable health care, insurance, and transportation costs, and a very low confidence in the current political environment.

There is so much untapped potential at Merchants Metals and thousands of businesses like ours that can be unleashed by rebuild-

ing a sturdy economic foundation and renewing confidence in a functioning Federal Government. If you do your job here, I guarantee American business leaders will do theirs.

The National Strategic Agenda provides a common sense path forward and it is time to get started. Thank you.

Chairman JOHNSON. Thank you, Ms. Hogan.

[Applause.]

Again, thank you all for your testimony, taking the time, and just your involvement in what I think is a very worthy effort.

Let me start my questioning with both Senator Lieberman and Governor Huntsman. Going back to the public really understanding the depth of the problem, understanding the reality—it is encouraging to me to see the poll results that they are identifying what our goals should be, and in a general sense, they understand the problem. But, I have given a similar type of Power Point presentation in Wisconsin to audiences generally smaller than this. I have given it to about 17,000 people. And, I will guarantee you, those 17,000 people did not understand really what the 30-year deficit was, the real depth of the problem.

I mean, do you share that evaluation of it? I will start with you, Senator Lieberman.

Senator LIEBERMAN. Yes, I must say that I was surprised and encouraged by the fact that in this surveying done last year, that the public expressed its understanding of what the most urgent problems facing our country are and the ones that need to be solved. Now, that does not mean that they are ready for everything that will have to be done to, for instance, get the Federal Government back in balance by 2030 or secure Social Security and Medicare for 75 years. But, they get it. They get the basic problem.

But, you said it earlier, Mr. Chairman. Ultimately, this is all about leadership. It is about leadership from people in government and the private sector. We have two great leaders who testified on this panel today to educate the public about the consequences of not dealing with our biggest national problems, such as these four.

So, there is almost an intuitive way in which they get it, the American people get it. And then it is up to the people who are privileged to be in public office to both lead in taking them through a process that Congress and the White House have to go through to actually solve some of these problems.

Chairman JOHNSON. Yes. I think the American people have a general sense that this is simply not sustainable. But, for example, Medicare, very few people realize that right now, there is a dollar going into the problem in terms of payroll tax, three dollars being paid out in benefits. They do not realize that the estimate is $35 trillion of deficits in Medicare alone over the next 30 years.

Governor Huntsman, do you have that same evaluation in terms of people just do not understand the depth, because, let us face it, elected officials have not exactly been forthright. I mean, all I have ever heard—not to be partisan—President Obama say about Medicare, it just needs modest reforms. I think it needs a lot more than that if we are going to save it.

Mr. HUNTSMAN. I would like to make a comment that gets right to the fundamental aspects of understanding numbers and balance sheets. You understand them. You have been in business. People

here at this table understand them. I would have to tell you, while serving as Governor of a State, there was a real need to ratchet up the financial literacy of young people. Some had a hard time balancing a checkbook. Now, if you cannot balance a checkbook, how can you understand even your very rudimentary presentation of our Nation's numbers?

It is an area we need to work on and I think it goes deep into our individual States, how we approach education, how we maybe tee up financial literacy as something that we all need to recognize is an area we need to work on. So, it may not connect directly with the policy aspects of what you are talking about, but it is a structural deficiency that we have.

And I think the second area is the sources of information, where we derive our information, are not always trusted in this country, and I found that out just on the campaign trail. Everyone has their own sources of information and you apply the trust gap, or the trust deficit that exists in this country. People simply do not know what numbers to believe.

Chairman JOHNSON. Yes.

Mr. HUNTSMAN. And, so, where do you go for good, reliable numbers that actually make the arguments where people can hear, everything you have said makes sense, but do I trust the numbers, and who crunched the numbers? So, I think we probably need to do a better job there.

Finally, I would just say that there is a natural connection between what you are talking about and the whole National Strategic Agenda. While we are out on the road, and where we are soon going to be in New Hampshire with the convention, with a whole bunch of uncommitted voters, every stop allows us an opportunity to frame, as you articulated so well, frame the argument, frame the issue, and that, then, takes you to steps two and three, which, of course, we are very focused on. So, we would like to think that what we are doing is an extension of what you are calling for.

Chairman JOHNSON. Well, again, my hope is No Labels will be the go-to group that will provide that bipartisan truth that the American people need to hear.

Mr. Tisch and Ms. Hogan, I want you to comment on my down and dirty SWOT analysis of the American economy. I will start with you, Ms. Hogan, because you were the one that brought up SWOT that allowed me to talk about that.

Ms. HOGAN. Sure. I mean, I think it is right on. Maybe it is hard for the person on the street to articulate precisely what you articulated, but those are the foundational elements, that if we can set some goals and make progress toward those goals, I think you will see businesses and people alike responding in kind to those things. So, yes, I think you articulated what some of those big issues are and also what the strengths and the opportunities are.

Chairman JOHNSON. Mr. Tisch, did I miss anything there? Again, it was pretty abbreviated. The world's largest economy. We have competitive energy prices, uncompetitive tax system, a pretty onerous regulatory climate.

Mr. TISCH. I think you covered the big issues, and certainly that is what we are here to talk about today. These problems are enormous, and the problems are so big that no one party can solve

them. It has to be solved by both parties together, and that is the important thing, message, that I think No Labels is trying to get across in its actions. And, your analysis, I think, is very good in showing that these are huge problems. These are huge problems that America must face and it must face it openly and really go after the solutions to them.

Chairman JOHNSON. Ms. Hogan, I just had to go back, because you talked about talking to a business person saying he needed qualified workers. He could find them, they could do the job, but State and Federal requirements prevented them from being hired. Can you talk a little bit more about that?

Ms. HOGAN. Well, certainly, I think it speaks to immigration reform. The folks that were applying to the jobs that he offered, which were yard work and fence installation, quite simply could not produce the forms of ID to take the positions.

Chairman JOHNSON. I also have a general sense, being in manufacturing myself and literally having a hard time finding people willing to work in manufacturing for the last 20 years, now that I am in this position, I travel over the State, I visit manufacturing operations. To a manufacturer, their complaint is they cannot find the people to work. So, we no doubt have some skills gaps, but we also have a worker gap, and I think there are multiple reasons for that, as well. I think we need to address that. Senator Ayotte.

OPENING STATEMENT OF SENATOR AYOTTE

Senator AYOTTE. I want to thank the Chair.

I want to thank all of you for being here and No Labels for really elevating the discussion at a national level on how we can solve problems together. And, of course, it is great to see Governor Huntsman and Senator Lieberman, two great leaders who have done so much in the public arena, and, of course, two great business leaders here, Mr. Tisch and Ms. Hogan. So, I am honored to be here with all of you, and I wanted to followup.

I saw in your written testimony, Senator Lieberman, that you had said getting big things done in Washington has never been easy, of course, but not long ago, it was at least possible, and you cited the example, of course, the work that you did on the Clean Air Act. So, what has changed and how do we bring it back so that we can work together to solve some of these big problems for the country, because I think I can speak for many of my colleagues, we come here to do that and we want to find ways to get things done for the American people.

Senator LIEBERMAN. Thanks, Senator Ayotte. Thanks for your leadership and always eagerness to work across party lines to get things done.

So, the reason I said getting big things done in Washington has never been easy is because we are, a big, diverse, sometimes raucous democracy, now about 320 million people, all represented here, and bringing very different perspectives. So, to get anything done, you really do have to go through the process that we are describing and often either events—awful events like 9/11—forced Congress to set goals, work together, negotiate, compromise to make things better, or sometimes around other kinds of events.

We always talk about President Reagan and Tip O'Neill. In that case, they were not quite at the precipice about to fall over, but they were getting close to the edge and they were both public spirited enough to figure out how to compromise to save, in that case, the Social Security system.

In some ways, now, the divisive forces—I mean, what you just said, Senator Ayotte, is so true, and I think about this a lot and say it, now that I am looking back at these 24 years I was privileged to be here. The reality is that the people I met as colleagues are, by and large, very public spirited. I mean, you did not spend all that time doing a lot of things that are not pleasant, like raising money to get elected office, to come here and be part of gridlock. Almost everybody I know came here to try to get something done for their district, their State, their country. And, there are forces at work that now pull us apart.

In some sense, this National Strategic Agenda, the goal setting, is an attempt to go back to something that happened intuitively around here, often at big moments, and to force it by this process, in some ways like—somebody once said to me back in law school that if we were all perfect, we would not need law, or to be more vivid, somebody said, in heaven, there is no law because you do not need it. Everybody behaves. In hell, it is only law. And we are here on earth in between—— [Laughter.]

And, therefore, we need the law to try to bring us to our best behavior and express at least our aspirations.

Well, in a way, that is what this agenda is about. Through the National Strategic Agenda, to build support in Congress, to go out in the political process to try to get the Presidential candidates to commit to it, so that something different happens in January 2017, which is that the new President, whoever it is, knows that he or she has a bunch of people in Congress committed to this process and they implement it and, in fact, we get something done.

Senator AYOTTE. Well, I really appreciate what you are doing with this National Strategic Agenda, and we are looking forward to having you in New Hampshire. And, I think that you are right. Something has to change. We all have to be focused, and I hope that this election provides us with an opportunity.

And, one thing that I think, as well, is in this National Strategic Agenda, that we look at compromise as a positive attribute for our leaders, that we understand that, as a Nation, we would not have been formed, and the great compromises that formed this Nation are ones that are so important as we look at some of these big challenges—the fiscal state of the country, the economy, and I hope that when this dialogue goes forward, that is something that we can spend some time on, that that is something that we think is positive in our leaders here.

And, something that you said, Governor Huntsman, I wanted to touch upon, and that is our education system. You said that more financial literacy. I would fully agree with you on that, and I think it would be great to have that be part of this national discussion. I also believe civic literacy in terms of—we talk about history in the schools, but really engaging it on a much more direct civic level, I think, would be helpful, as well, as we go forward. So, I wanted to get your thoughts on that.

Mr. HUNTSMAN. Yes, and I appreciate that, Senator Ayotte. We have to have the next generation as full participants in this democracy. Now, I am raising seven kids, so I have a pretty good sense of what the Millennials think about——

Senator AYOTTE. I would say so. [Laughter.]

Mr. HUNTSMAN [continuing]. What is on their mind, and, they are drifting and peeling off of their political system, generally speaking, because they are losing trust and faith in the direction of the country. And, I would argue, part of it is they feel detached, money and everything else, that their vote does not matter any more. But, I also think it has been a while since they saw any points on the board.

So, we grew up and our generation saw the end of World War II. We saw space. We saw the end of the Human Genome Project, one of the most important scientific goals set by both sides in generations. We saw the end of the cold war, all points on the board. And, I would argue that for my kids—and we have this discussion a lot—where are the points on the board? Where have I last seen an R and a D sitting together at the same table, focused on the same goal, and articulating why it is an American goal, not a party goal but an American goal?

And, until we see this kind of thing, where we have strategy as opposed to tactics, then until we get to that point, our civics lessons are just not going to loom large in the minds of our young people. You want those civics lessons delivered by passionate, committed teachers, which we have all across this country, but you want them to fall onto students who say, I believe in my system, I want to get involved in my system, and I want to give back, and what I am learning in the classroom now is translatable into my citizenship. Right now, there is the disconnect and we have to figure out how we reinvigorate this democracy, particularly for the next generation.

Senator AYOTTE. Thank you all. I know my time has expired, but let me just say to Mr. Tisch and Ms. Hogan, I am so glad to see the private sector engaged in this, because, often, the private sector may be engaged on a transactional basis, on a particular one issue that impacts their business in this regard or one regulation, but to see that you are stepping back and looking at the big picture of how we can improve everything that will have a rising tide for everyone, I think is terrific. So, I thank you all for being here.

Mr. TISCH. I think you would find that there is great depth of feeling in the business sector for the success of Washington. This has been a relationship that has gone back centuries, and the stronger that Washington is, the stronger that business is and vice-versa. And, it is a relationship that when we work together, we do best.

Senator AYOTTE. Excellent. Thank you all.

Senator LIEBERMAN. Mr. Chairman, if I may, I just want to say, one of the reasons that I was so happy to be asked to be Co-Chair with Jon Huntsman about 6 months ago is that I knew about No Labels, but I looked a little more closely at it. I was really impressed by the depth and number of leaders of the private sector who were supportive of this operation. And, now that I have gotten involved, this is, except in the broadest patriotic sense, totally self-

less. I mean, nobody is going after a personal business agenda. These are people who are just plain embarrassed, frustrated, angry, like most Americans are, about the Federal Government and they see this as, well, the best alternative right now to try to turn it around.

So, Andrew and Andrea are typical of that and I want to just thank them and praise them publicly for the way—this is, in some sense, really public service by them. They are running the risk of veering more toward the public sector than the private sector, to the detriment of their businesses, I am sure.

Chairman JOHNSON. Trust me, I know their feeling. I am an accountant, I am a plastic salesman, and now I am here. Senator Carper.

Senator CARPER. Mr. Chairman, I would like to yield my time to Senator Ernst. I think she is really good to come and attend, and she has other things to go to. I am bouncing back and forth between another hearing on coal ash—you ought to enjoy that one, Senator Lieberman—coal ash, how to dispose of that, and maybe I can follow after you and ask questions.

Chairman JOHNSON. Senator Ernst.

OPENING STATEMENT OF SENATOR ERNST

Senator ERNST. Thank you. I appreciate that. I do have another appointment coming up very soon.

But, I do want to thank all of you for being here today. I am thoroughly impressed with No Labels and your effort for that National Strategic Agenda. It is so important, and it is those things that are so contentious when we are out on the campaign trail.

One of the things that I heard from a number of people all across Iowa while I was engaged in the campaign is they are really concerned about where the Nation is going financially. That seems to be kind of that overarching theme, and there are so many pieces to that. So, I am glad to be here and represent those folks and I would like to just briefly share a story that I had heard from one of my constituents many years ago when I was serving in the Iowa State Senate.

I had attended a town hall meeting down in Southern Iowa and a young lady that was at that meeting gave me her personal story. She was a very young mother. She was a single mother coming out of high school and she did not have the type of family that would be able to watch the children, her child, and send her off to college. So, she stayed in that rural community and she eventually got her Certified Nursing Assistant (CNA) certificate, and she went to work for a nursing home.

Well, she was a very hard worker, very hard worker, and she was able to make ends meet through that job and government assistance. And, she worked so hard and they were so impressed with her, they wanted to keep giving her promotions or little pay raises here and there. And eventually, she got to a point where the nursing home wanted to make her a supervisor. She would get additional schooling. She would get additional pay.

But when she went home and she had to think about it very carefully, she went home and she penciled out what she would make with the new position and what she would lose with her Fed-

eral entitlements, and it was really tough. She figured out she would have $200 less in her pocket every month if she took the promotion, and that is really tough. Two-hundred dollars in Southern Iowa goes a very long way. And, that is a lot of money for a young woman with a child.

She decided to take the promotion, because she knew if she did not keep moving up, she would not get any further in life and she would not do any better for her and her child. That is a brave move, because I will tell you that there are a lot of people that would not make that choice and do not make that choice.

We know that entitlements are a big problem out there, and unfortunately, we are putting the burden on many of these people that wish to do better, but they hit that fiscal wall—actually, it is a cliff—and they do not want to jump off that cliff because that $200 or whatever it happens to be in an individual's case can mean the difference in making ends meet or not.

What can we do as a Federal Government—what must we do as a Federal Government to address our entitlement situation, and how do we make it better for those folks so that they can really aspire to do better for themselves and their families and break out of that cycle? And, I would just love to hear your thoughts on that, please, to the entire panel.

Mr. TISCH. Well, entitlements are supposed to catch you on the way down, not stop you on the way up. And, as a business person, I would simply try and write the entitlements in such a way that you do not penalize people for trying to pursue the American dream in the process, just plain and simple.

Senator ERNST. And I think that is great. I think we struggle on the ways to—because it is such a contentious issue, but we struggle on finding—and being able to speak realistically about what we need to do as a government to help people out of that situation rather than keep them down. But, I would agree. It is kind of a safety net to catch people and help people when they truly need it the most and not stop them from advancing.

Any other thoughts on that?

Mr. HUNTSMAN. I would just offer this, Senator. The numbers are big and they are mind-numbing when you start looking at the national budget. But when you look at entitlements, we get caught up in the R–D, red and blue debate, taking party sides, where it really is a discussion of basic math. If you do nothing, here is where you will be. And, we do not, I do not think, do a very good job articulating it to the American people, as this is basic math, ladies and gentlemen, and here is what we suffer if we choose to maintain the status quo, and here is what we will be robbed of.

Solutions, I think we have all the solutions we need. They are sitting in think tanks and in your offices all over this town. What we have had is not a failure of ideas. We have had a failure of politics.

Senator ERNST. A failure of action.

Mr. HUNTSMAN. We have had human failure, that is where it is, and that is—so, we get back to the goal setting. If we set the fundamental goal, after framing it with the right numbers, trustworthy numbers, a process, then, that leads out to a bipartisan solution, the American people would cheer on that effort. Of course,

you would get people, special interest groups, who would try to take it down. But, the American people, by and large, would cheer it on, and that is why we are so enthusiastic about advocating this process around——

Senator ERNST. Absolutely.

Mr. HUNTSMAN [continuing]. The goal setting and the big issues.

Senator ERNST. Absolutely. Thank you. Senator.

Senator LIEBERMAN. Senator, I will just say quickly, the situation you describe is clearly a case of unintended consequences. I mean, an entitlement program, just as Andrew said, is put in place to stop people from falling too far down. Ending up being a disincentive to work is just—an advancement going up—is just wrong.

I am fortunate I am at a stage in life where I can look far back, and this reminds me of debates during the 1990s which led, under President Clinton with bipartisan support, to welfare reform, and part of the whole deal was we have to make it more attractive to work than to be on welfare. We also adopted at that time—it still exists—the Earned Income Tax Credit (EITC), which was another way to say, we are going to give you a little tax break here for working so nothing happens—so we do not have situations like the one you are describing.

Look, if there is anything I learned over my 24 years here, if you do not keep reviewing the impact of government programs on people, let alone on the Nation's economy and the budget, then it could be that they are having too many unintended consequences and should be reformed, and maybe that story should lead to a review of that particular program.

Senator ERNST. Yes. Thank you all very much for your input, and thank you, Ranking Member Carper, for allowing me to speak. Thank you so much.

Thank you, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Ernst. Senator Carper.

Senator LIEBERMAN. Senator Carper is a pretty sweet guy, is he not? He is, yes. Surprisingly, really. [Laughter.]

Senator CARPER. I studied at the foot of the master.

Senator LIEBERMAN. Please. [Laughter.]

Senator CARPER. Well, actually, Joni, he actually encouraged me when I was elected to try to get on this Committee, and he said, you will like the issues, and who knows, you might even get to be Chairman some day. He was right. He was right, so thanks for that advice.

I want to go back to what I believe—I think most of us believe—one of the key roles of government is to create a nurturing environment for job creation and job preservation. Again, as I said earlier, people in our jobs, my job, Ron's job today, Presidents, mayors, we do not create jobs. What we do is help create a nurturing environment. I just want to walk through some of the elements of that nurturing environment, and then when I finish, I am going to ask you if you disagree with any of those and do you have a couple you might like to add, all right. Are you ready? Here we go. It is about 12.

First of all, a transportation system that moves people, products, goods where they need to go, when they need to go, in a cost effective way, energy efficient way.

Second, common sense regulation. My dad used to say to my sister and me, always use some common sense. Some common sense regulation, which we are actually debating right now in the Environment and Public Works Committee on coal ash.

Reasonable tax policy that is predictable and that fosters research and development, fosters innovation, plus helps pay the bills.

Access to capital for businesses, large and small.

Public safety, also rule of law, public safety rule of law.

Trying to develop a world class workforce that provides the skilled workforce for the jobs that are out there.

Affordable health care that takes good ideas from all over the world to deliver health care more cost effectively.

A clean environment, healthy environment.

Affordable energy. I have always been a big advocate of energy independence, but affordable energy, accessible energy, predictable energy.

And more recently, cybersecurity. This is something Senator Lieberman worked on a lot, but the ability to protect intellectual property, R&D, those kinds of things, our personally identifiable information (PII).

Another one we are debating here right now, access to foreign markets. The Trans-Pacific Trade Partnership is a good example of bipartisan cooperation, probably more—Republicans have given the President more support in some cases than our Democrats.

One of my favorite moments on the Senate floor—you will enjoy this—we had just passed Trade Promotion Authorities to help move along the President's agenda on this trade agreement and we had about a half-dozen of our Republican colleagues were gathered in the well, and I walk up and I put my arms around them, and we just passed it with a lot of Republican support, so I just want to thank you as Republicans for giving such great bipartisan support to this President's agenda. They said, did we do that? Yes, you did.

Chairman JOHNSON. We all agreed, did we not.

Senator CARPER. Yes, we did.

And, finally, a budget policy that supports all the above, the things that I have walked through.

I am sure I have forgotten some. I do not know if there are any that we ought to take off that list, but can you think of some more that, I do not know, pretend that it is all inclusive, but is that a pretty decent list or not? Anyone.

Mr. HUNTSMAN. Just having run a State and focused on how you succeed in the job creation exercise, which I think is most manifest at the local levels of government, and you are absolutely right. You create a framework that either attracts capital and brainpower or causes it to flee, because capital is a coward at the end of the day. It is going to find a safe haven and park. So, I found as Governor, if I was not attracting capital and brainpower, I was losing it to somebody else, and maybe it was Denver or Los Angeles or Phoenix, and then you start looking at what they are doing to succeed.

Long ago, I served on the Economic Development Board of a country called Singapore, which has the best economic development apparatus probably in the world, and I watched with great interest in the 1990s after I served in the embassy there at how they went

about developing their economy, small, five million people, limited geography, powerhouse economy. Different than we can do, but they had some elements that were pretty successful.

For me at the State level, it always came down to taxes, schools, livability. I do not care whether you are Republican or Democrat. People look at the tax code. Investment looks at the tax code. We reformed ours to historic levels, and—I mean, you can read the history and see what happened to investment and the attraction of entrepreneurship, which before that were leaving for greener pastures.

And, I would say, at our major research universities, which are key for the brainpower side of things, livability was a big part of it. You hit on so many aspects of livability—public safety, affordable health care, the environment, the rest, but I would just throw those in.

Senator CARPER. OK. Thank you.

Senator LIEBERMAN. Senator Carper, thanks. I mean, I think that is a great list of ways to stimulate economic growth and job creation. I mean, it is exactly what one would hope, if the next President chooses the goal of 25 million new jobs, that when that President sits down with the bipartisan leadership, those are exactly the kinds of ideas that should be discussed.

I do want to say that what is impressive, I think, and important about what you have said is that these range across. They are not narrow. Everything you describe does have a measurable effect on economic growth and job creation, and if I can just step—I think consistent with No Labels, but simply say it is a cautionary note to the candidates, including at the Presidential level this year, because creating jobs, which American people want us to do, is not simple and it is not going to come just as a result of, for instance, raising taxes on business or a particular group of people at the top of the economic level and that is all you do. So, thank you for that list. I hope you are at the meeting with the next President.

Senator CARPER. Senator, I thank you. Ms. Hogan.

Ms. HOGAN. Senator Carper, when I think about adding jobs or adding sales people or opening branches, I do a SWOT analysis, and when I get to threats, I divide them up in terms of the things I think I can impact, my competitors, what is going on in that market, and the things I do not feel like I have any control over or any confidence in. And unfortunately, many of those things are on your list. So, from my perspective, real, tangible movement, progress on a number of these areas would give me the confidence in those areas of threats to invest in my business.

Senator CARPER. Mr. Tisch, before you speak—if I could have just another minute, Mr. Chairman—I will never forget, oh, gosh, 10 years ago, I was hosting a meeting in my office here in the Capitol of CEOs from about a half-dozen or more utilities from all over the country and the issue was clean air, multi-pollutant legislation which Senator Lieberman was good enough to support with me and actually provide a lot of leadership.

But, one of the CEOs was—and we had been meeting about an hour on how to reduce the emissions of sulfur dioxide, nitrogen oxide, mercury, carbon dioxide, and at the end of the meeting, this one crusty old CEO from one of the Southern utilities said, "Look,

Senator," he said, "here is what you should do. Here is what you should do," you being Congress, the government. He said, "Tell us what the rules are going to be. Give us some flexibility, a reasonable amount of time, and get out of the way." That is what he said. Tell us what the rules are going to be, give us a reasonable amount of flexibility, a reasonable amount of time, and get out of the way. I will never forget that.

Another great thing I will not forget is we were having a hearing in the Finance Committee on deficit reduction, and a guy named Alan Blinder who used to be Chairman of the Federal Reserve—Vice Chairman of the Federal Reserve when Alan Greenspan was Chairman, and had four or five really smart people to testify on deficit reduction, and one of them was Alan Blinder. And he said in his testimony, he said the 800-pound gorilla in the room on deficit reduction is health care costs, Medicare and Medicaid businesses. It is just eating us alive. Eighteen percent of our GDP goes for health care costs in this country, 8 percent in Japan. They cover everybody. They get better results. It is killing us.

And, he said, health care costs is the 800-pound gorilla. So, when it came time to ask questions, I said to him, Dr. Blinder, you said health care costs is the 800-pound gorilla in the room. What should we do about it? And he thought for a moment. I said, if you were in our shoes, what would you do? He thought for a moment. He waited. Finally, here is what I would do. He said, "I am not a health economist. I am not an expert in this stuff, but here is what I would do. Find out what works. Do more of that." That is all he said. And, I said, do you mean find out what does not work and do less of that? He said, "That is right."

So, with that, Mr. Tisch, and then I will stop.

Mr. TISCH. Also on the list, I would look to put on the list how do you create jobs that will last a long time, and how do you create jobs that are going to create more jobs. The best thing you can do is put on jobs that—spend money on research that is going to create more jobs for more people to be employed. I think that is missing from the list.

Senator CARPER. OK. Thank you so much.

Chairman JOHNSON. Thank you, Senator Carper.

Here is one thing that works. How about we incentivize and celebrate success rather than demonize and demagogue against it. I mean, as you are growing your business, I mean, do you find it dispiriting, people say you are not paying your fair share or you do not care about your workers' safety. I have been in business myself. I actually was trying to build a business, create good paying jobs, and I think if more elected officials celebrated those types of successes, I think we would be doing better.

Mr. TISCH. What works every time, if we can get positive incentives, it works much better than penalties every day.

Chairman JOHNSON. One business concept that we were kind of hinting at, but we have not really named it, it is called benchmarking. I mean, if we are going to compete in a global economy—and, by the way, we have to compete, it is not a choice, I mean, we have to compete—we have to benchmark, right. So, again, is that not what we do in a SWOT analysis and in business,

you would lay out your weaknesses and you have to benchmark those weaknesses against your competitors.

Again, that is a tax system. That is a regulatory environment. The Ranking Member was talking about spending 18 percent of our economy on health care. Well, back in 2009, that was about $2.5 trillion worth. So, there is a lot of concern about we have to get those costs under control, but I mentioned in my opening statement, we spend about $2 trillion complying with Federal regulations. Where is the effort to contain and control that expenditure?

Listen, we all need regulations. We need that rules of the road. We want a clean environment. We want worker safety. We want product safety. But there is a concept called the law of diminishing returns, and I guess I would argue we probably passed the law of diminishing returns. We certainly do not have certainty in the legal environment, and we have so many laws, so many regulations, and those laws and regulations are enforced at the discretion of either prosecutors or district attorneys or regulators.

Do you find you have a lot of certainty in business, Ms. Hogan.

Ms. HOGAN. I have certainty if I hire a legal team on just about every issue to make sure I am covered.

Chairman JOHNSON. But, that is pretty efficient——

Ms. HOGAN. It is not efficient at all. Yes. I mean, I would like to spend a much larger percentage of my time with my customers and promoting the goods and services that we offer than the time that I spend with our attorney.

Chairman JOHNSON. Mr. Tisch, I certainly talk to business people that legitimately complain about how much time they are spending, mental time, physical time, trying to comply with regulations, trying to make sure they are not getting in trouble, as opposed to literally trying to innovate and create and build. Do you find that in your business?

Mr. TISCH. Every one of our businesses has legal issues, regulations that we have to deal with on a national level, on a State level, on a local level. Yes, it makes life much more difficult for us. Somehow, we manage to work through it, but if they were reduced dramatically, we would be much more productive. But, we look at it as a cost of doing business that——

Chairman JOHNSON. A very high cost of business. And again, that is costing economic growth, which means that is costing those good long-term, self-sustaining——

Mr. TISCH. It is a very high——

Chairman JOHNSON [continuing]. Jobs in the private sector.

Mr. TISCH. It is a very high cost. Some of it makes sense.

Chairman JOHNSON. Well, sure.

Mr. TISCH. I am not going to say it is all wasted money and it is all wasted effort. There are some that make sense. But, there are times when we make decisions as to where to do something based on the amount of regulation that is involved in doing something in a particular venue versus another venue.

Chairman JOHNSON. There are a lot of regulations that make sense, to a point——

Mr. TISCH. Right.

Chairman JOHNSON [continuing]. Again, environmental, worker safety, product safety. Those make sense, but——

Mr. TISCH. Those are all the first thing——

Chairman JOHNSON [continuing]. You go beyond a point of no return.

Mr. TISCH. We consider those the first thing before we consider anything else. But, after that, we make decisions based on where it makes most sense for us to conduct the business.

Chairman JOHNSON. Governor Huntsman, you mentioned financial literacy. Senator Ayotte was talking about that, too. Here is the good news. We do not have to wait for necessarily the Federal Government to act. One of the reasons I actually decided I could afford to leave my business and run for the U.S. Senate is I was volunteering a lot of time in education in Oshkosh. Our first initiative was in Oshkosh. We actually had a financial literacy requirement added to our graduation requirements before the State Department of Public Instruction did. I mean, so you can get involved in your local school system and prompt the school board to actually instill those standards. So, that is actually good news and it is actually critical.

I also wanted to mention, I was at a lunch No Labels event with you. I was on a panel. I do not know if you remember that.

Mr. HUNTSMAN. Of course, I do.

Chairman JOHNSON. But, one of the panelists said, it starts with compromise, and that is extremely important, no doubt about it. But, I made the point, that is the last step in the process. Getting back to, then, laying out—it starts with reality, setting an achievable goal, then start developing strategies, and once you start laying out the different strategies, that is where you have to start compromise.

Mr. HUNTSMAN. That is right.

Chairman JOHNSON. So, the way I like talking about this, and this is what I am hoping No Labels can bring to the table, is it starts with agreement. It starts with agreeing on the figures. For example, in business, if you sit down and negotiate, let us say you are buying a business. If the seller has got one set of audited books, or just set of books, and the buyer has got another set and they are completely different, you will never reach a successful negotiation. You actually have to have that audited set of books that everybody agrees on. So, to me, that is an extremely important part.

Let us push the areas of agreement, and this is really what Senator Carper and I have done with the Committee, starting out with that area of agreement, our mission statement to enhance the economic and national security of America, laying out some initial priorities, whether it is border security, cybersecurity, regulatory reform, we are going to hopefully report out another at least dozen bills on a unanimous basis out of the Committee. They are maybe not grand slams—maybe they are bunt singles—but they are an incremental improvement to fixing something.

And, I think, if we really concentrate on those areas of agreement, I think that is the better way of approach in terms of saying we have to compromise right away. Compromise will come, but there are a number of steps right before that.

Senator Lieberman, again, you have been involved in this process. Would you just kind of comment on that.

Senator LIEBERMAN. Well, I think you are right on in what you have just said. Senator Ayotte referred to—about compromise. But, compromise is not where it begins. The problem solving process begins with identification of the problem, agreement on goals, which are quite generally, usually. And then you get into the strategy, some of the negotiating of what you really want to do. To get that done, you need compromise.

So, the successful problem solving process does not begin with compromise, but it will not end successfully——

Chairman JOHNSON. Without it.

Senator LIEBERMAN [continuing]. Unless people around the table are willing to compromise. As Senator Ayotte said, there is nothing wrong about compromise. We are not talking about compromising your principles. It is a question of accepting less than 100 percent. If you can get 50 or 60 or 70 percent—my dad used to say a successful marriage is one in which both spouses think that their ideas are prevailing 80 percent of the time—— [Laughter.]

And legislating is sometimes like that. Ted Kennedy was sort of the leading liberal of his time. He did a series of remarkable agreements with Republicans who were on his Committee, mostly really conservative Republicans, and he had what he variously called his 60, 70, or 80 percent rule, depending on—and the rule was, if we can agree on 60 percent of this bill before us—big bill, whatever it was, education, health—let us just set aside the 40 percent and let us do the 60 percent. That is simplistic, but it led to a lot of significant bipartisan achievements.

Chairman JOHNSON. No, it is completely accurate. Again, in my method of negotiating, when you lay out all the areas of agreement, if you spend a lot of time figuring out all the areas of agreement, you develop a relationship, you develop a level of trust, so when you finally come to those areas of disagreement, it is just a whole lot easier finding common ground, and what you may find is, let us not even deal with those. Let us just concentrate on the areas of agreement and move forward. And, again, that is why I am so encouraged about what you are trying to do here, you are trying to set up that process of agreement. Senator Carper.

Senator CARPER. Speaking of marriages, I love to talk to people who have been married, like, 50, 60, 70 years, and I always ask them, like, what is the secret for being married 50, 60, or 70 years, and I get hilarious answers and I get some just terrific answers, as well. One of my favorite recent answers was a woman said her husband—they had been married almost 50 years, and I said, what is the secret, ma'am, and she said, "He can be right or he can be happy." [Laughter.]

He cannot be both. [Laughter.]

Another good one, a couple had been married, like, over 60 years, and I said to the wife, I said, what is the secret, ma'am, and she said, "He is gone a lot." [Laughter.]

I said to him, what do you think, sir, and he said, "She is right. I am gone a lot." [Laughter.]

But, my all time favorite answer is the two Cs—and we have been talking about them here, communicate and compromise.

Senator LIEBERMAN. Yes.

Senator CARPER. Communicate and compromise. And, if you add a third C—that would be collaborate—you have a pretty good prescription not just for an enduring marriage between two people, but an enduring democracy. To communicate, to compromise, to collaborate.

And Mike Enzi, who is one of those people that Ted Kennedy collaborated a lot, I remember hearing Mike Enzi speak on the Senate floor one day when I was presiding and he talked about the 80/20 rule. And I talked to him afterwards, what is the 80/20 rule? And he talked about he and Ted Kennedy, how much they got done. He is one of those conservative Republicans from Wyoming, Ted one of the most liberal Democrats from Massachusetts, and as you suggest, Mike Enzi said, "Ted and I agree on about 80 percent of the stuff. We disagree on 20 percent of the stuff. What we do is we work on the 80 percent that we agree on and we set aside the other 20 percent for another day." And, there is great wisdom in that, as well.

I want to come back to Bowles-Simpson. Bowles-Simpson took up—they said, among the things we needed to do was entitlement reform. We still need to do that. It saves money, saves these programs, does not savage old people or poor people. It is consistent with Matthew 25, the least of these, and a moral obligation to them.

But, when I was elected to the House in 1982—before I became Governor, I served in the House for a while, and among the first things I remember happening, we were sworn in on January 3, 1983, and we were told at orientation that the Social Security Trust Fund was going to run out of money that year—not, like, 20 years from now, not 30 years from now, that we were going to have to reduce payments by 20 or 30 percent. It is going to run out of money that year. Well, that is not good news.

And then we found out that there had been a commission created, chaired by Alan Greenspan, included people like Bob Dole and Daniel Patrick Moynihan and others, and they came up with, actually, a prescription for solving the problem, restoring the solvency of the Social Security system, not forever, but for maybe 30, 40, 50 years. And they did hearings all over the country and they presented it to us to consider at the beginning of 1983.

I will never forget, Tip O'Neill bought into it. Ronald Reagan bought into it. One, the leader of the House, the other, the leader of the country. And, basically, Tip O'Neill said this to Democrats. "Any Democrat who attacks another Democrat for supporting this compromise, we will disown you, basically cut you off." Ronald Reagan said the same thing. "Any Republican who attacks another Republican for supporting this compromise, we will disown you. We will essentially cut you off."

And, in the end, it did not pass by unanimous consent, but overwhelmingly, Democrat and Republican, and we passed it and did it again.

I think the time has come. I am not a big commission guy and that sort, but I think the time has probably come to do a similar kind of commission for Social Security and maybe to set it up this year, to go to work this year, and to be able to report back to the new Congress at the end of this Congress and say, these are the

options. And my guess, at the end of the day, they will look a lot like what Bowles-Simpson suggested.

Here is what Bowles-Simpson suggested, as you may recall. To raise the full retirement age, now 67, raise it to 68 by 2050, raise it to 69 by 2075. More to a chain consumer price index (CPI), which uses a different market basket of goods and services that people that are 65, 70, 80, 90 years old actually buy out of that market basket as opposed to the CPI. The other thing that was included in Bowles-Simpson was the cap. We pay the Federal Insurance Contributions Act (FICA) tax up to a certain income cap. I think they mentioned—they call for raising it, not eliminating it, but raising it further.

But, they also had things in there to actually help in terms of the least of these, the poorest of the elderly, to make sure that we actually bumped up their income as they grew older. So, it was actually a pretty good balance, not perfect, but pretty good. But, that may be the ultimate solution, something like that.

But, I think we need a mechanism to get us there, and there are a couple Democrats, Republicans, and one feisty Independent from a State up in the Northeast that were talking about actually creating a commission and then offering to say, here is one idea for the commission to consider. Would you react to that, anybody.

Senator LIEBERMAN. Well, as you know, securing Social Security and Medicare for the 75-year period is one of the national goals that the people of America told us they want us to deal with, and if in the wisdom of Congress or the new President, and maybe if you can do it now this would be a head start for 2017 and create such a commission, great idea.

I mean, I think the answers—people are living—this comes back to education and facts. I mean, a lot of people-—Social Security is so important to people. A lot of people live on it. That is all they have. But, really, a surprising number of people still feel that everything they get in the Social Security check is what they put into it, and, of course, that is not true. So, we have to convince people we are not going to eliminate Social Security or cut what they are getting now, but there have to be changes. So, if you can build to that on a bipartisan basis with a commission, more power to you.

Senator CARPER. All right. Does anyone else——

Mr. HUNTSMAN. Senator Carper, I think there is great power in what you are talking about. Simpson-Bowles fell a little bit flat because the political infrastructure was not in place to carry it very far, and what we are doing here is building out a very interesting political infrastructure, process-wise, grassroots-wise, the army here on Capitol Hill that are the problem solvers caucus. You can imagine doing the Simpson-Bowles all over again and dropping it into the process that we have spent the last couple of hours talking about. I think the result would be quite different. So, let us imagine a world in which we can take that good work again and maybe connect it with some of the efforts that are ongoing here.

Senator CARPER. Mr. Tisch, Ms. Hogan, any thoughts?

Mr. TISCH. I have just one additional thought, and that is that so much of the cost of Medicare is going to be tied up in treatment as people get older, in neurodegenerative diseases and end-of-life costs, and any kind of research that we can do now is going to be

very important in the future as more and more people reach the limits of normal life expectancy. If we can figure out how to postpone any kind of terrible diseases through research and study right now, I think we are going to be saving money.

But, there are plenty of ideas out there as to how to fix Medicare and Social Security. I think there is enough brainpower in Washington and enough compromise power that there is no doubt in my mind that we can come up with a solution, but it has to be both parties working together to come up with that solution.

Senator CARPER. Big cost drivers in health care: Obesity, end-of-life, dementia. There is a strong effort going on now to really get us to do a whole lot more on obesity, a whole lot more on obesity, prevention and so forth. But, dementia, AstraZeneca, I think Eli Lilly have some actually encouraging results on an early product that may help us there, end of life, and I think after what we went through with death panels and scare tactics and so forth, I think there is a willingness now to see what can we maybe agree on.

One of the things I think we can agree on is the portability of a directive, health directive. Right now, if you move to another State or you go from one hospital to another institution, the directive does not go with you and folks end up as care providers and they are not sure what they should be doing, what is the will of this patient. So, there is——

Mr. HUNTSMAN. How about accessing insurance across boundaries? I mean——

Senator CARPER. Yes.

Mr. HUNTSMAN [continuing]. Just take a look at that as an aspect of health care costs. It would be a huge deal.

Senator CARPER. Good. Thank you. Thanks, Mr. Chairman.

Chairman JOHNSON. Thank you, Senator Carper.

One of the things I have learned from my Ranking Member, and maybe he learned it from you, Senator Lieberman, at the very end, as we are closing out a hearing, I just like to give the witnesses kind of one last chance, if something is just bubbling up to the surface, you just had to talk about something.

So, we will start with you, Ms. Hogan. Is there a final comment you would like to make to close out the hearing?

Ms. HOGAN. Yes. I would like to address the establishment of this commission that you just talked about. In the current environment, I cannot get really excited about that, but what I could get really excited about is a commission, a bipartisan commission that stands up, states what their goals are, establishes a process for achieving those goals, and has a stated yardstick. How are we going to know when we got there? That would be terrific and I could be very supportive of that. Thank you.

Chairman JOHNSON. Mr. Tisch.

Mr. TISCH. I just want to again thank you, Mr. Chairman, and you, Senator Carper, for allowing us to address the Committee today and talking about No Labels. I truly believe that the problems that we have in this country are solvable. I would not be here if I did not. But, I also believe that they are solvable by everyone working together. And, I know that with the spirit within this Committee, and I believe that with each individual Senator and

Congressman, that we have the capability of solving these problems and I am very hopeful. So, I thank you for the opportunity.

Chairman JOHNSON. Thank you, Mr. Tisch. Governor Huntsman.

Mr. HUNTSMAN. Thank you, Senator Johnson, Senator Carper. This Nation of ours has all the attributes we need to succeed. We have everything any nation State would ever want to dream of. We have just got to get our act together on the political side and maximize the potential. So, we have laid out a process. We thank you for giving us the time. It is not only a good process, good politics, the American way, but I think there is an economic dimension, too, that is very important, because the marketplace has factored in a discount relative to our dysfunction politically. And, you can imagine a process that allows us to work toward a goal that the American people recognize as valid and important in their lives. The marketplace would respond, as you know, having been in the marketplace, in ways that I do not think we can even imagine. Thank you.

Chairman JOHNSON. Thank you, Governor Huntsman. Senator Lieberman.

Senator LIEBERMAN. Thank you, Mr. Chairman. If you will allow me, on a point of privilege as a former Senator, I thought Senator Carper's stories about marriage were so good, I just wanted to tell him—just to respond, to give a gift in response for his gifts.

I was just reading a great line from George Burns, remember the comedian? He once said, "I was married by a judge. I should have asked for a jury." [Laughter.]

I thought, OK. It is good to be back with you, Tom.

Listen, Chairman Johnson, Senator Carper, I cannot thank you enough. This really is personal. I mean, in some sense, the work that I tried to do when I was here on this Committee, and now having watched from outside, because I identify so much with this institution, and feeling the frustration as I watch problems go unsolved and crises come closer, that I really decided to get involved in No Labels as the best movement to try to deal with this. And, people do not really know this, but this organization has growing grassroots support. We have branches now on more than 100 college campuses across the country. There are teams on the ground, and they will stay there right through the caucuses and primaries in Iowa and New Hampshire.

I think we have something going here, and this Committee are the natural leaders to take this forward in whatever way it can be taken forward. I hope you will work with Senator Nelson and Senator Thune and become co-sponsors of the resolution embracing the idea of a National Strategic Agenda.

I cannot thank you enough for giving us this hearing today. It is really a turning point, hopefully a tipping point, for No Labels, and we look forward to continuing working with you toward common goals, which is what this is all about.

Chairman JOHNSON. Thank you.

Senator CARPER. Is it about marriage?

Senator CARPER. Who was that George Burns?

Senator LIEBERMAN. George Burns. Remember George—it is a little before your time, George Burns and Gracie Allen. [Laughter.]

Senator CARPER. Another person I do remember is Lily Tomlin.

Senator LIEBERMAN. Yes.

Senator CARPER. Lily Tomlin once said, "When I was young, I wanted to be somebody. Now that I am older, I realize I should have been more specific." [Laughter.]

A lot of people have wanted to be United States Senators. There are only a couple thousand, maybe two thousand in the history of our country who have been privileged to serve in these roles, and even fewer to be, I think, to be Governors. But, it is a great privilege to be able to serve in these roles.

And, we get here and the challenges are daunting. But, another fellow—not a comedian, although he said a lot of funny things—was Einstein, and among the things that he said, I think most memorable are in adversity lies opportunity. Is that not true? In adversity lies opportunity, and we face plenty of adversity. But, also, there is a whole lot of opportunity. I like looking at problems. You probably do, too, and say, this is going to be fun to try to fix or solve. And, part of what we need is the kind of example that you are providing for, really, for all of us.

We are challenged here. We have some things they did not have when Thomas Jefferson was saying things like, if the people know the truth, they will never make a mistake. We have a 24-hour news cycle. We have a situation where the amount of money that can go into campaigns are just unlimited—and we do not know, in some cases, where it comes from, where it is going.

But, all that having been said, I think we have gotten through some really tough times, and if we can come through what we have come through before—Civil War, Revolutionary War, Great Depression, two World Wars, cold war—and emerge as the preeminent nation in the world, I think we can probably get through this, and I appreciate very much your helping to provide that.

The last thing I am going to say is this. As far as I am concerned—I said it earlier, I have just huge respect for Senator Lieberman, former Attorney General, just a great leader for our country, and would have been a terrific President. I do not know as well Governor Huntsman, but everything I have heard about you—Mike Leavitt is one of my close friends, and he has told me much about you, and so has Orrin Hatch.

But, when Joe ran for President, he did not make it past, really, the New Hampshire, Delaware primaries, and he is—and the same thing with Governor Huntsman when he ran for President. I think after, both of you, you stepped down or withdrew from the race. We have a situation today in America where we have congressional districts that are drawn up—we are pretty good at gerrymandering. This is going to be a Republican congressional seat. No Democrat will win it. And, the way the nature of primaries is, usually the most conservative, in some cases the most Tea Party Republican is going to win the seat and go to the Congress. And over here is a Democratic seat. It is going to be a Democratic seat. A Republican is not going to win this seat. And at the end of the day, the most progressive Democrat will end up winning the primary and become the Representative.

When I was elected to the House of Representatives—we will say this is the dividing line. This is the center, the political center. We will say, Senator Lieberman, you are to the right, this is to the left.

And, from the center right to center left, there are over 300 members there—over 300 people in the House of Representatives that were believed to be center left or center right. Today, the number is under 100. That explains a lot about why—but, add to that the 24/7 news cycle, the incredible amounts of money that can be thrown in these races to, really, in a lot of the cases, just to confuse people.

Having said that—I remain optimistic. Who was it, Camus? I think it was Camus who said, leaders should be purveyors of hope. That is part of our obligation, to be uplifting, enlightening, not to beat people down, but to lift people up. And, you have lifted me up with your testimonies.

Churchill once said these words. Two quotes, good quotes from Churchill. The one that was most famous was, "Democracy is the worst form of government devised by wit of man except for all the rest"—except for all the rest. And the other is Churchill used to say of people on military duty who were actually doing, like, maybe with the reserves and they had a day job in their society, or they were in the guard and they had a day job in their society, and he used to call them twice the citizen. They are twice the citizen. All of you are twice the citizen and we admire you and applaud your appearance here today and your leadership. Thank you.

Senator LIEBERMAN. Thank you.

Mr. HUNTSMAN. Thank you.

Senator LIEBERMAN. Thank you both.

Chairman JOHNSON. Thank you, Senator Carper.

[Applause.]

I think you accurately described the House, and, of course, there are obviously some red States and blue States that we have, certainly divisions here in the Senate. But then there are quite a few purple States. I represent one. And, so, there is less of that dynamic here in the Senate, which is why I think we can look to the Senate to hopefully lead on this issue.

So, again, I want to thank all of you for being involved, for your time you have taken, for your thoughtful testimony. I think the fact that we held this hearing should indicate to you certainly my commitment, I think this Committee's commitment, to do everything we can to help you succeed. It is just critical. We have to solve these problems.

In our organizing meeting, after we set that mission statement, after we agreed on those priorities, a certain aspirational goal for our Committee, and I said, listen, I do not question anybody's motives. I do believe that every member that ran, certainly in the Senate and the House, ran to accomplish something, to do right by their constituents, to solve these problems.

And, the fact of the matter is in the U.S. Senate, in order to solve problems, you have to pass legislation. Currently, that requires—we have 54 Republicans. We need at least six Democrats to join us to pass things. And, so, we have six—seven Democrats on this Committee, so the aspirational goal is, let us concentrate on the areas of agreement. Let us not worry about things that divide us. Let us worry about the things that we agree on, and that is certainly what you are trying to do, and we want to be fully supportive.

Let me end kind of where I started, reality, because that is where it has to start. We have to lay out the reality of the situation. We have to tell the American people the truth. We have to have the courage to tell people the truth. From my standpoint, the reason nobody—even though I have been talking about a 30-year deficit, this massive deficit, for a couple of years, the reason it is not picked up on is because if you acknowledge that as an elected official, if you acknowledge the depth of the problem, you have to do something about it, and doing something about it is not going to be particularly fun. It is going to require bipartisanship. It is going to require people getting together and coming forward in front of the American people and leading. But, we first have to lead by telling the truth and laying out the realities.

A couple comments on some things said. Senator Carper was talking about the Commission on Social Security, recognizing if we did not do something, benefits were going to be cut. That is the current law. If we do not do anything, when this bookkeeping convention runs out on the Trust Fund, benefits will be reduced to the level of receipts. So, it is just—you cannot take it off the table. You have to address it or we are going to be hitting something that the American people are not going to like, and they should not.

We talked about curing diseases. One reality that I do not think is cooked into anybody's figures—I do not think it is cooked into the alternate fiscal scenario—is what is the cost of Alzheimer's? I am a fiscal conservative. I am highly supportive of the Federal Government spending money on basic science and research, spending money to cure diseases. We need to take a look at the grant writing process so those funds are allocated as best as possible.

So, again, we have to start with reality. I am looking to your group. I am begging your group. As much as I appreciate those goals, please work with me, work with this Committee to lay out the reality and have the courage, give us the courage as elected officials to use what little bully pulpits we have to tell the American people the truth.

And, let me finish with this last story, because it will tell you what my commitment is. Before I took over the Chairmanship—after the election, I knew I would be Chairman—we started interviewing people for staff positions. I have been very fortunate, by the way, to be able to get some great staff, a lot of them from Senator Tom Coburn, who I think we both—he is a hero to—certainly to me, I think certainly Senator Carper respects them. We interviewed one individual, one female staff member, and she said, "Senator Johnson, what would success look like a year into your Chairmanship?" A darn good question. It is the kind of question I would ask somebody in an interview. I had not really thought about it in those terms, but I had an immediate answer. I said, if every Presidential candidate, both Republican and Democrat, were forced—I have to—it is kind of sad, I have to say forced—to address the issues we are going to raise in this Committee, that would be success. We cannot afford to have an election 2016 run on political platitudes and demagoguery. We have to have an effort like you are putting forward here with No Labels, where we go to the American people and we tell them the truth. That is what I am dedicated to doing.

And, again, I appreciate your efforts. I appreciate your working with me on this.

With that, the hearing record will remain open for 15 days, until July 2 at 5 p.m. for the submission of statements and questions for the record.

This hearing is adjourned.

[Applause.]

[Whereupon, at 11:45 a.m., the Committee was adjourned.]

APPENDIX

Opening Statement of Chairman Ron Johnson
"Governing Through Goal Setting: Enhancing the Economic and National Security of America"

http://1.usa.gov/1G3TDOL

Good morning and welcome.

I'd like to start off by welcoming back our former committee chairman, Senator Joe Lieberman. I had the privilege of working with Senator Lieberman during his last two years as chairman, and today we welcome him back as a witness.

When I was elected chairman of this committee, I said that our mission would be to enhance the economic and national security of America. In order to solve our nation's problems, it is essential that we first identify, define and prioritize those that threaten the security of the American people. In order to develop a clear vision of success, we must first identify the realities that this country faces.

Creating jobs, securing Social Security and Medicare, balancing the federal budget, and achieving energy security — these goals are common sense. Solving just one of these problems will make a world of difference to millions of Americans.

As someone who spent over 30 years as a manufacturer in the private sector, I understand the challenges of running a business in America. I learned many lessons over my career. One of those lessons is that after identifying a problem, you need to set achievable, realistic goals to make incremental steps toward solving the problem. That is why I am excited to see two witnesses from the private sector with us today to discuss how this works in the real world.

When tackling the challenges of the business world, I can tell you that it is undoubtedly more effective to reach across the table and seek common ground. When you're negotiating in the business world, you do not start out with areas of disagreement. You start with what you agree on. Today I am hoping to hear from our witnesses on what they think Congress can do operate more like people outside of Washington do.

Every American, regardless of voting Democrat or Republican, wants a safe and prosperous country. I believe everyone in this room shares that desire.

When I assumed my role as chairman in January, I made a commitment to reach across the aisle and work with my colleagues, regardless of political beliefs. It is my hope that today's hearing will continue a much needed dialogue about the problems facing the American people, and about how we, as lawmakers, can set aside rhetoric and partisanship for thoughtful discourse and partnership.

We owe it to the American people to roll up our sleeves and work together to identify the key issues that undermine our nation's national and economic security and to develop comprehensive, actionable plans to address them. In order to be effective in our roles, we must set aside our differences and check politics at the door.

Every day my office receives countless phone calls and letters from citizens of all ages who want to know what we're doing to fix our nation's problems. Politicking and gridlock have brought Washington to its knees. It is time for lawmakers to break free from partisanship and infighting. For far too long, it has undermined our ability to govern.

I strongly feel that all members of Congress are interested in addressing the objectives laid out by No Labels. Once we have agreed on those objectives in a bipartisan way, I hope that we can continue to do the hard work of finding bipartisan solutions. The path to progress is not a singular one. Too often, Congress focuses on process and politics, resulting in partisan bickering and few real accomplishments. It is time to stop bickering and start talking about real solutions.

The national strategic agenda set out by No Labels is a step in the right direction, but before we hail it as a remedy to Washington's ills, it is our responsibility to ensure that we develop practical, actionable policy solutions. Though we will differ greatly in how to achieve our main objectives, we must overcome these differences if we are to effect change in America.

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Statement of Ranking Member Thomas R. Carper
"Governing Through Goal Setting:
Enhancing the Economic and National Security of America"
June 17, 2015

As prepared for delivery:

I want to thank Chairman Johnson for holding this hearing today. I also want to thank our witnesses for joining us to discuss how the federal government can more effectively set major goals, and then how those of us who serve here in Congress can work together to accomplish those goals.

Before we begin, I would like to take a moment to acknowledge and thank one of our Committee's longest serving staff members, Janet Burrell, for her tireless dedication to the Senate and our nation. Janet is retiring this week after serving for 30 years in the Senate and 37 years in federal service.

Janet's patience, her willingness to go above and beyond, and her service as a mentor to so many staff members are just some of the things about her that will be sorely missed. Thank you, Janet, for everything you have done here and continue to do to this very day. We wish you many blessings and great happiness in the years to come, and if you ever get a hankering to come back, we'll leave the light on. I promise!

Let me now say a few words about two of our witnesses, one of whom many of us have had the pleasure to work with closely in the past. Senator Joe Lieberman is known to all of us on this Committee, in the Senate, in this town and to many around this nation of ours. He served with distinction as our Chairman just a few years ago and as a mentor to me and to many others. It's great to welcome you back to 342 Dirksen, Joe, and to have you join us in this hearing room.

I am also delighted to welcome former U.S. Ambassador to China and Governor of Utah, Jon Huntsman. I often say that while I am serving in the U.S. Senate, I am also a 'recovering governor.' I look forward to hearing today from Governor Huntsman about his private and public sector experiences and how they might inform us about ways to make this government of ours more effective. I understand that during your time as Governor, Utah was ranked as one of the best managed states in the nation. I look forward to hearing about what drove your success as Governor of the 'Beehive State.'

In particular, I look forward to hearing from Senator Lieberman, Ambassador Huntsman, and our private sector witnesses about the role that strategic planning plays in large organizations and how that planning can help improve the work we do here in Congress and in the Executive branch.

Clearly, those of us who serve in Congress have an obligation to improve the way federal programs work, while bringing accountability and effectiveness to the way that agencies provide critical services to all Americans. Much, but not all, of what we need to do in order to improve the way that our federal government runs has to start here in Congress. Those of us who are privileged to serve here can always do a better job in the way we legislate and oversee federal spending.

For me, one of the lessons from the most recent elections is that the American people want us to work together to solve big problems.

A major problem facing our country in recent years has been our very harmful and wasteful habit of 'crisis governing.' Too often we let our annual budgets and appropriations bills await passage until we are up against a major deadline. And we've even gone past those deadlines, creating program, agency, and federal-wide shutdowns.

The uncertainty we create by going about our jobs in this way hurts not only the workings of federal agencies, but also state and local governments, as well as the private sector. Whether you're someone looking for a job or looking to grow your business, the uncertainty we create here in Washington makes things harder for you.

While we will never completely agree on how to fix the numerous challenges we were sent to Congress to address, I've always believed we could and should focus on the 80 percent of issues where we do agree. The remaining 20 percent is important, but we should not let the goal of perfection get in the way of accomplishing what is good. This goes for the budget challenges we face, too. I have often said that we need a 'grand bargain' approach to budgeting which puts everything on the table.

I believe we need to do three things to get our country back on the right fiscal track:

1. Enact comprehensive tax reform that lowers rates, broadens the tax base and enhances revenue to reduce the debt and deficit;
2. Reform and improve our entitlement programs in a way that is humane, saves money, and preserves these programs for future generations; and finally,
3. For all of our federal programs, ask how we can get better results for less money in everything that we do.

We can find common ground in these areas. This Committee continues to focus significant attention under Chairmen of both parties in rooting out waste, fraud and abuse in federal programs. I hope we can replicate this bipartisan approach both on this Committee and others in the coming months and years.

I'll close by quoting Winston Churchill, who once said, 'Democracy is the worst form of government devised by wit of man, except for all the rest.' He also said, 'You can always count on Americans to do the right thing – after they've tried everything else.'

I applaud the No Labels group for their efforts to push us to do the right thing, and thank our witnesses for their testimony today. It's often said that, if you don't try, you will always fail. I hope we take that to heart today as we think about how to tackle some of the tough issues we'll be discussing today.

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FINAL

Testimony of Sen. Joe Lieberman
National Co-Chair, No Labels
Senate Homeland Security & Governmental Affairs Committee
"Governing Through Goal Setting: Enhancing the Economic and National Security of America"
June 17, 2015

Chairman Johnson, Ranking Member Carper, and distinguished members of the Committee, thank you for inviting me – and my other colleagues representing No Labels – to discuss "Governing Through Goal Setting."

At a time when our nation has so many unaddressed and pressing problems, I can't think of many more important topics.

I see a lot of friends in this room. This is my old committee of course, a place where I worked with many of you to make our government more accountable, more efficient, and more responsive to the needs of the American people. I'm excited to continue that work, even if it is from the other side of the committee room.

(pause)

As people of my age are known to do, I have lately found myself thinking a lot about the past. In particular, about the way Washington once worked and hopefully can again. Getting big things done in Washington has never been easy of course. But not long ago, it was at least possible.

I recall working on the historic update of the Clean Air Act in the early 1990s and seeing our parties come together in a way that just doesn't seem feasible today.

We had a Republican president in George H.W. Bush and a Democratic Senate leader in George Mitchell who were simply determined to get this done. And they knew the only way to do it was together.

There was a war room right next to George Mitchell's office in the Capitol that was buzzing for weeks, with members of the Administration, and Senators of both parties cycling through at all hours. Everyone in that room has a sense of mission, and a commitment that we'd keep that room open for as long as it took to reach our goal.

That's exactly what we did.

I recall a similar spirit after that tragic day in September 2011, when so many Senators from both parties came together with urgency to implement the recommendations of the 9/11 commission and to do what was necessary to keep America safe.

I know many members of this committee are frustrated by the inability of recent Congresses to summon this same spirit of bipartisan problem solving.

It is not for lack of trying. In front of me are Senators who – often without much fanfare – are reaching across the aisle to get important work done.

- To reform our criminal justice system;
- To strengthen veteran's health care;
- To better prepare students for the workforce;
- To combat human trafficking.

I commend you for this work. It is critically important work. Today, we are here to talk about the urgent work that remains to be done. The work that must be done to address festering problems that threaten the future prosperity and security of our country.
Problems such as:

- An economy that isn't creating enough good jobs;
- A social safety net that isn't secure, funded by promises that can't possibly be kept;
- A budget that bleeds more red ink every year; and
- An energy system that is still dangerously vulnerable to manmade and natural disasters.

You all know the nature of these challenges.

The question of course, is how do we solve them?

Today, my colleagues and I from No Labels will aim to provide an answer.

We believe that it is time for this Congress and our next president to embrace a new *National Strategic Agenda* for the country.

No Labels' *National Strategic Agenda* concept is based on a simple premise.

To solve a problem – any problem – you need to set goals, get people to buy into those goals and put a process or plan in place to achieve them.

Since last year, No Labels has been working to mobilize members of Congress and citizens across the country around this idea and the response has been astounding.

As of today, we have some members of Congress who have supported a resolution calling for the creation of a *National Strategic Agenda*.

Meanwhile, No Labels is organizing a grass-roots army of citizens in New Hampshire, Iowa and elsewhere to make the *National Strategic Agenda* a priority issue in the 2016 elections.

You may be wondering how No Labels settled on these four *National Strategic Agenda* goals.

Here is the simple answer.

This is what the American people wanted.

No Labels conducted a number of national polls last year to ask where people wanted the government to focus its attention.

These four issues rose to the top and led No Labels to create the four goals of the *National Strategic Agenda:*

- Create 25 million new jobs over the next 10 years
- Balance the federal budget by 2030
- Secure Medicare and Social Security for the next 75 years
- Make America energy secure by 2024

In the next few minutes, Andrew, Andrea and Jon will explain:

- Why we believe it is so important to tackle these challenges now;
- How we believe a new *National Strategic Agenda* can empower Washington to do it;
- How a few tried and true problem solving techniques from the private sector have informed our strategy; and finally,
- What the implementation of a *National Strategic Agenda* can actually look like.

I personally believe a *National Strategic Agenda* is the best way to lift members out of the partisan morass and restore that bipartisan problem-solving spirit that is so badly needed here in Washington.

I'll look forward to answering your questions in a few moments. In the meantime, I will cede the floor to Andrew.

FINAL

Testimony of Jon Huntsman
National Co-Chair, No Labels
Senate Homeland Security & Governmental Affairs Committee
"Governing Through Goal Setting: Enhancing the Economic and National Security of America"
June 17, 2015

Thank you, to members of the committee for inviting me here today, and to my No Labels colleagues for speaking so passionately and eloquently about the problems facing our country.

It falls to me to make the closing argument. And to answer two key questions:

- Why is a *National Strategic Agenda* the right answer for America right now?
- And how would the implementation of this *Agenda* actually work?

There is clearly agreement in this room – and in most rooms across the country – that the problems we've discussed today are urgent:

- Job creation;
- Fiscal responsibility;
- Securing our social safety net; and
- Energy security

They all belong at the top of Washington's to-do list. And yet, few believe Washington will be checking items off this list anytime soon.

Frustration is running high. Some say we need to rethink our whole system with the formation of a third party or a Constitutional convention. Others are focused on broad electoral reforms like reducing the influence of money in politics or making primary elections more inclusive with redistricting reform.

Maybe so. Some of these ideas have real merit. But many are also tough multi-year, multi-state slogs with uncertain odds of success.

America does not have that kind of time. No Labels believes America's challenges are so urgent that we need to find a way to bring the country together now largely within the system and with the leaders we already have.

The *National Strategic Agenda* is how we do it. The *National Strategic Agenda* is modeled after an approach that we know works:

Identify problems or opportunities, set goals to fix those problems or seize those opportunities and commit to a process to reach those goals.

You heard Andrew and Andrea talk about how they use this approach to lead their businesses.

But this approach is just as effective in government. It's how we did it when I was governor of Utah when we decided to fix a flawed tax code, an inefficient health care system and an outdated educational system. By the time we were done, Utah was ranked the most competitive state in America.

Embracing big goals, and committing to a process to achieve them has also been instrumental at the national level, whether it was President Reagan and Tip O'Neill bringing their parties together to fix the tax code and shore up Social Security, or President Clinton and Newt Gingrich doing the same when they balanced the budget.

Make no mistake. These bipartisan efforts were often contentious and controversial. There was no hiatus from partisanship and politicking. But these leaders hung in there – even when there were ample reasons not to – because they were invested in a big goal and committed to a process to achieve it.

I believe the *National Strategic Agenda* can provide the framework to help revive that bipartisan spirt Sen. Lieberman talked about earlier.

Let me paint the picture for you as to what this could look like. And it isn't all hypothetical. This is already happening.

In the House, some 50 members have signed on to a congressional resolution calling for the creation of a new *National Strategic Agenda* centered on the four big goals. Just last week, Senators Nelson and Thune introduced a resolution here in the Senate.

Meanwhile, No Labels is mobilizing our growing citizen army in New Hampshire, Iowa and elsewhere to make the *National Strategic Agenda* a priority issue in the 2016 elections.

Here's what the endgame looks like. A new president comes into office, having called in the campaign for the creation of a new *National Strategic Agenda* for the country. In the inaugural address, this new president promises to fly the congressional leaders from both parties down to Camp David within the first 100 days to start work on the *Agenda.*

At Camp David, the president and the congressional leaders pick one of the goals to focus on and they commit to a process. They assign working groups or congressional committees to study the issues and suggest solutions. They agree to timelines and metrics for success. They agree to be accountable to one another, and above all, to the country. And they get to work, knowing that at least 50 members of the House and Senate have already gone on the record with a resolution saying they want to help create a *National Strategic Agenda* for America.

Is this idea ambitious?

Yes.

Is it a total departure from how Washington has worked for well over a decade?

You bet.

Is it impossible?

Absolutely not.

The *National Strategic Agenda* is an idea whose time has come. This is how any well-run organization makes decisions and solves problems.

And it bears repeating, that this is what the American people want. These four goals were chosen with direct input from citizens across the country. The message could not be clearer. They are done with the distractions and the sideshow issues. They want Washington to focus on the bread and butter issues that affect the security and prosperity of their families.

Having spoken to many members of this committee, I know that is exactly where you want to focus your time. You and your colleagues want to tackle the big problems. I submit to you today that the *National Strategic Agenda* can help you do it.

Thank you.

FINAL

Testimony of Andrew Tisch
Co-Founder, No Labels
Co-Chairman, Loews Corporation
Senate Homeland Security & Governmental Affairs Committee
"Governing Through Goal Setting: Enhancing the Economic and National Security of America"
June 17, 2015

Thank you Senator Lieberman and thank you to the committee for inviting me here today as well.

Almost five years ago, I helped found No Labels because I believed there had to be an alternative to the relentless partisanship that made it virtually impossible for our nation to solve big problems. There had to be a way to bring our parties together around a common vision and common goals. Many members of this committee have been working tirelessly to find that common vision.

With No Labels' *National Strategic Agenda,* I believe we have found a way, by setting ambitious goals in four areas that are most important to the American people: jobs, the budget, Social Security and Medicare, and energy.

A *National Strategic Agenda* can bring the focus, the discipline and the accountability that is necessary to solve the problems that Sen. Lieberman and many on this committee have so aptly described.

(pause)

Sen. Lieberman just said something that bears repeating:

To solve a problem – any problem – we must set goals, get people to buy into those goals and put a process or plan in place to achieve them.

That's what the *National Strategic Agenda* does. That's what we have to do every day at Loews Corporation.

Although running a business is somewhat different than running a government, it requires a similar outlook.

At Loews, our businesses are constantly changing. What began some seventy years ago as a family business with a single hotel, is today a multi-national corporation spanning hotels, finance, energy, pipelines and insurance. In a dynamic market, it is easy to get distracted, sidetracked or to let short-term tactics divert you from long-term goals.

But that road inevitably leads to disappointment or failure. And that is too often the road chosen in Washington. In business we tend to work in longer cycles, such as five-year projections. But in public companies, we report results quarterly and report to Boards of Directors monthly, and shareholders

annually. We deal with distractions but we try to get back to our long-range plans as quickly as feasible.

(pause)

In business, as in government, the road to success is not so different.

The first step is to identify a problem or an opportunity. The second step is to figure out how to solve that problem or seize that opportunity.

Then, a goal is set that identifies the metrics and the timeline for success. And you hold your team accountable for meeting that goal. That's how we succeed in our business. That's how our government has succeeded in the past, whether it was winning a World War or sending a man to the moon.

So let's start with a few facts that illustrate the problems facing America.

It begins with our economy, which despite recent improvements, still isn't creating enough good jobs that can sustain a middle class living for enough people.

When you account for new people entering our labor force, the U.S. is still 3.6 million jobs below where we need to be just to reach pre-2007 employment levels. Household income is about where it was at the turn of the century, meaning many Americans haven't gotten a raise in 15 years.

Meanwhile, small business, which is America's best job creation engine, is sputtering. In the last few years, more new businesses have been dying off than are being born. That's the first time that's happened since record keeping began in the 1970s.

Then of course, there are America's budget and entitlement challenges.

The CBO projects that the federal government will be paying almost $800 billion in annual interest by 2024, and that number can only grow if interest rates rise. Instead of investing in the future – in infrastructure, in education, in research – more of our resources are going to pay for profligate spending from the past.

Of course, two key drivers of our long-term debt are Social Security and Medicare. These are programs that are critical to the security of so many families; that must be preserved and protected. But those programs must be updated to adjust to the new realities of the 21st century.

Whereas there were once 16 workers paying into Social Security for every beneficiary, today there are only three. Whereas once, retiree benefits could be expected to be paid for a few years, today they are often paid for decades. People are living longer and in most cases healthier lives, which is one of the most exciting developments of our time. But our safety net programs simply weren't built to accommodate this new reality, or some of the end-of-life costs.

Finally, there is energy, where our nation is still much too vulnerable, with an electric grid that is unreliable, with an economy that is still too exposed to volatility in global energy markets and with a greater need for cleaner and more efficient use of energy.

(pause)

These are different challenges, but they all have something in common. Each gets harder to solve the longer we wait.

I liken America's situation to an airplane heading into a big storm system. At several hundred miles out, the pilot is able to make gradual adjustments to avoid the thunder clouds. You shift a degree here and a degree there, and you can get to safety without too much turbulence. But wait too long, and you need to take sudden, evasive maneuvers. It is a bumpy and dangerous ride.

Well, America is headed for a bumpy and dangerous ride if we do not rise to meet these problems soon. That is why the *National Strategic Agenda* is such an essential idea. It identifies our most pressing problems. It sets realistic goals and timelines to solve them. And as Governor Huntsman will explain shortly, it provides a rigorous process and a decision-making framework that could help Congress do the work of and for the people.

Thank you.

FINAL

Testimony of Andrea Hogan
President and CEO, Merchants Metals LLC
Senate Homeland Security & Governmental Affairs Committee
"Governing Through Goal Setting: Enhancing the Economic and National Security of America"
June 17, 2015

Thank you Mr. Tisch – and thank you, Chairman Johnson, and members of the Committee for the invitation to participate in this important discussion. It is an honor to be part of this distinguished panel and to testify before you today.

I am the President and CEO of Merchants Metals, an Atlanta-headquartered company that is one of the largest manufacturers and distributors of fence systems in the country. While I am relatively new to No Labels, I share the resolve of Senator Lieberman, Governor Huntsman and Chairman Tisch in urging the adoption of a *National Strategic Agenda.*

As Mr. Tisch stated, for those of us privileged to lead great organizations, it is inconceivable that you could run an enterprise successfully without first establishing and communicating the key goals and objectives.

I know of no business that can succeed long-term without a clear vision of what success looks like – a shared, goal-driven agenda of strategic imperatives – and a defined set of tactics aimed at achieving the organization's goals.

And yet, remarkably, the largest 'enterprise' in the world; the United States of America – all $17 trillion of it in economic output terms – operates precisely this way today.

We can't allow this to be the case anymore.

We are inspired and encouraged by the growing number of committed problem-solvers in Congress willing to acknowledge our shared challenges – and pursue bipartisan solutions. But our message today should be unambiguous – the gridlock in Washington has made it much harder for businesses such as Merchants Metals to execute against our most basic needs – finding qualified workers, developing cost effective ways to get products to market, and accessing credit.

Mr. Tisch provided a few facts to illustrate the serious problems facing our nation. At Merchants, we refer to this as a "burning platform," a set of circumstances that, if left unaddressed, will severely damage and in some cases, destroy an organization.

When presented with a "burning platform" problem, our first order of business is to find out what can be known and to organize the facts in a way that makes sense.

A useful framework we use is a SWOT analysis: Strengths, Weaknesses, Opportunities, and Threats.

Once these elements are defined, a strategy can be developed to leverage strengths, eliminate or neutralize weaknesses, capture the top opportunities, and mitigate threats. This is precisely what the *National Strategic Agenda* is designed to do.

From here, we create a plan, and move to execution and accountability. Organizations, both large and small, can accomplish great things with a great plan.

Having been a part of teams with a great plan and those with no plan, I can tell you that the former get results. The latter do not.

Employers across the country see firsthand each day weaknesses and threats to our shared enterprise – an economy that just does not work well enough for enough people, and a fiscal situation so uncertain it dampens the entrepreneurial spirit that once made the U.S. the global pacesetter in virtually every critical industry.

The *National Strategic Agenda* provides a path to address those weaknesses and threats, and that alone is good reason to adopt it.

But the *Agenda* can also build on our strengths and empower us to seize opportunities.

Take just one of the goals in the *Agenda:* creating 25 million jobs over the next decade.

This is a goal we all surely embrace – but success requires the federal government to make meaningful progress in a number of policy areas, from creating a simpler, more competitive tax code, to reforming our immigration laws and investing in our public infrastructure.

On Tuesday, I sat with one of my top customers in Dallas. I asked him what I could do to help him grow his business. He said "you can find me some qualified workers, we've had 5 openings for over a year and while most of the folks we've interviewed can do the work, we haven't found anyone who can fulfill the state and federal requirements." Figuring out a way to fill those jobs will help my customer grow his business and in turn will help me grow mine. Remember, it's not a job until someone is in it.

By adopting the *National Strategic Agenda* and executing against these policy initiatives, Congress would enable us to capitalize on this nation's unmatched strengths: our abundant natural resources, the world's most entrepreneurial workforce and deep capital markets – just to name a few. And it would allow us to seize new opportunities.

Our economy is still not humming -- but we've navigated the post-crisis era better than most countries; a testament to our resilience as a people ---and our strength as a nation.

But we need a plan.

A federal government that adopts a plan – and demonstrates progress towards its goals – instills confidence in the population and, in turn, fuels new innovation, risk taking, and growth.

Absent that firm foundation, we wait, we postpone, we take the safer path, or we take no path at all.

The fence industry employs thousands of hardworking people, from manufacturing through installation. Our products provide two things that people value: privacy and security.

But our industry has been reluctant to innovate because of scars from the Great Recession, seemingly uncontrollable healthcare, insurance, and transportation costs, and very low confidence in the current political environment.

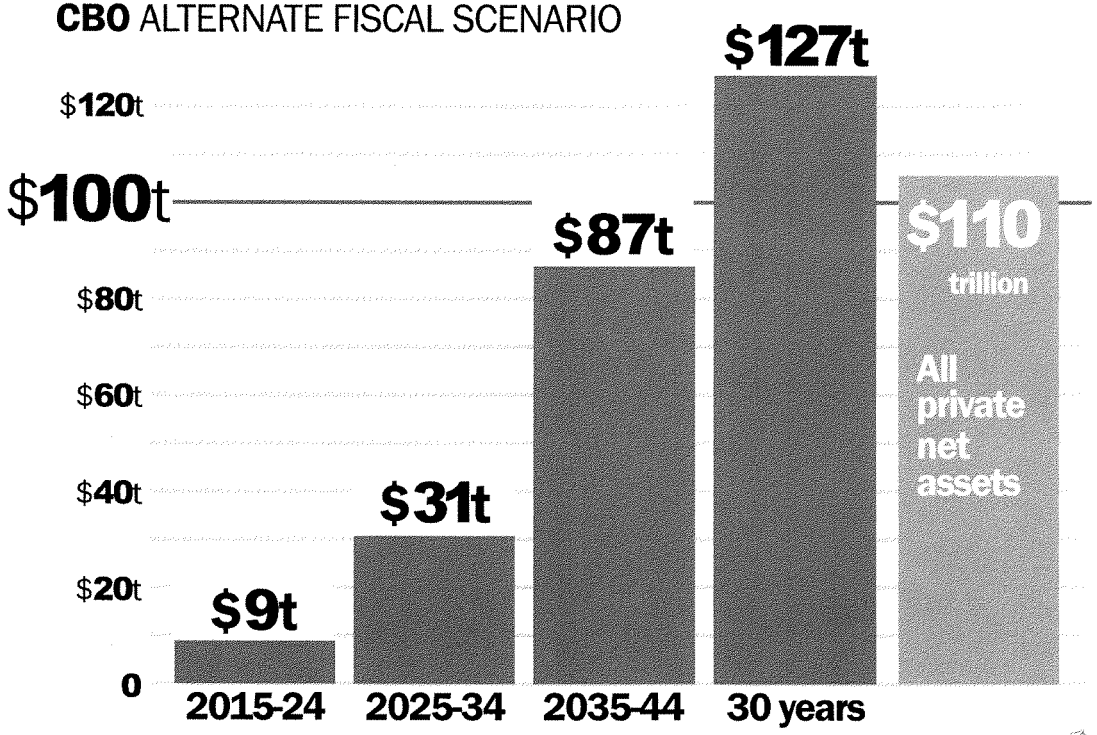
There is so much untapped potential at Merchants Metals and thousands of businesses like ours that can be unleashed by our government re-building a sturdy economic foundation and renewing confidence in a functioning federal government. If you do your job here, I can guarantee you, American business leaders will do ours.

The *National Strategic Agenda* provides a common sense path forward. It is time to get started.

Thank you.

30-YEAR PROJECTED DEFICITS

CBO ALTERNATE FISCAL SCENARIO



Congressional Budget Office, Office of Management and Budget, Federal Reserve

RON JOHNSON U.S. SENATE

INCOME STATEMENT for the federal government: FY**2015** to FY**2044**

Congressional Budget Office's **alternative fiscal scenario**

(dollars in billions)

	OUTLAYS				REVENUE				DEFICIT			
			% GDP	*% total*			*% GDP*	*% total*			*% GDP*	*% total*
Social Security	**$66,118**		**5.9%**	**20.2%**	**$51,515**		**4.6%**	**25.6%**	**($14,603 (**		**1.3%**	**11.5%**
Medicare	**50,116**		**4.5%**	**15.3%**	**14,692**		**1.3%**	**7.3%**	**(35,424 (**		**3.2%**	**27.9%**
		116,234	**10.4%**	**35.4%**		**66,207**	**5.9%**	**32.9%**		**(50,028 (**	**4.5%**	**39.4%**
Outlays:												
Defense	**39,252**		**3.5%**	**12.0%**								
Non-defense discret	**37,409**		**3.3%**	**11.4%**								
Mand: M'caid/Obamacre	**33,560**		**3.0%**	**10.2%**								
Mandatory: other	**29,843**		**2.7%**	**9.1%**								
Interest expense	**71,636**		**6.4%**	**21.8%**								
		211,700	**18.9%**	**64.6%**								
Revenue:												
Individual income tax					**102,631**		**9.2%**	**51.1%**				
Corporate tax					**20,393**		**1.8%**	**10.1%**				
Excise taxes					**4,976**		**0.4%**	**2.5%**				
Estate and gift tax					**1,358**		**0.1%**	**0.7%**				
Custom fees, duties					**2,432**		**0.2%**	**1.2%**				
Miscellaneous revenue					**2,999**		**0.3%**	**1.5%**				
						134,789	**12.1%**	**67.1%**		**(76,911 (**	**6.9%**	**60.6%**
Total revenue, outlays, deficit	**327,934**		**29.3%**	**100.0%**		**200,996**	**18.0%**	**100.0%**		**(126,938 (**	**11.4%**	**100.0%**

30-year GDP: **1,117,800**

Source: CBO, Budget and Economic Outlook (Feb. 2014) for outlays and revenue through 2024, thereafter CBO Long-Term Budget Outlook (Sept. 2013), Alternative Fiscal Scenario thereafter. CBO 2013 Long-Term Projections for Social Security.

Note: CBO alt:fisc holds revenue steady at 18.1% of GDP after 2024. CBO provides no source breakdown. We hold each source even as a proportion of total projected revenue.

SPENDING: % GDP

SCENARIO COMPARISONS

	20YR AVG	WHITE HOUSE	CBO BASE	SENATE	CBO ALT FISC
Entitlements:	**8.3**	14.8	13.1	13.4	13.5
Defense:	**3.9**	2.3	2.6	3.5	3.5
Other programs:	**6.7**	4.2	4.8	5.9	6.0
Net interest:	**1.9**	3.2	4.6	5.6	6.4
Total:	**20.8**	23.7	25.1	28.4	29.3
Gross debt:	**104**	na	131	189	224

We've done 81% of Simpson-Bowles

(dollars in billions)

		Simpson-Bowles	Actual	% of Sim-Bwls
Revenue		$996	$700	70%
Discret savings		$1,661	$2,100	126%
H care savings		$342		
Mandat savings		$215		
Social Security				
Revenue	$138			
Benefits	$100			
Total Social Sec		$238		
		$3,452	$2,800	81%
Interest savings		$673	$545	81%
		$4,125	$3,345	81%

National Commission on Fiscal Responsibility, "The Moment of Truth," Dec. 2010, Figure 17.

Social Security Solutions Menu

(dollars in billions)

	1st DECADE 2015-2024	2nd DECADE 2025-2034	3rd DECADE 2035-2044	30-year TOTAL	
Costs	11,831	20,993	33,294	66,118	
Revenue	10,366	16,219	24,929	51,515	
Cash deficit	**-1,465**	**-4,774**	**-8,365**	**-14,603**	
Benefits adjustments					**% of 30-yr deficit**
Simpson-Bowles 2010 proposal	100			**100**	0.7%
Raise age from 67 to 70 in 4 years	0	150	817	**967**	7%
Means test: Lower benefits >$120k	6	276	706	**988**	7%
40 years to calculate benes, not 35	44	441	1,106	**1,590**	11%
Index benes to inflation for upper 60%	4	290	1,443	**1,737**	12%
Chained CPI (cut COLA 0.3 points)	143	660	1,346	**2,149**	15%
5% benefits cut	129	715	1,516	**2,359**	16%
1% COLA cut	463	2,109	4,218	**6,790**	46%

Source: Social Security Trustees

Social Security Solutions Menu

(dollars in billions)

	1st DECADE 2015-2024	2nd DECADE 2025-2034	3rd DECADE 2035-2044	30-year TOTAL	
Costs	11,831	20,993	33,294	66,118	
Revenue	10,366	16,219	24,929	51,515	
Cash deficit	**-1,465**	**-4,774**	**-8,365**	**-14,603**	
Revenue adjustments					**% of 30-yr deficit**
Simpson-Bowles 2010 proposal	138			**138**	0.9%
Earnings limit up to hit 90% of wages	628	1,314	1,874	**3,815**	26%
Tax employee health benes as wages	265	1,960	3,028	**5,253**	36%
Slowly raise tax rate to 14.4% by 2038	135	1,523	3,893	**5,551**	38%
No earnings limit, credit to benefits	1,884	2,898	4,143	**8,925**	61%
No earnings limit, no credit to benefits	1,908	3,162	4,955	**10,025**	69%
Raise tax rate to 15.3% now	2,230	3,727	5,826	**11,782**	81%
Dynamic offset of increased taxes	?	?	?	**?**	?

Source: Social Security Trustees

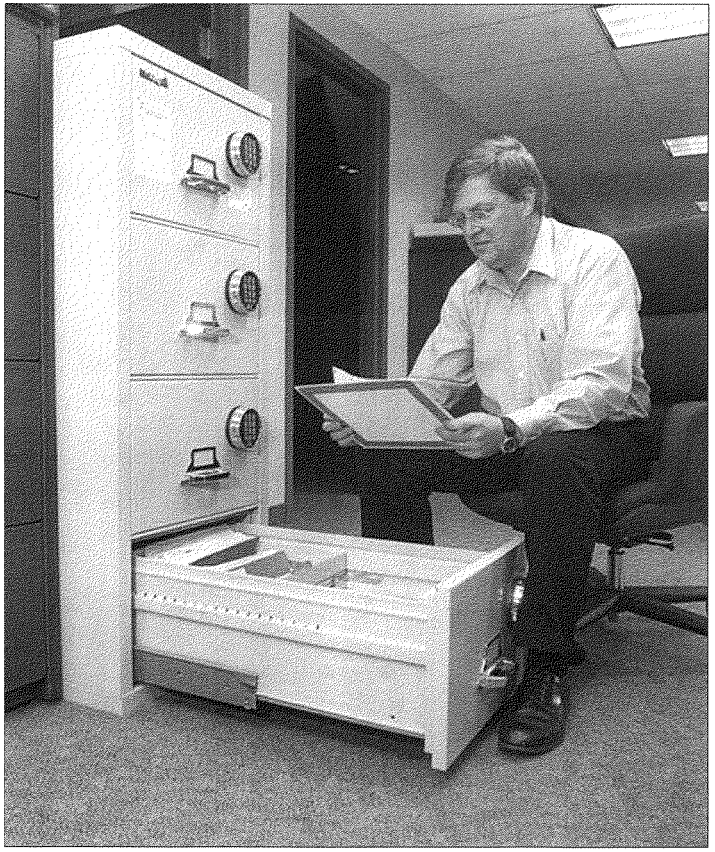
"The existence of large trust fund balances, therefore, does not, by itself, increase the Government's ability to pay benefits.

Put differently, these trust fund balances are assets of the program agencies and corresponding liabilities of the Treasury, **netting to zero."**

— **Office of Management and Budget**, 2010 Analytical Perspectives, page 3

"These balances are available for future benefit payments and other trust fund expenditures, **but only in a bookkeeping sense.** The holdings of the trust funds **are not assets of the Government as a whole that can be drawn down in the future to fund benefits.** Instead, they are claims on the Treasury."

— **Office of Management and Budget**, 2010 Analytical Perspectives, page 3



Your Social Security trust fund.

Frank Crum, an accountant at the Bureau of the Public Debt, reads a certificate from the file cabinet which contains the trust fund documentation at the H.J. Hintgen Building in Parkersburg, W. Va.

Photo by Jeff Baughan, special to the Arkansas Democrat-Gazette.
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RON JOHNSON U.S. SENATE

Medicare Solutions Menu

(dollars in billions)

		1st DECADE 2015-2024	2nd DECADE 2025-2034	3rd DECADE 2035-2044	30-year TOTAL
Total outlays		$7,357	$14,653	$28,106	$50,116
Payroll tax revenue		$3,065	$4,465	$7,162	$14,692
Projected deficit		**-$4,293**	**-$10,187**	**-$20,944**	**-$35,424**
Possible solutions					
One Senate propos	Optional alternative to Medicare fee-for-service. Premium subsidy, set at 85% of second-lowest bid in multistate geographic regions.	352	811	1,480	**2,643**
Combine deducts	Part A and B have unified deductible of $550. Uniform 20% coinsurance on everything up to $7,500 out of pocket. Total out of pocket capped at $7,500.	238	435	795	**1,468**
Age increase	Eligibility age rises 2 months every year until it reaches 67 in 2027	131	405	740	**1,276**
Obama means test	2014 budget proposal: Raises income related premiums for seniors starting at $85,000/year.	64	195	356	**615**
Obama bad debt	2014 budget proposal: Cut bad debt payments to 25% over 3 years for all providers who receive payments.	27	53	96	**175**
Home health	Accelerates the Medicare home health productivity adjustments included in PPACA by 2 years.	9	16	30	**55**
Obama GME cut	2014 budget proposal: Reduce Indirect Graduate Medical Education payments by 10%.	8	15	27	**51**

CBO Long-Term Budget Outlook (Sept 2013): Outlays from Summary Extended Baseline (net benefits minus receipts offset). Payroll tax from Figure 2-3 Payroll Taxes as Percentage of Gross Outlays.