

# Overdraft University Symposium Series

AR AR U RS S S U O O S • NOVEMBER 20, 2013

O R R A U RS S OS A S R S



L to R: Harvard University’s Institute of Politics Director Trey Grayson, Harvard Senior Lecturer Linda J. Bilmes, American Education Foundation Founder Meredith Bagby, The Can Kicks Back Co-Founder Nick Troiano, AARP President Robert G. Romasco and Travelers Institute President Joan Woodward

## Welcoming Remarks

Trey Grayson, Director, Institute of Politics, Harvard University

Joan Woodward, President, Travelers Institute; Executive Vice President, Public Policy; The Travelers Companies, Inc.

## Panel

Moderator – Trey Grayson, Director, Institute of Politics, Harvard University

Meredith Bagby, Founder, American Education Foundation

Linda J. Bilmes, Senior Lecturer in Public Policy, Harvard Kennedy School

Robert G. Romasco, President, AARP

Nick Troiano, Co-Founder and Communications Director, The Can Kicks Back

Joan Woodward, President, Travelers Institute; Executive Vice President, Public Policy; The Travelers Companies, Inc.

The Travelers Institute partnered with Harvard University’s Institute of Politics (IOP) and the American Oversight Foundation for a screening of the nonpartisan deficit documentary, *Overdraft*, and a comprehensive discussion on the national debt. Part of the John F. Kennedy Jr. Forum, Harvard’s premier arena for political speech, discussion and debate, the event was hosted at the Kennedy School of Government on November 20, 2013, and convened students, Harvard faculty and industry experts to examine the national debt, its causes and potential solutions.

Travelers Institute President Joan Woodward kicked off the event by introducing the nonpartisan film and discussing Travelers’ decision to partner with public television to raise awareness about the facts surrounding the national debt. After the screening, Woodward welcomed American Education Foundation founder Meredith Bagby, Harvard Kennedy School Senior Lecturer Linda J. Bilmes, AARP President Robert G. Romasco, The Can Kicks Back Co-Founder Nick Troiano and Woodward to the stage.



Trey Grayson, Director of Harvard University's Institute of Politics, welcomes students to the JFK Jr. Forum on campus in Cambridge, Mass.



American Education Foundation founder Meredith Adams describes how the debt has dramatically increased since she studied the issue as a Harvard student.

Bagby, a former Institute of Politics fellow, opened the discussion *in a report on the Annual Report of the United States of America*, a document she began publishing as an undergraduate at Harvard University in 1993, when the debt was around \$4 trillion. The report, which is still published with the help of Harvard IOP students and modeled after a corporate 10-K, provides *information about federal spending in a format much like* companies produce for their shareholders. The idea, said Bagby, *is that Americans as shareholders in the government should know* how their money is being spent. Bagby recalled that, as a student, *her Harvard professors had warned that America as mortgaged* its future on current consumption. Those same professors are still at Harvard issuing the same warnings, she said, only the country is much further down the wrong path.

Troiano shared why he co-founded the nonprofit organization *the American Sack after he and a few friends realized that our people were not at the table for important conversations* about the country's financial future. He noted that while the national debt stood at \$17 trillion, the country's unfunded liabilities, including programs like Medicare and Social Security, stood upwards of \$200 trillion. With his generation standing to inherit this debt, Troiano described how The Can Kicks Back has turned five frustrated young people into a network of more than 35,000 across the country engaging on this issue.

Romasco emphasized that *a broader discussion on the facts of entitlement programs is needed to help clarify lingering* misconceptions. For instance, he described Social Security as a *family insurance plan whose recipients are often children or the disabled*. He also noted that in addition to solvency, the challenge with Social Security is adequacy. With the average benefit being less than \$15,000 per year, he cautioned that the nation needs to think carefully about actions that might diminish it. Finally, he argued for generational solidarity when it comes to finding solutions to these intergenerational policy challenges. AARP members, he said, want these programs to be available for their families and their children.

AARP has also called for a *robust review of the entire retirement* system, including but not limited to Social Security, he said, sharing that the "three-legged stool" of retirement that Americans had utilized in the past – Social Security, pensions and personal savings – has changed significantly over time. In addition, Romasco shared that taming medical cost inflation would have a substantial impact on addressing federal deficits and economic growth.

Bilmes, who served as the Assistant Secretary and Chief Financial Officer of the U.S. Department of Commerce during the budget surpluses of the Clinton administration, said that it is important to *understand what went on the national credit card that got the country into its current situation*. She explained that any debt is the difference between revenue and spending. She described *how spending can take different forms and illustrated it with an example* for students.

Harvard could give each student \$1,000 in cash to help pay for tuition, she said, or the University could give each family a \$1,000 credit – each would result in lower revenue for the school. The latter is how tax cuts, known as tax expenditures, affect the budget. She then outlined that a combination of spending on two wars, a series of tax cuts and a national recession, which lowered taxes coming in and increased government assistance spending, have all contributed to the debt.

Turning to solutions, Bilmes said the country should focus on *economic growth to help put people back to work and increase* tax revenues. Specifically, she identified rebuilding the nation's infrastructure as a way of investing in the future and creating jobs.

*Goodard added that the nation is looking for a grand bargain in Washington, similar to what the U.S. saw in the 1990s, to instill a level of confidence in the markets that will encourage companies to hire more workers and grow the economy.*



Travelers Institute President Joan Woodward discusses Travelers' partnership with public television for the nonpartisan documentary, *Overdraft*.

*Harvard University's Institute of Politics*

Harvard University's Institute of Politics (IOP), located at the John F. Kennedy School of Government, was established in 1966 as a memorial to President Kennedy. The IOP's mission is to unite and engage students, particularly undergraduates, with academics, politicians, activists and policymakers on a nonpartisan basis to inspire them to consider careers in politics and public service. *The institute strives to promote greater understanding and cooperation between the academic world and the world of politics and public affairs.* More information is available online at [iop.harvard.edu](http://iop.harvard.edu).

*The Can Kicks Back*

The Can Kicks Back is a nonpartisan campaign to educate, organize and mobilize young Americans in order to promote a sustainable and generationally equitable federal budget.

*The Travelers Institute*

Travelers established the Travelers Institute as a means of participating in the public policy dialogue on matters of interest to the property casualty insurance sector, as well as the financial services industry more broadly. The Travelers Institute draws upon the industry expertise of Travelers senior management and the technical expertise of its risk professionals and other experts to provide information, analysis and recommendations to public policymakers and regulators.

