

Augustana College

Sioux Falls, SD

November 15, 2013



U.S. Senator John Thune (left) discusses the drivers of economic growth.

The Can Kicks Back Generational Equity Tour continued at Augustana College in Sioux Falls, South Dakota on November 15, 2013, featuring a discussion with U.S. Sen. John Thune of South Dakota, who offered students a view on the national debt from Washington. The event, which also featured a screening of the nonpartisan debt documentary, “Overdraft,” was held in the Gilbert Science Center and co-sponsored by the Travelers Institute along with Augustana’s College Democrats and College Republicans, the Committee of Undergraduate Political Scientists and the Augustana Student Association.

Before the discussion, Jessica Legnos, Executive Director of the Travelers Institute, introduced “Overdraft,” and explained how the Overdraft University Symposia Series has utilized the documentary’s educational message to spark conversations about why the debt matters to young people today. Travelers, a property casualty insurance company, sponsored the film under the leadership of its Chairman and CEO, Jay Fishman, who saw the need for an unbiased explanation of the facts relating to the national debt.

After the film, The Can Kicks Back Executive Director Ryan Schoenike joined Thune for a discussion on the national debt.

Welcoming Remarks

Jessica Legnos, Executive Director, Travelers Institute, The Travelers Companies, Inc.

Anna Ochs, President, College Republicans, Augustana College

Discussion

Moderator – Ryan Schoenike, Executive Director, The Can Kicks Back

John Thune, U.S. Senator, South Dakota

“If you’re a student today and you’re looking at ‘my life’ and ‘my future’ and ‘my standard of living,’ ‘the job I’m going to have’ and ‘the country I’m going to live in,’ [the national debt] has a very real impact,” said Thune.

He explained how Americans are benefitting from today’s low interest rate environment thanks to the Federal Reserve Bank’s current monetary policy. As the Fed winds down current policies, interest rates will rise, making borrowing money for a home, car or education more expensive for American families, he said.

Beyond the economic impacts, Thune recalled how Admiral Michael Mullen, who served as Chairman of the Joint Chiefs of Staff, called the debt our greatest threat to national security. Thune explained that this was in part because of the leverage that lenders have over borrowers. When one country is indebted to another, that leverage shapes foreign policy and national security decisions, he said.

According to Thune, any serious conversation about fixing the debt has to look at the largest portion of government spending, which includes entitlement programs like Medicare, Medicaid and Social Security. He acknowledged that entitlement reform has been controversial, but pointed to plans, like those presented by former U.S. Sen. Alan Simpson and former White House Chief of Staff Erskine Bowles, that enact changes over time and do not impact today’s beneficiaries.

Schoenike asked Thune about the role that tax reform might play in the debt debate. Thune said that students with part-time jobs would start to see taxes taken out of their paychecks. As they begin earning more, they would get a fuller picture of how these taxes finance the government. The question, he said, is how the nation can close tax loopholes in a way that decreases overall tax rates for citizens. If investment and income tax rates were to decline, Thune predicted that the country would see significant economic growth and become more competitive in the global

marketplace. He recalled that the last major tax reform, led by President Ronald Reagan and House Speaker Tip O’Neill, came in 1986 when he was a young Washington staffer.

Schoenike turned to the Intergenerational Financial Obligations Reform Act, or INFORM Act, which The Can Kicks Back endorsed and Thune sponsored with U.S. Sen. Tim Kaine of Virginia. Thune said he first became interested in The Can Kicks Back and the INFORM Act because his daughter and other young people will have to live in the world we are shaping now. He described how the bill would give policymakers better information about how their decisions today affect future generations by providing longer-range budget implications. The bill does this by requiring the Congressional Budget Office, the General Accountability Office and the Office of Management and Budget to use fiscal gap and generational accounting to evaluate major proposed changes in fiscal legislation.

In closing, a student asked Thune if he thought the country would be successful at reducing the national debt. He explained that he believes in the country and the great people here that can make a difference. The time to act is now, he said.

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.