

U.S. DEPARTMENT OF THE TREASURY

Press Center

**Remarks of Secretary Lew at the Center for American Progress (CAP)**

10/24/2013

As delivered

WASHINGTON - Thank you, Neera, for that kind introduction, and thanks to the Center for American Progress for having me here.

This is your 10th Anniversary, and I want to commend John and all of you for creating an institution that has become so central to the shape and direction of public policy today.

As we meet this morning, it has been just a little over a week since Democrats and Republicans came together to end the government shutdown and eliminate the risk of default threatening our nation. This bipartisan action marked a turning point. Because even though the process was messy and damaging, our political leaders chose to come together for our country and our economy.

We now have the opportunity to build on last week's events. There is no reason to let this moment slip through our fingers. Not when the American people are yearning for the parties to come together. And not when the stakes for America's workers and businesses are so high.

Now, if you think about where we were five years ago, we have come a long way. Back then, the financial system was in crisis. The auto-industry was in free fall. And foreclosures were mounting. In fact, in the months before President Obama was sworn into office, we were shedding roughly 800,000 jobs a month and our economy was shrinking at an 8.3 percent annual rate.

But the American people fought their way back from the brink. And because of our nation's resilience, we have seen our economy grow, our businesses expand and create jobs, and our deficits shrink. Private employers have added 7.6 million jobs over the past 43 months, and businesses have added more than 2 million jobs over the last year alone. Manufacturing has expanded while the housing market continues to improve. At the same time, our deficits are half of what they were a few years ago.

But even though progress has been made, our economy is still not performing at full steam. The pace of growth and hiring has not been nearly strong enough. And one reason for this trajectory is a series of crises marked by the political brinksmanship in Washington in recent years. The government shutdown and the debt ceiling impasse were examples of that brinksmanship. A manufactured crisis, but a crisis nonetheless. And even though we do not yet know the full extent of the damage, we do know that it slowed economic growth and job creation this quarter.

What we should learn from this searing experience is that Washington politics should not hurt our workers, businesses, and economy nor should their well-being be used for political leverage. That does not mean either side should abandon its beliefs. But we should be willing to find common ground to achieve real solutions to our most pressing problems. And with Congressional leaders now working together to build a budget, this is the moment to do that.

As we move forward, we should make a pro-jobs, pro-growth agenda our focus. And we can advance this agenda by taking bipartisan action to replace sequestration, fix our broken immigration system, and pass a farm bill. We should craft a budget agreement that propels growth and hiring while maintaining fiscal discipline. We recognize that we do not have a monopoly on good ideas, and welcome thoughts from Democrats and Republicans. But any bipartisan agreement should be animated by a commitment to doing two things at once: rebalancing fiscal savings to reduce our medium and long-term deficits while taking steps now to make our economy more competitive. So as we pursue a path of fair and balanced deficit reduction, it is crucial that we close wasteful tax loopholes, eliminate costs where it makes sense, and use some of the resources we free up to make targeted investments in a few key areas like manufacturing, infrastructure, and education.

As we do that, we need to replace the harmful, across-the-board cuts known as sequestration with commonsense measures that rein in spending. These cuts were designed to be so mutually disagreeable that they would compel Democrats and Republicans to come together to create sensible and balanced deficit reduction policies.

It should be no surprise that a policy never intended to go into effect is now producing results that raise many problems and there is now broad bipartisan concern that these cuts are constraining our ability to maintain crucial commitments in areas like infrastructure, education and defense. We know sequestration has already been a drag on economic growth and job creation. According to the nonpartisan Congressional Budget Office, sequestration will reduce real GDP by as much as 1.2 percent by the third quarter of next year. That translates into as many as 1.6 million fewer American jobs. If we can agree on sensible medium and long-term policies to replace these short-term cuts, we can do something good for the economy and our national security.

Now, in addition to putting together a budget and replacing sequestration, Congress can complete some unfinished work that will accelerate economic growth and job creation. Congress needs to finish the job of fixing our broken immigration system. A bipartisan bill has already passed the Senate, and it is waiting for passage in the House of Representatives. This legislation would not only bolster our borders and clear a way to earned citizenship, it would increase growth by more than a trillion dollars. It would drive this growth by attracting highly skilled scientists, engineers, and entrepreneurs to our shores. On top of that, it would generate new consumer demand and spark business activity, while producing payroll tax revenue that will reduce our deficit and put Social Security and Medicare on a more stable footing.

Another bipartisan bill that can strengthen our economy is the farm bill. Bipartisan legislation that has already passed the Senate is designed to protect America's farmers and ranchers and provide a safety net for America's most vulnerable children. The farm bill conferees have an opportunity to work together to develop a bipartisan package that promotes economic growth and job creation while protecting the most vulnerable. It is time to get a bipartisan farm bill signed into law.

A comprehensive budget, a sensible alternative to sequestration, immigration reform, the farm bill—all these amount to a powerful jobs and growth plan. But there is more to do to shift the economy into higher gear so that it is growing faster and creating jobs. The thing is, we can make progress by simply moving forward on things Democrats and Republicans have already come together to work on in the past. That means fixing our housing finance system, renewing trade promotion authority, and reforming our business tax code in conjunction with making needed repairs to our aging roads, bridges, ports and pipelines.

So the key now is to move forward on all these fronts. Each of these will help create jobs and grow the economy, and taken together, they will significantly reduce our budget deficits even further. Getting this done will require tough choices, but it will make a big difference for our country. I remain convinced that the tradition of compromise, bipartisanship, and building consensus is not a thing of the past. Because when we focus on what is in the best interest of our nation and not on what divides us, we can still find a pathway to progress.

We will meet the great tests before us. And we will secure our economic future.

Thank you for all that you do to advance policy ideas to tackle the challenges we face today and as we look ahead to a future of growth and shared prosperity.

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