

IT'S TIME TO ACT FOR **AMERICA'S** FUTURE



2013 CEO GROWTH AGENDA | FEBRUARY 2013

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It's Time To Act for America's Future

2013 CEO Growth Agenda

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It's Time To Act for America's Future



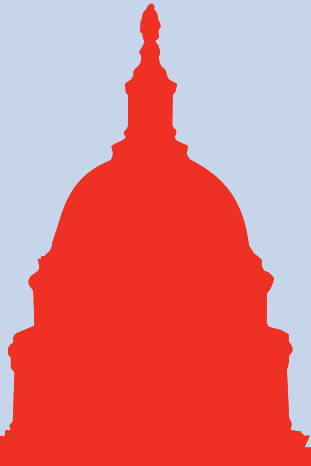
Federal public debt as a share of GDP has roughly doubled in the past five years, rising from 36 percent in 2007 to 73 percent in 2012.¹



The United States has a top statutory corporate tax rate of 35 percent — the highest among all Organisation for Economic Co-operation and Development nations.²



Federal spending on Social Security and Medicare, which now stands at \$1.3 trillion per year, has more than doubled since 2000.³



Sound Fiscal Policy



Competitive Taxation



Sustainable Safety Nets



Open Markets



Prepared Workforce



Affordable Energy



Smart Regulation



Housing Finance



Effective Cybersecurity



More than 38 million jobs in America — more than one in five — depend on international trade, both exports and imports.⁴



Growing regulatory burdens may have reduced manufacturing exports by up to 17 percent in 2012.⁵



The number of jobs in science, technology, engineering and math fields is expected to grow by 17 percent between 2008 and 2018, well above the expected national job growth rate of 10 percent.⁶



Every new single-family home that is built creates three new jobs and \$90,000 in government revenues.⁷



Policies that encourage the development of domestic oil and natural gas resources could generate 1.4 million jobs and \$800 billion in government revenue by 2030.⁸



The cost of cybercrime in the United States is estimated to be \$21 billion annually.⁹

I. Overview

We are at a pivotal time in our nation's history. America faces a number of serious challenges, including unacceptably low economic growth, unacceptably high unemployment, unsustainable budget deficits, escalating health care costs, a depressed housing market, an uncompetitive tax code and an incoherent patchwork of regulation. At the same time, political paralysis has gripped Washington, leaving Americans to wonder if our political institutions are still capable of tackling the major economic and social challenges of the day. But with a new Congress and Presidential term come new opportunities for cooperation and progress, and the CEOs of the Business Roundtable stand ready to work with policymakers on both sides of the aisle to find common sense solutions.

With these opportunities in mind, the Business Roundtable is pleased to present our *2013 CEO Growth Agenda* — a comprehensive public policy agenda for restoring America's economic strength. The CEOs of the Business Roundtable believe that restoring America's economic strength remains the nation's highest priority and that the business community has a special obligation to step forward because of the unique role it plays as a source of economic growth, job creation and infrastructure investment. We also believe, however, that sound public policies are essential to setting the stage for a strong and sustained expansion throughout the private sector.

Accordingly, the *Growth Agenda* outlines a two-pronged approach for rebuilding confidence, reducing uncertainty, and unlocking business investment and job creation through the adoption of sound public policies. Specifically, the CEOs of the Business Roundtable call on policymakers to:

- ▶ **Stabilize and eventually reduce the federal debt relative to the size of the economy by boosting economic growth and reducing fiscal deficits.** There are no silver bullets to solve our fiscal challenges, and a wide range of measures will likely be required; however, comprehensive tax reform and entitlement modernization must be part of the equation. Ultimately, boosting economic growth and reducing fiscal deficits is the surest path to rebuilding confidence and reducing uncertainty in the private sector.
- ▶ **Unlock private-sector investment and job creation through policy measures that eliminate barriers to growth and capitalize on America's strengths.** These measures include opening markets for international trade and investment; ensuring a skilled, prepared workforce; realizing the promise of affordable, abundant energy; adopting smarter regulations; reforming the housing finance system; and implementing more effective, more intelligent cybersecurity protections.

Despite our nation's serious challenges, the CEOs of the Business Roundtable remain optimistic about America's future. We believe that the economy is primed for a strong and sustained expansion, but we also believe that the window of opportunity to effectively deal with our nation's structural problems is rapidly closing. It's time to demonstrate that our political system is still capable of finding sensible solutions to today's most pressing problems. It's time to repair America's balance sheet in a manner that will rebuild confidence and reduce uncertainty. It's time to unlock private-sector investment and job creation. It's time to act.

II. Repairing America's Balance Sheet

America's fiscal trajectory is, simply put, unsustainable. Federal public debt as a share of the economy has more than doubled in the past five years, and the nation's debt burden is likely to continue to increase at an alarming rate in the next decade.¹⁰ As illustrated in Greece and other European nations, the implications of this growing debt burden are potentially profound, including sharp increases in interest rates, lower economic growth and increased unemployment. Even if a full-blown debt crisis does not materialize, simply the prospect of a debt crisis can create uncertainty, deter long-term investment and suppress economic growth.

With these challenges in mind, the CEOs of the Business Roundtable call on policymakers to take immediate action to repair America's public balance sheet. Specifically, policymakers should adopt a goal of quickly stabilizing and then reducing the federal debt relative to the size of the economy (excluding interest payments on the debt) within the next five years. Equally important, policymakers should avoid unproductive debt ceiling showdowns and artificial "fiscal cliff" ultimatums, which only serve to exacerbate uncertainty and rarely lead to effective long-term solutions.

While there are no silver bullets to solve our fiscal challenges, a successful path forward must include (1) reforming the tax system with the goal of improving U.S. competitiveness and boosting economic growth and (2) modernizing entitlement programs with the goal of reducing the overall level of future government spending.

Reforming the Corporate Tax System

In an era of unprecedented interconnectedness and capital mobility, a nation's tax system is a key determinant of its overall competitiveness. In response to the increasingly important role that national tax systems play in many investment and plant location decisions, many countries have reformed their corporate tax policies. In contrast, the last significant overhaul of the U.S. corporate tax system was in 1986 — prior to the collapse of the Soviet Union, the widespread use of the Internet and the rise of China as an economic superpower.

Today, the U.S. corporate tax rate is the highest among the world's advanced economies.¹¹ Furthermore, while the vast majority of other Organisation for Economic Co-operation and Development (OECD) countries use a territorial tax system, the United States continues to use a worldwide system that taxes U.S. companies on both the income that they earn at home and any foreign earnings of their subsidiaries that are remitted back to the United States. As a result of these two factors, the U.S. corporate tax system is an outlier that places the nation at a competitive disadvantage in the global marketplace for investment and jobs.

Accordingly, the CEOs of the Business Roundtable call on policymakers to work together to simplify and modernize the corporate tax code in a manner that will improve the nation's competitiveness, spur growth and create jobs. The cost of these reforms should be offset as much as possible through an appropriate broadening of the tax base. The key elements of a simplified and streamlined corporate tax system include:

- ▶ A **competitive corporate tax rate** comparable to the OECD average; and
- ▶ A **competitive territorial tax system** similar to the rest of the world. Fundamental components for a competitive territorial system include:
 - Providing a 95 percent or greater exemption of tax on foreign dividends of active business income;
 - Allowing deductions for domestic expenses not directly allocable to foreign earnings, which follows the practice of other countries; and
 - Promoting the competitiveness of American companies operating abroad and avoiding provisions that would disadvantage American companies relative to their foreign competitors.

Modernizing Entitlement Programs

Federal spending on entitlement programs has increased steadily in recent years, and entitlement programs, particularly Social Security and Medicare, are primary drivers of our growing debt.¹² Spending on Social Security and health care programs made up 44 percent of all federal outlays in 2012 and is expected to continue to increase significantly in the next two decades.¹³ The projected growth in Social Security spending is primarily due to demographic changes, including the ongoing retirement of the 80 million-person strong “baby boom” generation.¹⁴ While Social Security has provided a reliable level of retirement security for decades, these new trends have rendered the system unsustainable, and changes should be made to align it with new demographic realities.

Health care programs are similarly affected by demographic trends but face additional challenges to their sustainability — including rapidly increasing costs and significant program inefficiencies.¹⁵ As nationwide health care costs continue to rise at twice the rate of inflation, Medicare and Medicaid will continue to exert a heavy burden on taxpayers.¹⁶

Given these trends, thoughtful reforms to the nation’s entitlement programs are essential to restraining long-term government spending while fulfilling the nation’s commitments to all generations of Americans. The CEOs of the Business Roundtable call on policymakers to modernize the Social Security and Medicare programs to preserve a strong safety net for low-income Americans and maintain affordable, efficient health care for the elderly. Specifically, Congress and the Administration should enact the following Social Security solutions:

- ▶ **Protect retirees and those approaching retirement.** Initial benefits for those ages 55 or older today should be protected.
- ▶ **Increase the retirement age.** The Social Security retirement age should be raised from 67 to 70. The unique needs of individuals in physically demanding occupations should be accommodated, and the Social Security Disability Insurance Program should be modernized.
- ▶ **Change benefit formulas to increase progressivity.** Benefit growth should be restricted through gradually phased-in adjustments in the calculation of future Social Security benefits. These adjustments should increase progressivity by adding a new minimum benefit that ensures that the benefits of a full-career worker will be above the poverty line and by means testing benefits eligibility for individuals with high incomes.

- ▶ **Update the method for calculating cost-of-living adjustments (COLAs).** Future Social Security benefit COLAs should be based on the more accurate Chained Consumer Price Index for All Urban Consumers, which takes into account the changes that people make in the composition of purchases in response to price changes and is seen as a more accurate cost-of-living indicator.
- ▶ **Include newly hired state and local workers in Social Security.** Employees currently exempt from Social Security coverage should be brought into the Social Security system.
- ▶ **Encourage more private savings.** The Social Security system must remain the bedrock safety net, but true retirement security will be achieved only if Americans save more. Current incentives that encourage workers to save and employers to maintain retirement plans should be maintained and strengthened. Any reforms should carefully consider the successful elements of public and private retirement savings systems abroad.

Furthermore, Congress and the Administration should enact the following Medicare solutions:

- ▶ **Protect Medicare for those approaching retirement.** Medicare's age of eligibility should be moved to 70. However, this change should not affect those age 65 or older today.
- ▶ **Expand competitive models of care.** By 2015, Medicare should offer seniors the opportunity to choose among competing and comprehensive private plans and traditional Medicare. The private plans should offer a benefit similar to the existing Medicare program with the flexibility to innovate, sell across state lines and create greater value strategies. Plans should be required to accept all applicants and should risk adjust the premium to take into account age and health status. The traditional fee-for-service program should compete for enrollment with private plans on cost, quality and a more innovative benefit structure. We believe that competition in the provision of health care to America's seniors will bring substantial benefits, as it has to almost all other categories of personal expenditure. The recent experience of competition in the Medicare Part D program serves as a persuasive indication of the potential savings and improvement in care available through the provision of choice to well-informed seniors.
- ▶ **Reduce taxpayer costs for upper-income beneficiaries.** Today, the Part B premium (physician services) and the Part D premium (prescription drug benefit) are means tested, and other types of means testing should be explored. By 2015, additional means testing for Medicare services should be considered.
- ▶ **Protect the safety net for low-income Americans.** Low-income beneficiaries should retain the existing financial support received today. Improvements should be made in care coordination, and a focus should be placed on wellness and chronic care management.

III. Unlocking Business Investment and Job Creation

Although repairing America's public balance sheet is critical to rebuilding confidence and reducing uncertainty, additional policy measures are needed to fully unlock business investment and job creation in the private sector. For instance, America's housing sector, which historically has played a major role in driving economic growth and consumer demand, is still burdened by overreliance on taxpayer-backed financing mechanisms and nettlesome regulations that hold back the emergence of a more sustainable, private sector-led housing finance system. Similarly, the U.S. regulatory system remains a maze of duplicative, unnecessary and outdated regulations while offering agencies few incentives for improving existing regulations or obviating the need for new ones. And although recent developments in the energy sector offer extraordinary promise for growth, U.S. companies are still looking to Washington for a comprehensive national energy strategy. On a range of other policy issues, from international trade to education to cybersecurity, America is looking to Washington for policy leadership.

Opening Markets for International Trade and Investment

U.S. economic growth is linked with international trade and investment and the global marketplace like never before. Trade already supports more than one in five U.S. jobs,¹⁷ and exports account for nearly 14 percent of U.S. GDP.¹⁸ Since 2004, U.S. exports have grown faster than overall U.S. GDP, benefitting from strong growth rates in U.S. exports to trading partners such as the BRIC countries of Brazil, Russia, India and China.¹⁹ Moreover, U.S. exports to free trade agreement (FTA) partner countries have grown faster than U.S. exports to countries that do not have FTAs with the United States.²⁰ With overseas markets representing 95 percent of the world's consumers and 80 percent of global purchasing power, America's global competitiveness will increasingly depend on expanding U.S. trade and investment opportunities.²¹

For U.S. companies and workers to grow their exports, maintain and create jobs, and improve their international competitiveness, the United States needs an active trade and investment policy designed to open foreign markets and keep them open. The United States is pursuing some pending and new trade initiatives, but a more proactive and strategic approach is needed to help U.S. businesses and workers compete and succeed in growing international markets and to ensure that high U.S. standards for trade and investment are adopted globally.

The CEOs of the Business Roundtable call on U.S. policymakers to expand international trade opportunities and eliminate market barriers to help support U.S. economic growth. Specifically, Congress and the Administration should:

- ▶ **Develop and implement active international trade and investment initiatives** to help U.S. companies and workers increase their competitiveness in international markets; further rules-based, two-way trade; and ensure that U.S. and foreign markets remain open for investment by:
 - Aggressively pursuing strategic bilateral and regional initiatives such as the ongoing Trans-Pacific Partnership and a proposed Trans-Atlantic Partnership;

- Actively pursuing multilateral negotiations such as those seeking a World Trade Organization Trade Facilitation Agreement and plurilateral negotiations such as those seeking an International Services Agreement;
 - Providing the President with new and updated international trade and investment negotiating authority;
 - Advancing negotiations on bilateral investment treaties with key trading partners, including China and India; and
 - Vigorously enforcing U.S. rights to open markets and nondiscriminatory treatment under existing and future international agreements.
- ▶ **Constructively engage China and other emerging growth countries** by:
- Using the opportunity of new leadership in China to enhance the U.S.-China trade and investment relationship;
 - Targeting the elimination of market access barriers and discriminatory treatment of U.S. exporters and investments through more dynamic bilateral, regional and multilateral initiatives, including investment treaty negotiations; and
 - Enforcing U.S. rights under international trade and investment rules to ensure that U.S. companies and workers are not disadvantaged by discriminatory foreign policies, such as indigenous innovation and other local preference requirements, and that other countries comply with those rules.
- ▶ **Eliminate U.S. regulatory impediments to exports**, such as outdated export controls.

Ensuring a Skilled, Prepared Workforce

U.S. economic performance and job creation require a strong foundation of a well-educated and skilled population, particularly in the science, technology, engineering and math (STEM) fields. A more skilled and prepared workforce will improve innovation and productivity growth, enabling businesses and the economy to expand. Indeed, it is estimated that closing the educational achievement gap between the United States and higher-performing countries could have boosted U.S. GDP by \$1.3 to \$2.3 trillion in 2008.²² Improving STEM education for all students, increasing the number of U.S. bachelor's degrees in STEM fields and increasing the supply of workers with STEM skills are critical to America's ability to compete globally.

America also has a very real skills gap. More than 12 million U.S. workers are unemployed, yet businesses report close to 4 million open jobs.²³ Many of these jobs cannot be filled by previously displaced workers because of gaps in skills and training.

As a nation, we have a responsibility to ensure that all U.S. students are prepared to work and ready to succeed. Specifically, we need a multifaceted approach to improve the U.S. education system, close the skills gap and expand opportunities for all Americans. Common Core State Standards in English language arts and math and the forthcoming Next Generation Science Standards have the potential to be game changers, and Business Roundtable CEOs support their full implementation. At the same time, it is critical that we ensure that all 3rd graders are able to read, as well as increase teacher effectiveness, which research indicates is an important determinant of student achievement.²⁴ Finally, in addition to building a stronger domestic pipeline of talent, the United States should continue to welcome the best and brightest from around the world.

The CEOs of the Business Roundtable call on policymakers to increase STEM education for all students and take other steps to build a talented workforce, which is critical to America’s ability to remain globally competitive. Specifically, Congress and the Administration should:

- ▶ **Reauthorize the Elementary and Secondary Education Act**, also known as No Child Left Behind, updating it to provide more flexibility while maintaining its focus on accountability for all schools and all groups of students reaching challenging, but attainable, performance targets.
- ▶ **Reauthorize the Workforce Investment Act** to increase focus on education and training that lead to credentials valued by employers.
- ▶ **Revamp the Carl D. Perkins Act** to ensure equitable access to high-quality career and technical programs that are guided by rigorous standards that are aligned with employer needs and prepare students for success in postsecondary education and careers.
- ▶ **Enact comprehensive immigration reform** so that the American workforce remains globally competitive. Such an approach should include making it a national priority to attract the world’s best and brightest innovators, especially those who hold advanced STEM degrees from U.S. colleges and universities. Comprehensive reform must address other issues as well, including inconsistent or lax immigration laws; the unauthorized U.S. residency of more than 10 million individuals; and the need for future workers across the economy, including in the agricultural, hospitality and seasonal economic sectors.

Realizing Affordable and Abundant Energy

America is in the midst of an energy renaissance. Fueled by a combination of ingenuity and investment, recent developments have fundamentally altered the U.S. energy landscape. The implications of this energy renaissance are potentially profound and far reaching. Oil imports as a share of consumption are declining to record levels, and the Energy Information Administration projects that the United States could be a net exporter of natural gas within a decade.²⁵ Enticed by the prospect of secure and affordable energy supplies, key manufacturing industries are returning to the United States after more than a decade of declining investment, bringing much-needed job growth.²⁶ Indeed, some energy experts believe that North American energy self-sufficiency is now within reach — a prospect that seemed unattainable as recently as five years ago.²⁷

In light of these developments, the CEOs of the Business Roundtable are optimistic about America’s energy future. However, the business community cannot act alone, and the federal government has an important role in facilitating private investment — namely, by establishing a coherent, forward-looking energy policy framework. Unfortunately, the nation’s energy policy has evolved through decades of ad hoc measures, resulting in a policy labyrinth that, on balance, is more likely to inhibit than enable the innovation and investment needed to sustain a diverse, affordable and reliable energy system.

The CEOs of the Business Roundtable call on U.S. policymakers to establish a comprehensive energy policy framework that seeks to enhance economic growth, energy security and environmental stewardship. Specifically, Congress and the Administration should:

- ▶ **Foster innovation by sustaining public investments** in a diverse portfolio of precommercial research and development activities.
- ▶ **Encourage competition and energy resource diversity** by ensuring that decisions regarding tax incentives for renewable resources and efficiency measures are designed to address well-documented market inefficiencies, applied only to those fuels and technologies with a credible path to unsubsidized competitiveness, and finite in duration and eventually phased out in a predictable fashion.
- ▶ **Empower consumers** by adopting transparent, cost-effective standards for energy efficiency and allowing efficiency investments to be reflected in consumers' utility rates.
- ▶ **Engage internationally** by approving infrastructure projects that provide access to world energy markets and by expanding rules-based trade opportunities for coal and other materials.
- ▶ **Ensure smarter regulation** by grounding new regulations in sound science and cost-benefit analysis, streamlining the permitting process, and expediting critical infrastructure projects.
- ▶ **Fortify critical infrastructure** by investing in upgrades and encouraging cooperation and information sharing among government agencies and critical infrastructure owners and operators.

Ensuring Smarter Regulation

For better or for worse, a nation's regulatory system has a profound impact on the overall business environment. On the one hand, smart regulations that clarify the "rules of the road" and successfully address societal problems can provide an environment of stability, encourage innovation, inspire business confidence and accelerate investment. On the other hand, regulations that create uncertainty, fail to consider less costly alternatives or fail to keep up with technological innovation can impose unproductive cost burdens on businesses and consumers, undermine confidence, and delay investment. The key distinction, therefore, is not the quantity of regulations but the effectiveness and efficiency of regulations, their relevance to today's marketplace, and the balance between their costs and intended benefits.

Unfortunately, the current U.S. regulatory system has much room for improvement. The overall regulatory burden on U.S. businesses has grown substantially in recent years. Indeed, CEOs reported in a recent Business Roundtable Economic Outlook Survey that "regulatory costs" represented the single greatest cost pressure facing their businesses — greater than the costs associated with energy, materials, health care, pensions, labor or litigation.²⁸ Furthermore, antiquated regulations and an overly complex permitting process can delay bringing new investments online. Many companies, including many Business Roundtable members, have announced plans to make significant investments in new critical infrastructure and manufacturing capacity, and efforts to update and streamline the regulatory system can ensure that these announced investments are ultimately realized.

The CEOs of the Business Roundtable call on policymakers to adopt a smarter, more streamlined approach to regulation to spur business investment, economic growth and job creation. Specifically, federal policymakers and regulators should:

- ▶ **Streamline the permitting process for siting and operating a new facility/project**, including:
 - Require agencies to process permits within a defined time;
 - Designate a single agency with primary permitting responsibilities for each project; and
 - Establish a transparency portal for tracking government permits.
- ▶ **Engage the public in the rulemaking process** to solicit the best ideas for shaping regulations to maximize business investment and job creation.
- ▶ **Objectively analyze the costs and benefits of proposed major rules** from all agencies, including independent regulatory commissions:
 - To ensure objective analysis of costs and benefits, establish interagency guidelines on regulatory analysis (including risk assessment) and processes for developing these guidelines; and
 - Publicly disclose the estimated costs of planned regulatory actions early in the regulatory process and with greater specificity.
- ▶ **Eliminate or revise outdated regulations** that have not kept pace with technological or marketplace changes to maximize business investment and job creation.

Implementing a Housing Finance System that Works for Americans

The health of the U.S. housing market has always been, and will continue to be, critical to U.S. economic growth and success. The links between housing prices and consumer spending, as well as between housing construction and local employment, are significant and well documented. Housing construction and housing-related services currently account for roughly 15 percent of U.S. GDP,²⁹ and the construction of each new house typically results in three new full-time jobs.³⁰ Every modern U.S. economic recovery has been led by the housing sector, and under the right policies, the current recovery could follow suit. By returning to historical levels, a housing recovery has the potential to add 2 to 3 percentage points to GDP and create more than a million new full-time jobs in construction, manufacturing and related supply chains.³¹

Although recent positive signs, including rising housing starts and sales, suggest that a housing recovery is beginning to emerge, it is still too weak to substantially accelerate overall economic growth. Fourteen million homeowners still have underwater mortgages,³² and housing starts remain at barely half their historical average level.³³ Major structural impediments to full recovery remain, including an overreliance on taxpayer-backed financing and barriers to sound private-sector lending.

Restoring sustainable, robust growth in the housing market will require reforming the U.S. residential housing finance system to enable the private sector to take primary responsibility for residential lending. The CEOs of the Business Roundtable call on policymakers to work together on reforms to facilitate a housing recovery, which is crucial to U.S. economic growth and job creation. Specifically, Congress and the Administration should:

- ▶ **Facilitate the private mortgage market** by:
 - Encouraging private lending and investment to leverage the market discipline and incentives associated with private capital. Government policy should be designed to ensure long-term stability and encourage investment in housing finance by pension funds, mutual funds, endowments and other potential sources of capital.
 - Enhancing standardization and transparency in the mortgage finance market to provide certainty and confidence for all market participants — including investors, who provide capital for lending, and borrowers, who need clear information about their rights and responsibilities as homeowners.
 - Coordinating government action to provide stability and certainty. A sound U.S. housing and tax policy should establish a long-term, stable and predictable regulatory environment that instills confidence in all stakeholders, including homeowners, lenders and investors. In particular, implementation of the Dodd-Frank Act financial regulations must carefully avoid constricting the private mortgage market.
 - Ensuring consistent regulatory oversight and examination to support the extension of credit, including recognition in underwriting standards of the varying degrees of risk in a diverse pool of applicants, which will result in consistency and transparency in bank examinations.

- ▶ **Reform the government-sponsored enterprises (GSEs)** by:
 - Reducing taxpayer risk and encouraging market-based pricing. Reform must include short-term reassessment of guarantee fees and movement toward market-based pricing.
 - Reducing the GSEs’ portfolios carefully and gradually over time.

- ▶ **Evaluate limited-term innovative initiatives to support a housing market recovery.** The Home Affordable Refinance Program and other government refinance programs should be designed, implemented and managed in a manner consistent with the needs of a healthy private mortgage market.

More Effective, More Intelligent Cybersecurity Protections

Advanced information systems, which underpin every sector of the economy, are a strategic asset that must be protected. Cybersecurity threats from well-financed and motivated adversaries have the potential to disrupt critical services provided by private enterprise at home and abroad. Threats are increasingly targeting core functions of the economy and national security, costing U.S. consumers an estimated \$21 billion per year.³⁴

No one has a greater incentive to protect critical systems — or greater knowledge of how to do so — than the businesses that own and operate these systems. Information systems constitute the very core of their business operations and their relationships with customers and suppliers. Over the past decade, companies have been actively engaged in developing collaborative, public-private cybersecurity solutions and have allocated significant resources to secure their networks and infrastructure.

However, the missing piece in effective cybersecurity protection is robust information sharing between business and government about specific threats. Removing legal barriers to meaningful two-way information sharing and avoiding counterproductive government mandates is the key to more intelligent, more effective cybersecurity protection — a prerequisite for national and economic security.

The CEOs of the Business Roundtable call on U.S. policymakers and businesses to work together to identify threats, improve capabilities and mitigate risks to better protect critical infrastructure.³⁵

Specifically, policymakers and businesses should:

- ▶ **Create two-way information sharing** that facilitates the robust and protected exchange of the specific threat information that will allow both government and business to better secure the nation’s critical assets and mitigate emerging threats in real time. The government must authorize a clear and concise legal framework for sharing within the private sector and sharing between the private and public sectors, with appropriate liability, freedom of information and antitrust protections for those acting within the framework.
- ▶ **Enable threat-informed risk management and mitigation** by creating an effective public-private partnership that builds on existing initiatives to address the most consequential risks to critical systems, assets and networks.
- ▶ **Commit to focused research and development** to continually improve public-private cybersecurity capabilities as threats evolve — especially those functions supporting information sharing.

To support the objectives outlined above, the Business Roundtable CEOs stand ready to invest in the infrastructure necessary to receive threat information and commit to creating the corporate capabilities necessary to integrate cybersecurity threat and risk information into CEO risk management processes. In addition, the Business Roundtable recommends that boards of directors, as part of risk oversight functions, continue to periodically review management’s business resiliency plans, including cybersecurity, and oversee risk assessment and risk management processes, including those applicable to cybersecurity.

IV. Conclusion

America's challenges are daunting, but they are not insurmountable. Successfully addressing them will require imagination, leadership and, above all, cooperation. For decades, the American system of governance has earned respect and inspired emulation across the globe. The ability to put aside partisan rancor and ideology to deal with major challenges has been one of the nation's greatest assets, as well as a source of strength with respect to investment, trade and commerce. Over time, however, this hard-won asset has been tarnished, albeit unintentionally.

With the 2012 election behind us, however, now is the time to lay down our political swords and pick up our governing plowshares. American consumers and businesses can no longer afford a political system plagued by gridlock, gamesmanship and governing by deadline. We need a coherent strategy to restore America's economic strength — one that prioritizes cooperation above conflict and principled compromise above ideological purity.

The *2013 Growth Agenda* is that strategy. The CEOs of the Business Roundtable believe that restoring America's economic strength will require a two-pronged approach: (1) Rebuild confidence and reduce uncertainty by repairing the nation's balance sheet and (2) unlock business investment and job creation by removing barriers to growth and capitalizing on America's strengths.

The window of opportunity to effectively address our nation's challenges is rapidly closing. With each passing day, the cost of delay — whether it is measured in lost market confidence, lower job creation or less business investment — becomes more exorbitant, and the consequences of failure become more severe. At the same time, the potential spoils of success are equally profound: a strong and sustained economic expansion that will result in more jobs, higher incomes and rising standards of living for all Americans. It's time to choose which path our nation takes. It's time to act for America's future.

Endnotes

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