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From: Jiloty, Lauren C <JilotyLC@state.gov>
Sent: Saturday, March 19, 2011 1:32 PM
To: H
Subject: Re: The Moral Imperative of Paying our Debts Today

Ok

From: H [mailto:HDR22@clintonemail.com]
Sent: Saturday, March 19, 2011 11:03 AM
To: Jiloty, Lauren C
Subject: Fw: The Moral Imperative of Paying our Debts Today

Pls print.

From: Lanny Davis [mailto:]
Sent: Thursday, March 17, 2011 12:44 PM
To: H
Subject: The Moral Imperative of Paying our Debts Today

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March 17, 2011

Purple Nation

The Moral Imperative of Paying our Debts Today

By Lanny J. Davis

<http://thehill.com/opinion/columnists/lanny-davis/150283-moral-imperative-of-debt>

<http://dailycaller.com/2011/03/17/the-moral-imperative-of-paying-our-debts-today/>

Deficits “don’t matter.”

If you are a fiscal conservative or a Tea Party Republican, I am sure you read that sentence and guess it was uttered by a liberal Democrat willing to borrow money to finance current government expenditures. Must be a Democrat, maybe even a socialist.

Guess again.

The author of that quote: Mr. Conservative himself, former Vice President Dick Cheney. And to whom did Cheney refer as proof that deficits don’t matter? Mr. Conservative President Icon himself: Ronald Reagan.

That’s right, Ronald Reagan.

As Jonathan Weisman wrote in *The Washington Post* in the summer of 2004, then-Treasury Secretary Paul O’Neill opposed another round of tax cuts in late 2002 because the government was already running a \$158

billion deficit — even before the invasion of Iraq. According to O’Neill’s account, Cheney silenced him by his statement, “Reagan proved deficits don’t matter.”

Cheney was wrong that deficits don’t matter, but right that Reagan agreed with him. As Weisman reported in the same article, in January 1981, when Reagan declared the federal budget to be “out of control,” the deficit at the time was \$74 billion and the total debt of the federal government was \$930 billion. By 1988, the national debt had almost tripled — to \$2.6 trillion. Weisman wrote, “In those eight years, the United States moved from being the world’s largest international creditor to the largest debtor nation.”

But wait: You can’t just blame Ronald Reagan. Democrats in Congress not only voted for these budget deficits — if they had their way, they would have been more. (On the other hand, most Democrats opposed the Reagan tax cuts and the notion — called “voodoo economics” by President George H.W. Bush — that you can increase total revenues by cutting taxes and increasing defense spending.)

I consider it to be fundamentally immoral for parents to take a trip around the world using a credit card, enjoying themselves immensely on borrowed money, and then turn over the bills to their children and grandchildren to pay off for the rest of their lives.

Only one president in the last 30 years, Clinton, not only balanced the budget after his two terms but turned a \$300 million deficit into a trillion-dollar surplus. Giving credit where credit is due, after 1994, the Republican Congress, led by Speaker Newt Gingrich (R-Ga.), helped President Clinton produce that surplus.

On the other hand, not one Republican — not one — supported Clinton’s courageous 1994 budget bill that raised taxes by \$250 billion and cut spending by \$250 billion — the trigger that led to the prosperity of the late 1990s, which in turn contributed mightily to the balanced budget and the surplus.

Then came eight years of the George W. Bush administration and two more years of the Obama administration.

In 10 years under Presidents Bush and Obama, the nation went from a trillion-dollar surplus to a \$14 trillion debt. By 2020, on the current course, the Congressional Budget Office projects our national debt will be 90 percent of all the goods and services America produces (the GDP) — and interest on the debt could rise to nearly \$1 trillion, paid mostly to foreign owners of U.S. debt. By 2025, all revenues will be able to finance only interest payments, Medicare, Medicaid and Social Security — no money for national defense, homeland security, the post office or the FBI.

To repeat: This is the immoral act our current generation is shamefully committing as a legacy for our children and grandchildren.

There is only one honest answer — not two, or 10, but one. And that is the approach taken by the courageous 60 percent of the members of the Simpson-Bowles Commission, supporting the commission’s recommendations for broad across-the-board spending cuts, including all entitlements, tax reform, tax increases and fundamental sacrifices by every member of society to save the most poor and vulnerable.

Next week I will begin detailing the proposals of Simpson-Bowles — in the hope that President Obama and congressional leaders from both parties will join hands and jump in the pool together as they all say, together: Enough.

There is no alternative.

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Mr. Davis is the principal in the Washington D.C. law firm of Lanny J. Davis & Associates, which specializes in strategic crisis management and is a partner with Josh Block in the strategic communications and public affairs company Davis-Block. He served as President Clinton's Special Counsel in 1996-98 and as a member of President Bush's Privacy and Civil Liberties Oversight Board in 2006-07. He is the author of "Scandal: How 'Gotcha' Politics Is Destroying America" (Palgrave Macmillan, 2006).

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Lanny J. Davis & Associates LLC | 600 13th Street, NW Suite 600 | Washington, DC 20005

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