

CONSERVATIVE ACTION PROJECT

The Conservative Action Project, chaired by former Attorney General Edwin Meese, is designed to facilitate conservative leaders working together on behalf of common goals. Participants include the CEO's of over 100 organizations representing all major elements of the conservative movement—economic, social and national security.

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June 1, 2011

A Clarion Call from the Conservative Movement

Dear Speaker Boehner and Leader McConnell:

There is no better opportunity for those associated with the Conservative Movement to make a strong, bold, and principled statement to the American people than the approaching debt limit vote. We write to you today urging that the debt limit not be increased unless the legislation includes substantial steps to change the spending ways of the federal government. **We believe the fundamental components necessary to any agreement to raise the debt limit are:**

- 1. No Tax Increases.**
- 2. The total amount of spending cuts included in any increase to the debt ceiling must at least equal the increase in the debt ceiling.**
- 3. Inclusion of \$300 Billion of spending cuts from the recommended options proposed by the House Republican Study Committee Spending Reduction Act of 2011, including Defunding “Obamacare”—officially known as the Patient Protection and Affordable Care Act (PPACA).**
- 4. Cap total federal spending at its historical average of 18% of Gross Domestic Product (GDP), and enforce this with statutory automatic spending sequestration whenever spending exceeds budget levels or the debt exceeds the new limit.**
- 5. A Balanced Budget Amendment (BBA) with strong protections against federal tax increases and including a Spending Limitation Amendment (SLA) with statutory, enforceable total spending caps to reduce federal spending.**

The Private Sector Sees the Problem

The private sector economy fully recognizes the lack of seriousness of this administration and previous Congresses to address America's unsustainable pattern of government spending. Under President George W. Bush we saw spending double, and under President Barack Obama spending is being doubled once again. Note three incredible recent developments that paint a dim picture for our country's economic future:

- This past February, PIMCO, a management company handling \$1.2 trillion in assets, dumped all of its U.S. government debt holdings; its cofounder William Gross said that

regardless of borrowing authority, unless spending is curtailed, the government will in essence default on its debt by “picking the pocket of savers.”

- In April, for the first time since 1941, Standard & Poor’s (S&P) revised its outlook on the United States credit rating from stable to negative, citing the fear that Congress will fail to address the nation’s medium- and long-term budgetary challenges.
- Also in April, the International Monetary Fund forecasted that the size of China’s economy would surpass that of the United States in 2016, effectively ending the “Age of America.” This, while China considers ceasing its purchase of U.S. debt securities.

The Facts Are Staggering

The federal debt ceiling is a statutory mechanism first enacted in 1917 to limit the total debt of the federal government. Total debt is measured with the sum of two factors: first, the amount of public debt, which is \$9.3 trillion as of Nov. 30th, 2010; second, the amount of obligated government expenses, which is \$4.6 trillion. Congress has increased the debt ceiling for six consecutive years. Since 1940, Congress has raised the debt ceiling 79 times. A few more facts:

- 1.** The national debt has increased by \$3.4 trillion since President Obama took office.
- 2.** The 111th Congress added more to the U.S. national debt than the first 100 U.S. Congresses combined.
- 3.** The interest alone on the \$9.3 trillion national debt is over \$1 billion per day, and the national debt is growing by about \$3 billion per day.
- 4.** The U.S. national debt on January 1st, 1791 was just \$75 million. Today the U.S. national debt rises by that amount about once an hour.
- 5.** When Ronald Reagan took office, the U.S. national debt was about \$1 trillion.
- 6.** The U.S. national debt has more than doubled since the year 2000.
- 7.** According to a recent U.S. Treasury report to Congress, the U.S. national debt will reach \$19.6 trillion in 2015.
- 8.** During the month of April 2010 the federal government ran a deficit over \$50 billion—in 43 of the previous 56 years April posted a surplus for the federal government--since April marks the filing deadline for individual income taxes.
- 9.** As of January 1, 2011, the federal government has now posted 27 consecutive monthly budget deficits, the longest string of shortfalls on record.
- 10.** In 2008, publicly held debt as a percentage of the economy (GDP) was 40.8 percent, nearly five points below the post-war average. Under President Obama’s budget, this figure would more than double to 90 percent by 2020.

The time for action is now.

Sincerely,

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