

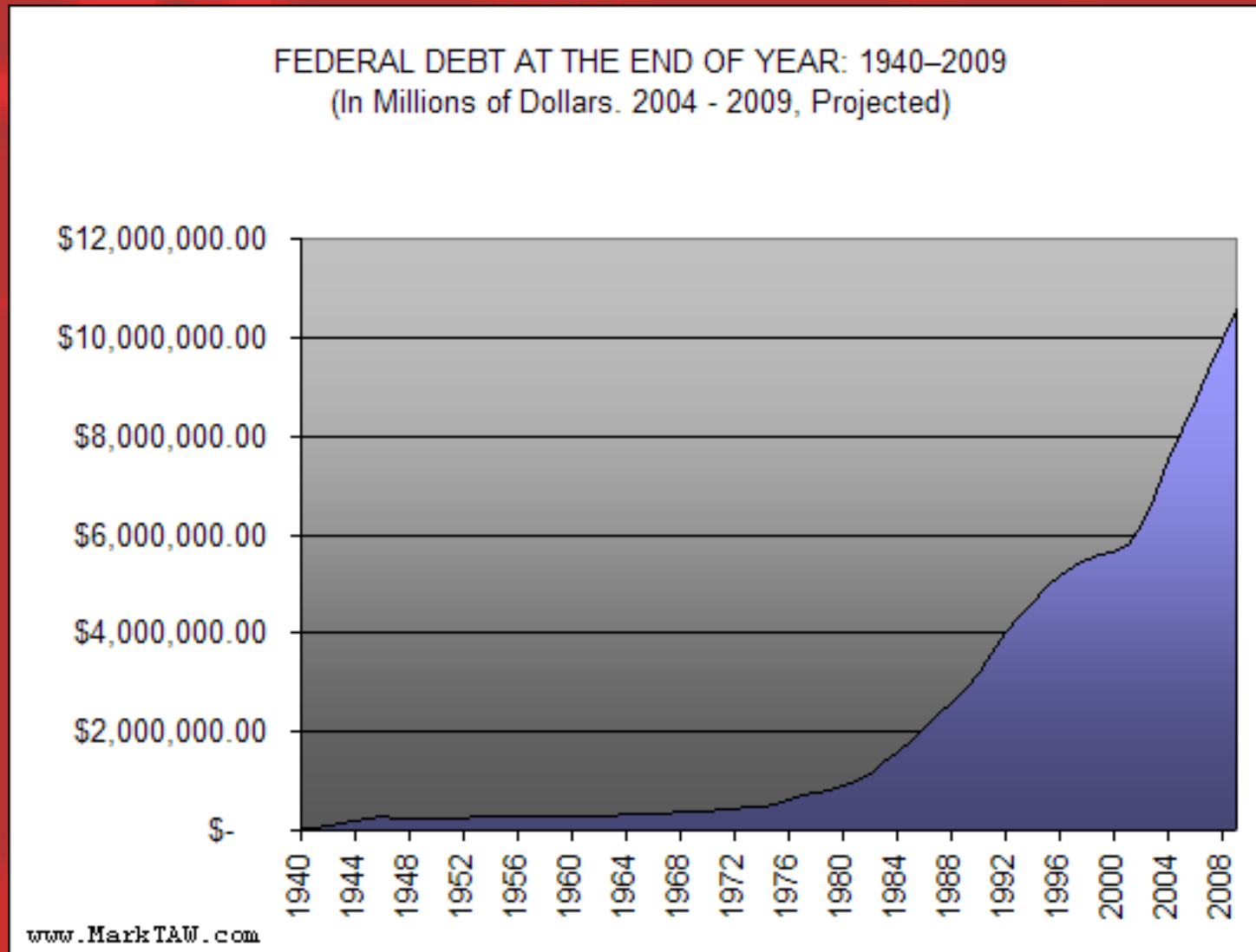
Clinton County Tea Party

Founders on Debt

- Debt – That which is due from one party to another, obligation, guilt
- Pro 22:7 The rich ruleth over the poor, and the borrower is servant to the lender.

5/6/2010

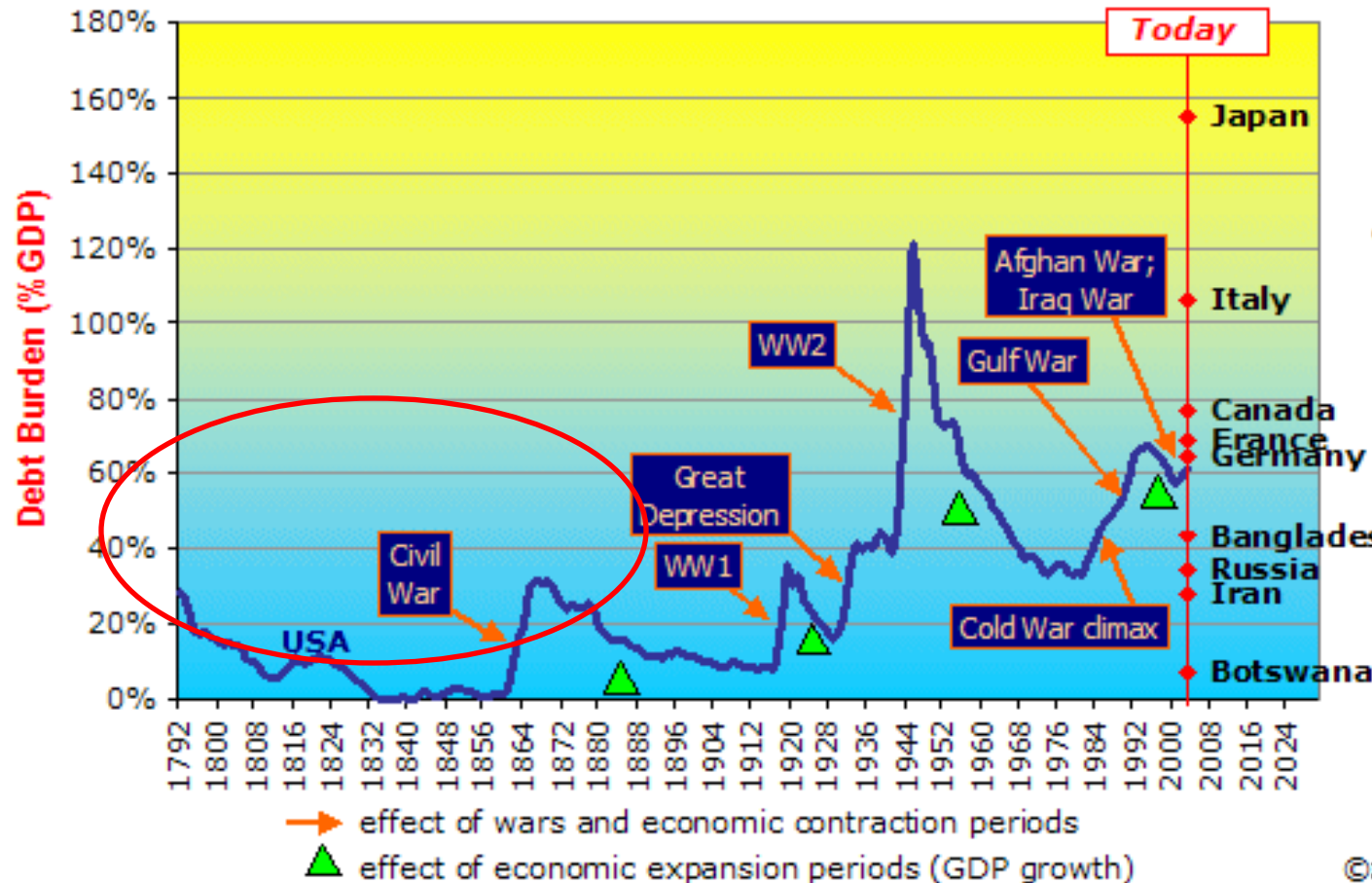
Clinton County Tea Party Founders on Debt



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updated 4-Feb-05

National Debt Burden : Full History USA since 1792, and Today relative to other countries



Moral:
Economic growth reduces the debt burden.

(UK removed until data discrepancy is resolved)

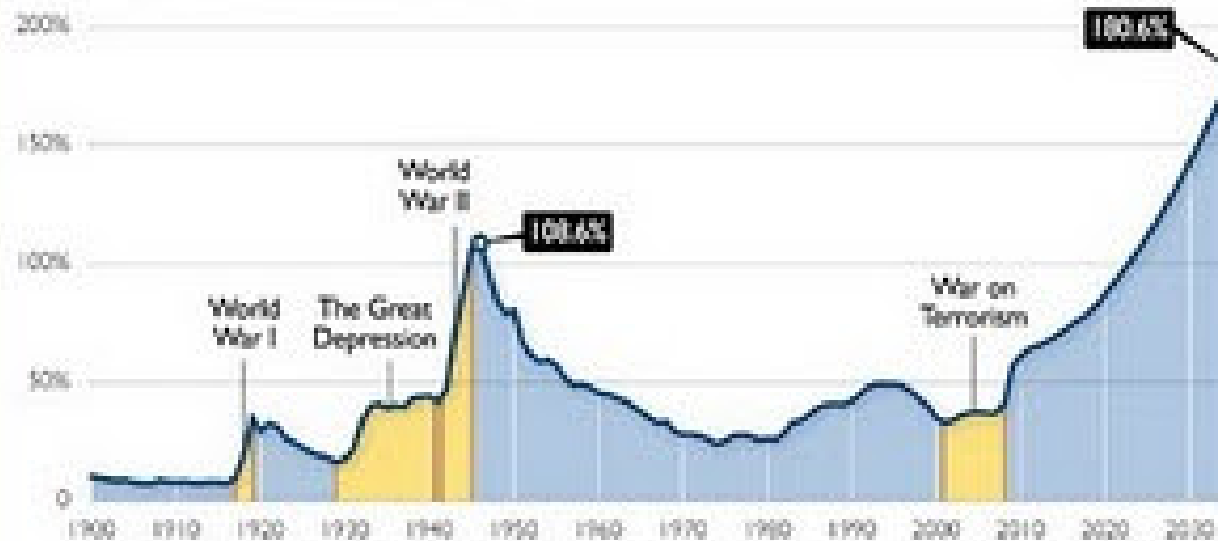
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National Debt Set to Skyrocket

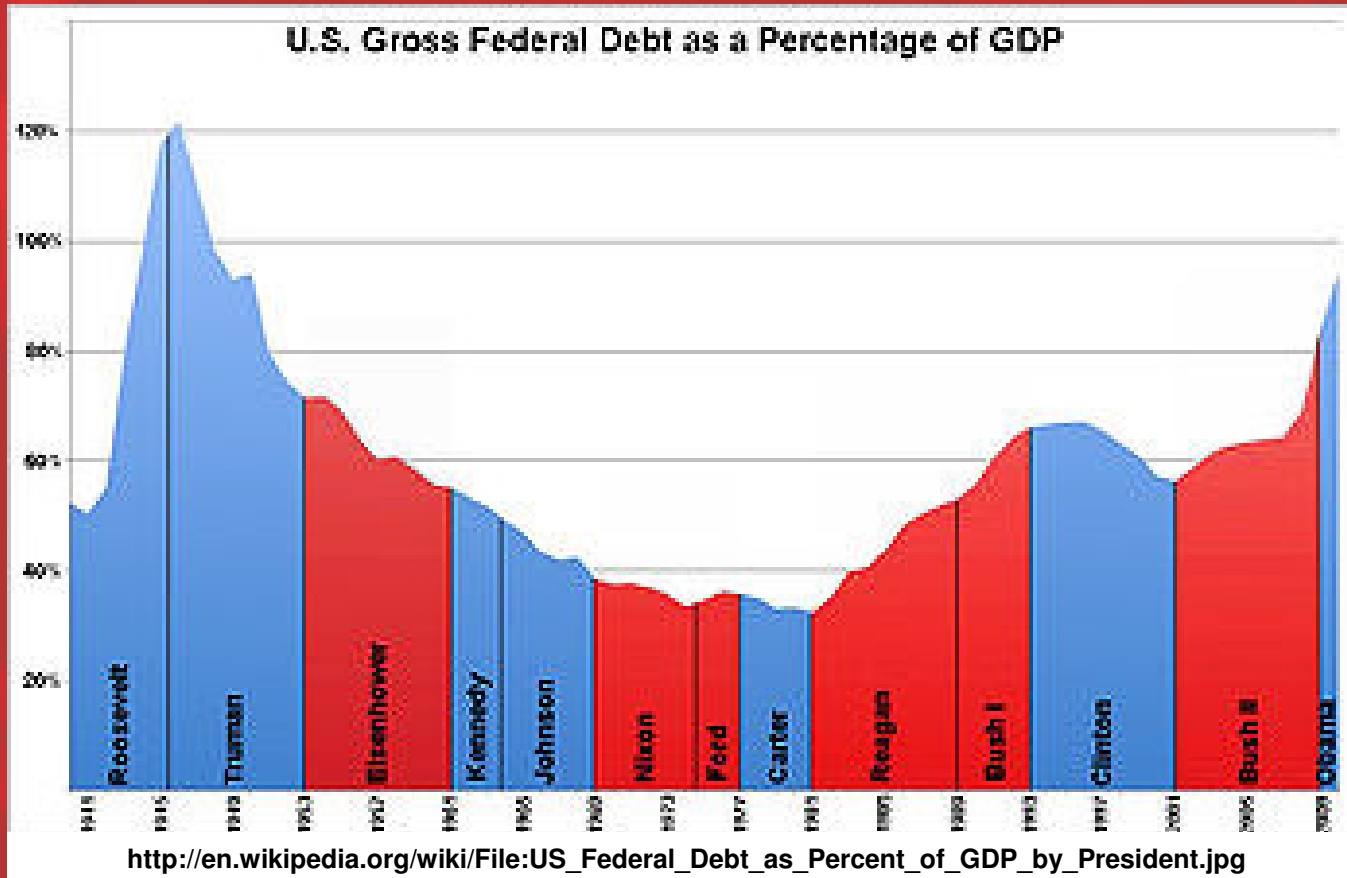
In the past, wars and the Great Depression contributed to rapid but temporary increases in the national debt. Over the next few decades, runaway spending on Social Security, Medicare, and Medicaid will drive the debt to unsustainable levels.

DEBT AS A PERCENTAGE OF GDP



Source: Heritage Foundation compilations of data from U.S. Department of the Treasury, Institute for the Measurement of Worth (Alternative Fiscal Scenario), Congressional Budget Office, and White House Office of Management and Budget.

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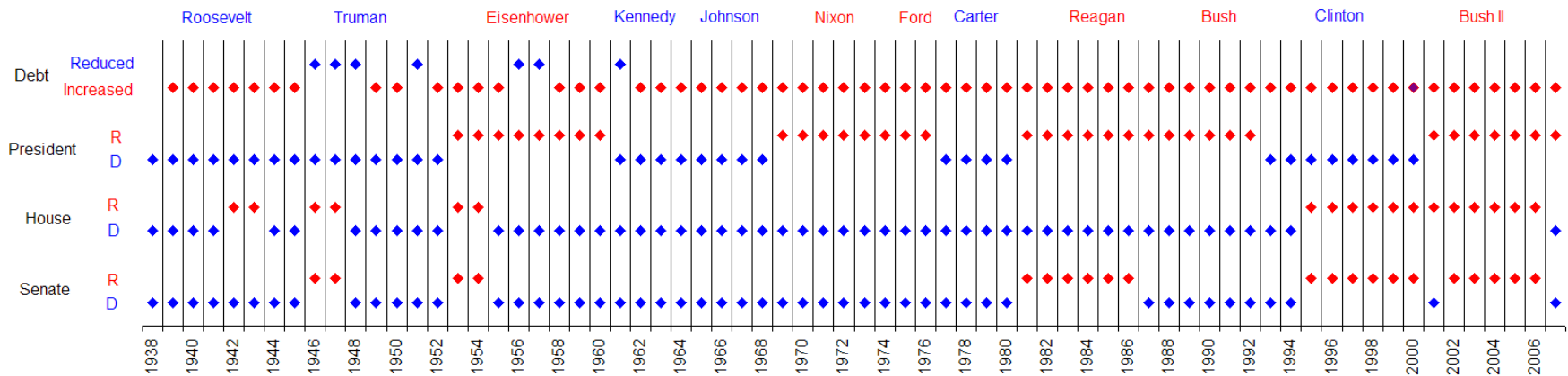


- A Republican president won't necessarily fix the problem.
- They have to be a fiscal conservative.

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Political Party Control
Of the Presidency, the House and the Senate
And the US Debt
1938 to Present



<http://cedarcomm.com/~stevelm1/PartyControlDebt.png>

- The chart shows that the Neo-Cons got control of both Houses of Congress in 1995, and singular control of our government from 2000 to 2006, and yet, as the debt charts prove in Figures 1 & 3 above, even with all that power in 12 years they never controlled spending.
- A Republican Congress won't necessarily fix the problem.
- They have to be a fiscal conservative.

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Alexander Hamilton - America's first Secretary of the Treasury and also a signer of the Constitution wisely declared:

- Allow a government to decline paying its debts and you overthrow all public morality, you unhinge all the principles that preserve the limits of free constitutions.
- Nothing can more affect national prosperity than a constant and systematic attention to extinguish the present debt and to avoid as much as possibly the incurring of any new debt.

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George Washington similarly warned:

- Avoid occasions of expense... and avoid likewise the accumulation of debt not only by shunning occasions of expense but by vigorous exertions to discharge the debts, not throwing upon posterity the burden which we ourselves ought to bear.

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Perhaps no Founding Father was as forthright on this topic as Thomas Jefferson:

- If the debt should be swelled to a formidable size, we shall be committed to the career of debt, corruption, and rottenness. . . . The discharge of the debt, therefore, is vital to the destinies of our government.
- The principle of spending money to be paid by posterity, under the name of funding, is but swindling futurity on a large scale. I. . . place economy among the first and most important of republican virtues, and public debt as the greatest of the dangers to be feared.

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Jefferson even wisely foresaw where America generally finds itself today:

- I am not among those who fear the people... And to preserve their independence we must not let our rulers load us with perpetual debt. We must make our election between economy [frugality] and liberty, or profusion [excess spending] and servitude. If we run into such debts as that we must be taxed in our meat and in our drink, in our necessaries and our comforts, in our labors and our amusements, for our callings and our creeds, our people must come to labor sixteen hours in twenty-four, give the earnings of fifteen of these hours to the government for their debts and daily expenses; and the sixteenth being insufficient to afford us bread. The [forerunner] of this is public debt. Taxation follows that, and in its train wretchedness and oppression.

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- There even was a time when the U.S. made it a deliberate policy to pay off the national debt entirely -- and succeeded in doing so. It remains to this day the only time in history a major country has been debt free. Ironically, the president who achieved this was the founder of the modern Democratic Party, Andrew Jackson.
- Jackson was a Jeffersonian through and through. The smaller the federal government, the more he liked it. And, like Jefferson, he hated banks, speculation and the "money interest." Unlike Jefferson, however, he was born poor and made his own fortune. An early personal encounter with debt had taught him to fear it. When the notes of someone who had bought land from him proved worthless, he became liable for the debts he had secured with those notes, and it took him years to pay them off.
- When he ran for president the first time, in 1824, Jackson called the debt a "national curse." He vowed to "pay the national debt, to prevent a monied aristocracy from growing up around our administration that must bend to its views, and ultimately destroy the liberty of our country."
- "How gratifying," he wrote in 1829 as he began his presidency, "the effect of presenting to the world the sublime spectacle of a Republic of more than 12 million happy people, in the 54th year of her existence . . . free from debt and with all . . . [her] immense resources unfettered!"
- When Jackson entered the White House, the national debt, which had reached \$125 million at the end of the War of 1812, had already been reduced to \$48 million. To get it to zero he was perfectly willing to forego what were then called "internal improvements" and are now known as infrastructure projects. One Kentucky congressman, after a trip to the White House to beg Jackson to sign one such bill, reported to his allies that "nothing less than a voice from Heaven would prevent the old man from vetoing the Bill, and [I doubt] whether that would!"
- At the end of 1834, Jackson reported in the State of the Union message that the country would be debt free as of Jan. 1, 1835, with a Treasury balance of \$440,000. Government revenues that year would be twice expenses.

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Reform That Will Work

- **Transparency, Anyone?** The \$63 trillion of unfunded obligations--which is equivalent to \$200,000 of debt per person--should be disclosed at the outset in the annual budget so that Congress is forced to confront this debt.
- **Let's Get Real:** Social Security, Medicare, and Medicaid should be taken off autopilot and put on long-term, 30-year budgets, reviewed every five years. This would prevent spending from exploding and require regular review of entitlement spending within the context of other budgetary priorities.
- **Put a Cap on It:** All federal spending should be capped to force Congress to make trade-offs between all programs, and any budget resolution or spending bill that would exceed caps should require a two-thirds supermajority vote. Families and businesses have to live within their budgeted means--so should Congress.
- **Honestly ... :** The cost of policy changes that would increase unfunded obligations should be estimated over the long term--not a 5-year or 10-year window, as is currently the case--and the increase in future promises should be subject to an up-or-down vote. For example, when Medicare Part D was passed in 2004, Congress evaluated only the five-year cost of \$409 billion, but the long-term, present-value cost was more than \$8 trillion at the time and exceeds \$9 trillion today.
- **Bank It First:** Congress often "pays for" programs by offsetting the cost of a new program with future promised "savings" that rarely if ever materialize. Instead, savings should have to be banked and locked away before they can be considered savings.

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- We must demand that our elected leaders be fiscally conservative...reduce the spending period.
- Call, write, demonstrate, vote...make your voice heard.