

FIRST DAY INTRODUCTION

Friday, October 16

Welcome to the Focusing the Presidential Debates Initiative. I am John Norton Moore, a former United States Ambassador, who will serve as your host to the Press Conferences held by the Initiative. Before beginning I would like to introduce by wife Jamie Trapp Moore, a nurse practitioner specializing in Emergency Medicine, and my daughter Victoria Norton Moore, a physician specializing in OBGYN.

Once again this Great Nation has embarked on a journey to elect a new President. The candidates have come forward and the debates are under way. It is in the interest of all Americans that the candidates and their debates seriously address the grave national challenges and opportunities now before the Nation. We cannot afford politics as usual, with candidates vying to be the most immoderate in their Party. The challenges are unforgiving and the opportunities fleeting.

The experts participating in this initiative are deeply concerned about the problems facing this Great Nation and have come together to present suggestions and raise questions for the Presidential candidates; Democrat and Republican alike. The papers being distributed to the Press today are being sent to each of the declared candidates in both parties. The campaign organization of each candidate, as well as the Democratic National Committee and the Republican National Committee, have also been notified of this initiative and invited to send a representative to the press conferences.

Each paper reflects the view of the presenter. There has been no effort to coordinate views; nor is any presenter responsible for the views expressed by other presenters. Some of these papers may appeal more to Democratic candidates and some may appeal more to Republican candidates. The subjects, however, have been chosen for their national importance, and the presenters for their recognized expertise.

It is hoped that as the debates progress in and between both parties that the candidates, and the Nation more broadly, will reflect on the range of serious problems and will consider the questions and/or specific recommendations presented in these papers. We here today are not able to individually participate in the debates, but we hope to be heard by the candidates and the American people through the great institution of America's free press. It is in that spirit that we have invited you today to this press conference at the National Press Club.

This Initiative is holding three press conferences at the National Press Club from Noon to 3:00 p.m. each day. Today, after reviewing priority national problems and opportunities, we will focus on issues concerning Economic Growth and Domestic Policy. Next Thursday, October 22nd, we will focus on Foreign and Defense Policy, and finally, Friday, October 23^d, we will focus on The Criminal Justice System, Community Policing, and Reducing Crime. All of the expert papers are already on line at the Initiative Website which is www.FocusingThePresidentialDebates.com

Each of our presenters today will speak for approximately 24 minutes and then leave about 12 minutes for Q and A from the press or representatives of the candidates or parties who have been invited.

Priority National Problems and Opportunities

A partial list of critical national problems and opportunities includes:

- *Restoring the American economy to substantially higher levels of sustained economic growth.* This growth goal is critical for our effectiveness in meeting almost all other national goals and must be one of the Nation's highest priorities;
- Restoring the United States military and defense communities to robust strength;

- Enhancing United States credibility and effectiveness in foreign affairs;
- Reducing and controlling the national debt;
- Reforming the Social Security System for greater effectiveness and long-term economic health;
- Reforming Obamacare (ACA), Medicare, and Medicaid for greater effectiveness in meeting national health goals and long-term economic health;
- Reducing taxes on Americans and American corporations, and more effectively controlling the regulatory burden on American business as critical elements in restoring growth;
- Reforming immigration policy to ensure that America will have border security and adequate enforcement, that immigration policy will support the economy, that there will be a one-time path to legal status for the many whose presence is benefiting the Nation, and that going forward immigration policy, like all national policies, will be guided by the rule-of-law;
- Reforming the criminal justice system by reducing incarceration for non-violent offenders and paring back overly broad use of the criminal justice system in non-violent offenses;
- Reducing crime through enhanced education against crime in our school systems, and more effective “community policing” through engaging the police more actively and directly with the communities they protect. The homicide rate in many of our major cities has surged recently, and it is our minority communities most at risk from any breakdown in mutual trust. Effectively reducing crime requires leadership from both police and the communities they serve. For the police, and the communities which depend upon

them, are inevitably linked. When that link becomes frayed, both the police and the communities they serve are harmed;

- Embracing modern medical science in settings where a more robust national research program targeting a particular disease holds promise both for enhanced cure offering better relief to millions of Americans, as well as substantial cost savings for the Nation;
- Adopting a comprehensive energy policy leading to energy independence for America;
- Rebuilding our crumbling infrastructure of roads, bridges, dams, airports and the power grid;
- Enhancing educational opportunities for all Americans, and more effectively meeting skills-based educational needs in the workplace;
- More effectively promoting abroad the core American values of democracy and the rule-of-law;
- Reenergizing our national commitment to protection of the environment, including addressing the problem of global warming, but as with all governmental actions, doing so through cost-benefit effective measures;
- Ending tax and other laws discriminating against the family. Government actions should only strengthen and support the family;
- Restoring a normal budgeting process in the Congress of the United States;
- Paying greater attention to “right-sizing” government and reducing “government failure;” including revitalizing the role of the states in our federal system; and
- Assisting the process of forming a new Administration by streamlining the appointment and confirmation process.

To review this list is to appreciate the enormous challenge faced by the next President of the United States.

I will now briefly review the issues for today of promoting economic growth, immigration policy, targeting disease, Social Security optionality, and tax policy.

Promoting Economic Growth

The most serious challenge facing the Nation is restoring a more robust growth rate. In recent years we have become mired in a low growth trajectory. The resulting costs are immense; fewer good jobs, a growing deficit, crumbling infrastructure, stagnant wages, a widening wealth gap, a shrinking military, diminishing opportunity to support the environment, and less American influence abroad. Virtually every major national objective is touched by this poor economic performance. *As such, improving our growth rate is the Nation's number one problem.*

The good news is that even small differences in growth rates make large differences when compounded through time. Thus, to move from a 2% growth rate to a 4% growth rate will make the Nation as a whole 62% richer than it would otherwise be in just 25 years. In a generation (50 years) the Nation as a whole would be 164% richer at the 4% rate. The rate of sustained economic growth matters!

Though economics, like all social sciences, can be fuzzy at the edges, we know generally what works to promote growth and what works to retard growth. Lower taxes, particularly income and corporate taxes, profoundly affecting incentives to work and save, encourage growth. Higher taxes depress growth. Higher taxes on dividends and capital gains, doubly suppresses growth in depressing savings and investment. While environmental, safety, and other regulations are necessary to address market externalities, excessive regulation depresses growth. High quality education encourages growth. Reducing trade barriers enhances growth (though America needs much stronger engagement with China and others on “non-tariff barriers,” such as “anti-trust” used by our trading partners to reduce the competitiveness of American companies). Facilitating small business encourages growth, as *small* business is, in reality, the *large* backbone of the economy.

Facilitating women's access to the work force encourages growth. Repairing our crumbling infrastructure would enhance efficiency and encourage growth. And a climate of economic uncertainty, or perceived governmental hostility to business, including populist attacks on "wall street," can retard the "animal spirits" necessary for innovation.

The deficit and the national debt are critical problems. So too is the serious underfunding of our defense and foreign policy establishments. Both problems are joined at the hip with the growth problem. For enhancing the national growth rate to generate substantially increased revenues is the only good answer to these and many other national problems arising from our serious fiscal problems.

The paper by John H. Cochrane on "Economic Growth" addresses more fully how our Nation can meet its critical national need of enhancing growth. John Cochrane is one of the top economists in the Nation on promoting growth. I would urge anyone interested in this issue; the single most important issue facing the Nation, to read the excellent paper by Mr. Cochrane.

IMMIGRATION POLICY

No nation can tolerate uncontrolled immigration. The Nation's borders must be secure and future immigration and legal status must be controlled by the rule of law rather than the clandestine crossing or the expired visa. We must also focus enforcement not just on illegal border crossings but also on illegal visa overstays; a major source of illegal immigration – including some of those who participated in the 911 attacks. But when the borders are secure and internal enforcement more effective, some one-time mechanism should be put in place to legally recognize the many individuals who have come to America to work, who have obeyed the law, who have paid taxes, some who may have gone to school in America, some who may even have served in the American military, and who seek legal status. America needs innovators and workers and our Nation traditionally has benefitted from

immigration from every region in the world. Immigration policy should realistically take account of the economic needs of the Nation and of the reality that immigrants are embedded in our society in important ways.

The proposal to build a “Wall” and immediately deport the millions of immigrants thought to be in America illegally (and their family members), would have a devastating effect on the economy, in addition to the human misery, and the permanent blight on America’s conscience. Costs of such a forced migration would include a major loss of productivity for American employers, as well as the economic and human costs of an army of enforcement agents. Nor would the “Wall” address the reality that perhaps as many as 40% or more of illegal immigrants are here because they have overstayed their visas.

Professor Peter Skerry, one of the Nation’s top experts on immigration policy, will explore in greater detail issues concerning Immigration Policy.

TARGETING DISEASE

America also has important opportunities not yet addressed in the Presidential debates; opportunities with great meaning for millions of Americans. For example, medical research has come to the point that we may be able to much more effectively target disease through greater specific support. The national debate understandably has focused on access to medical care; but what if medical science has progressed on certain disease processes that a major directed effort, perhaps one disease process at a time on cures or treatments deemed promising, could dramatically reduce the burden of the disease? As will be discussed in the “Right-Sizing Government” paper, basic research will be underfunded by markets because it is a “positive externality” in economic theory. There is, then, a case for government in filling this need. Our government, of course, through the National Institutes of Health, already makes substantial commitments to basic research in

dealing with diseases; cancer, heart disease, aids, Alzheimer's, and other diseases. But if the cost to the Nation of certain diseases, through lost work and medical payments, is larger than the likely cost to better understand and cure the disease, and the science is promising enough to make that calculation, then it may be time to consider a national "moon shot" at curing, or at least better controlling, certain diseases. Indeed, perhaps if such a targeted approach is successful, the Nation might target one disease after another where the science suggests that the national savings from cure or better control would exceed the cost of the basic research. And, of course, a wonderful byproduct of any successes would be that millions of Americans would no longer be condemned to a lifetime of pain or disability.

As an initial hypothesis for such a "targeting disease" approach, there is considerable evidence to suggest that arthritis and musculoskeletal diseases today meet the criteria for a major national effort. Over fifty million Americans are affected by these diseases, more than twenty million have activity limitations from these conditions, and the direct and indirect economic cost in lost work and treatment costs is estimated to be over \$200 billion per year. If a major research effort were able even to cut this cost in half, the *yearly* saving, repeated each year into the indefinite future, would be \$100 billion.

Dr. Steven R. Goldring, MD, the Chief Scientific Officer Emeritus at the prestigious Hospital for Special Surgery in New York, has prepared a ground-breaking paper which should be considered carefully by all the candidates, discussing whether the cost of these diseases, the percentage of the American population affected, and the state of the scientific understanding, suggests that arthritis and musculoskeletal diseases would be a useful place to start in such a national "Targeting Disease" research initiative.

SOCIAL SECURITY OPTIONALITY: REDUCING THE WEALTH GAP

One of the most important papers is that by Peter Ferrara on “Social Security Optionality: Reducing the Wealth Gap.” It is generally understood that, at minimum, the Social Security system can and must be adjusted to prevent the bankruptcy looming at the end of its current trajectory through either raising taxes or lowering benefits. There are simply fewer and fewer Americans supporting more and more retirees and changes must be made to avoid running short of funds to pay promised benefits.

The core of the Social Security problem, however, is not averting bankruptcy but the *horrible* job the system does for working Americans who pay into the system. Even if Social Security continues to pay all promised benefits, the real rate of return on the taxes paid into the system still would be less than 1%.

The “raising taxes and lowering benefits” route to Social Security “reform” also misses the Social Security “opportunity.” That opportunity is to give American workers age 40 and under the opportunity to opt into a private investment account into which their Social Security taxes would be deposited and invested and which they would own. Their investments would then compound through time like a normal retirement account. A two-earner middle income couple at standard long term investing returns would retire after a lifetime under this approach with an account of substantial value which they would own. Their account would pay them *at least double* the traditional Social Security return while still letting them leave the full account to their children if they so choose. There is no magic here. The great difference in rate of return is achieved by a simple shift from a tax and pay system to a normal savings and investment retirement system. An owned private retirement account is nothing more than the model

followed by the TIAA/CREF retirement system used by universities and hospitals in the United States for many years.

There is no single policy change this Nation can make to more effectively reduce the wealth gap and provide working families a real chance at wealth creation. Social Security “optionality” for reducing the wealth gap is the most obvious “low hanging fruit” available to America. It is literally a kick at American workers and their families and the worst of “old thinking” to demagogue Social Security optionality.

TAX POLICY

There is a core misunderstanding about taxes in America; a misunderstanding which must be forthrightly addressed if we are to restore robust growth. The political rhetoric that the income tax unfairly favors the wealthy is not just false; the reality is quite the opposite. Our political history is one of imposing income taxes on a smaller and smaller base of the population; a path ultimately risking third-world out-of-control expenditures, as removal of political inhibitions on raising taxes leads political elites to support larger and larger expenditures. If we continue to focus on raising taxes as the solution to national problems we doom the Nation to subpar growth.

With respect to “fairness,” according to the Internal Revenue Service, as of 2012 (with taxes even more progressive since then) the top 1% of tax payers paid 38.1% of the federal income tax, the top 10% paid 70.2%, the top 25% paid 86.4 %, and the top 50% paid 97.2%. With a combined state and federal tax rate of approximately 50% in some states, such as California and New York, the income tax is a serious drag on growth. And America’s top corporate tax rate is one of the highest in the world; again serving as a drag on investment and growth and sending American corporations abroad.

The tax code is also enormously complex, and compliance costs for business and individuals to file their taxes is yet another drag on growth. Further, these compliance costs are on top of the economic reality that an income tax depresses growth as compared with a consumption tax raising the same revenue. Ideally, America should adopt a simplified flat tax system, or perhaps eliminate the income tax completely in return for a National Sales or Value Added Tax (VAT).

The recent proposals made by some candidates to increase the top income tax rate, or the capital gains tax rate, would slow an already sputtering economy and are neither the route to fairness, nor the route to reducing the wealth gap. No one should be required to pay more than one-third of their income in federal taxes; a rate comparable or higher than taxes owed under feudalism. We should remember that federal income taxes are on top of state income taxes, property taxes, and a host of other federal, state and local taxes.

Yet another of the myths about the federal tax system is that it is just one big “loophole” for the wealthy. To the contrary, the tax code has been designed to capture revenue. Not surprisingly, while including the infamous loopholes for the taxpayer, it also contains numerous *loopholes for the Government* specifically designed to raise revenue regardless of their obvious lack of “fairness.” For example, the “alternative minimum tax or AMT,” which at its inception was designed to hit the taxpayer who was using abusive tax shelters, today treats all state income taxes paid as though they were an abusive tax shelter and, where the AMT is triggered, effectively *removes the deduction for state income taxes paid*. Excuse me? *Paying your state income taxes is an abusive tax shelter?* As another example, the capital gains tax applies fully to all gains but limits deduction of losses to \$3,000 per year. If the taxpayer has a good year and sells capital investments for a substantial profit the Government makes out nicely, thank you. But if the taxpayer has substantial capital losses, even to the point of being poorer at the end

of the year, the Government still taxes all income but the \$3,000 loss, *as though the taxpayer had “income” when her net worth actually declined.*

Further, as the paper on “Controlling the Deficit” by Peter Ferrara shows, the federal deficit has not arisen because the Nation has decreased taxes. Rather, the deficit is a product of a prodigious increase in federal “entitlement” spending resulting from President Johnson’s “Great Society” programs, and other more recent increases in “entitlement” expenditures under both Republican and Democrat Presidents.

Increasing taxes is not the way to increase growth, is not the way to enhance fairness, and is not the way to effectively address the low growth “widening wealth gap.” Grover Norquist will present a paper on Tax Policy, more specifically addressing “What Tax Reform Should Look Like under the Next President.”

Are There Any Questions on this Brief Overview?

We turn now to our second presenter, Professor Peter Skerry of Boston College, one of the Nation’s top experts on “Immigration Policy”

We turn now to our third presenter, Dr. Steven R. Goldring, MD, the Richard L. Menschel Research Chair of the Hospital for Special Surgery in New York, and a former Professor of Medicine at Harvard Medical School. Dr. Goldring will speak on Targeting Disease

Our fourth presenter today is Mr. Peter Ferrara, one of the top experts in the world on Social Security Reform and Controlling the National Debt. He will discuss “Social Security Optionality: Reducing the Wealth Gap.” His paper on “Controlling the Deficit,” which he will not have time to fully discuss today can be found on the Initiative Website.

Our final presenter today is Mr. Grover Norquist, the President of Americans for Tax Reform, who will speak on “What Tax Reform Should Look Like under the Next President.”

CONCLUSION BY ME

*As we conclude let us remember that America is, and must always remain, a land of opportunity for all, regardless of ethnicity, gender, color, or religion, a leader in the struggle for peace and justice, a beacon of hope to the world, and the home of the free. We must never forget that America’s true greatness lies, **not** in its wonderful “spacious skies . . . amber waves of grain . . . and purple mountain majesties,” but **in its national values and its unquenchable spirit.***

Thank you for coming.