

**Fwd: Fw: WSJ: Former President Clinton Retracts Default Comments**

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**From:** Cheryl Mills [redacted] B6

**To:** Hillary Clinton HDR22@clintonemail.com RELEASE IN PART  
B6

**Subject:** Fwd: Fw: WSJ: Former President Clinton Retracts Default Comments

Per your request

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From: Cheryl Mills  
Date: Thu, 26 May 2011 20:30:55 -0400  
Subject: Re: Fw: WSJ: Former President Clinton Retracts Default Comments  
To: Doug Band

yes

and then we should not do so again

On Thu, May 26, 2011 at 4:10 PM, Doug Band wrote:

>  
>  
> \*From\*: Matt McKenna [redacted]  
> \*Sent\*: Thursday, May 26, 2011 12:46 PM  
> \*To\*: Doug Band  
> \*Cc\*: Gene Sperling ; Jen Psaki <  
> [redacted]  
> \*Subject\*: WSJ: Former President Clinton Retracts Default Comments  
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>  
> Former President Clinton Retracts Default Comments  
> By LAURA MECKLERAnd DAMIAN  
> PALETTA

- >
- > WASHINGTON—Former President Bill Clinton retracted comments that the U.S. government could default on its debt for a few days without "calamitous" consequences, after being urged to do so by top White House officials, people familiar with the events said Thursday.
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- > After hearing Mr. Clinton's comments on Wednesday, White House Chief of Staff Bill Daley and Gene Sperling, director of the National Economic Council, spoke with aides to Mr. Clinton and advised that he clarify his thinking, two people said. The former president did so that afternoon.
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- > The White House officials suggested Mr. Clinton's comments could be used by congressional Republicans, who are resisting the Obama administration's push to raise the government's \$14.3 trillion borrowing limit. Some Republicans have been arguing that allowing the deadline to pass wouldn't be as catastrophic as the Obama administration has warned.
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- > Mr. Daley, who is traveling with President Barack Obama in Europe, heard about Mr. Clinton's remarks and called Doug Band, the former president's top aide. Mr. Daley suggested that Mr. Clinton may have walked into a bigger controversy than he intended, one person said. For months, the White House has been urging Congress to raise the legal borrowing limit so the government has enough money to pay all its bills.
- >
- > Mr. Sperling, who was at a conference on fiscal issues where Mr. Clinton spoke, helped draft Mr. Clinton's clarification. Mr. Sperling and Mr. Daley both worked for Mr. Clinton when he was president.
- >
- > The White House's effort at damage control came as it is negotiating with Republicans about ways to reduce the federal budget deficit, which they hope will win them broad support for raising the borrowing limit. Obama administration officials have argued that the debt ceiling must be raised before Aug. 2 or the government will default, which could rock financial markets and trigger another recession.
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- > Speaking at the Washington conference, sponsored by the Peter G. Peterson Foundation, Mr. Clinton said, "If we defaulted on the debt once for a few days, it might not be calamitous. But if people thought we were literally

> not going to pay our bills anymore, then they would stop buying our debt."  
>  
> That echoed GOP arguments that lawmakers can negotiate over an increase in  
> the government's borrowing limit until the last possible minute—and even  
> risk a default—without major consequences. Mr. Clinton's remarks strayed not  
> only from the Obama White House position, but also from his own  
> administration's view during a similar battle in the 1990s.  
>  
> In the statement, Mr. Clinton's spokesman, Matt McKenna, said the former  
> president "inadvertently misspoke" and "did not in any way mean to suggest  
> that a default would not be highly damaging for the economy even for a very  
> short period of time."  
>  
> "What he meant to say was that if a vote to extend the debt limit failed in  
> advance of a default, that might not be harmful for a couple of days, but  
> that if people thought that we might actually default, that in his words 'we  
> were literally not going to pay our bills anymore,' then they would stop  
> buying our debt."  
>  
> The U.S. government hit the debt ceiling last week, but the Treasury  
> Department has several tools to avoid a default until the beginning of  
> August.  
>  
> \*Write to \* Laura Meckler at [laura.meckler@wsj.com](mailto:laura.meckler@wsj.com) and Damian Paletta at  
> [damian.paletta@wsj.com](mailto:damian.paletta@wsj.com)  
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