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One Man's Debt Ceiling is Another Man's Floor
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The nation's elected leaders will soon begin their next round of debate over one of Washington's more irrational and, indeed, dangerous processes – enacting legislation to raise the limit on federal debt.

Let's be clear: a vote to raise the debt limit is not a vote to change fiscal policy. It's not a vote to address soaring deficits and debt, to make the changes in taxes and spending that would restore fiscal sanity.

It's merely a vote to pay the bills that have come due at home and abroad. It's akin to buying a yacht, throwing a bash on it for 200 people, and then, when the American Express bill arrives, voting to pay it.

But, of course, that's not the way the vast majority of lawmakers and candidates for Congress talk about the debt limit. They pretend that raising the debt limit is a vote in favor of more debt. (At least I hope they're pretending; I'd hate to think they don't understand the process and the risks involved.)

For political reasons, many lawmakers promise never to vote for a higher debt limit. The more lawmakers who do so, the harder it is for the Administration and (responsible) congressional leaders to find the needed votes.

Debt limit legislation really presents a stark choice for lawmakers: raise the debt limit, or let the nation default on its obligations for the first time in its history, sending global markets into chaos and sending our economy reeling, with potentially catastrophic long-term effects for both our economy and our standing in the world.

With so much at stake, debt limit legislation is “must-pass” legislation, so lawmakers usually try to attach all sorts of mischievous things to it, typically things related to the budget. Lawmakers who vote to raise the debt limit can then tell their constituents that, while they did so, they also voted to rein in spending or reduce future deficits.

Perhaps most famously, the original Gramm-Rudman law of 1985, which was supposed to force across-the-board spending cuts if lawmakers did not achieve annual deficit-reduction targets, was attached to debt limit legislation. By the way, Gramm-Rudman was a colossal failure because, when it threatened to cut spending deeply, lawmakers waived its requirements and revised the law.

The federal government is expected to reach its current \$14.3 trillion limit by early spring. Republican lawmakers, empowered by their strong showing in the mid-term elections, are

already vowing to withhold their votes for a necessary increase or to impose new statutory tax or spending restrictions to it.

We should expect a host of proposals to emerge in the weeks before the next debt limit debate. Will Republicans, undoubtedly joined by some Democrats who want to appear responsive to the “cut spending,” “cut government” themes of this election cycle, seek to resurrect a version of Gramm-Rudman? Will they seek to impose a two-thirds requirement before Congress can raise taxes? Will they seek to attach legislation to the debt limit that would repeal President Obama’s landmark health reform bill?

How much will Republicans dig in their heels and insist on such measures as the price of a debt limit increase? How much will Obama, seeking to regain his political standing, dig in his own heels against measures to undo his accomplishments or (in the case of a two-third requirement on tax hikes) to make the hurdles to future deficit reduction that much steeper? How much will each side be willing to play a game of chicken with the nation’s finances, with each assuming the other will blink?

Wouldn’t it be ironic if American greatness ended not because federal policymakers refused to address the problem of soaring deficits and debt head-on but, instead, simply refused to pay the bills that had come due?

This is all quite dangerous, of course. It’s also, frankly, idiotic. As the bills come due, the Treasury should pay them and the debt should rise naturally. Congress should not have to affirm that higher debt with a vote.

So, let’s scrap this unnecessary part of the budget process once and for all before it gets us into the kind of trouble that could prove catastrophic. That might be something for Obama and a still-Democratic Congress to do during its upcoming lame-duck session. The country would surely be better off for it.