

Cancel The Cable TV!

Bill Clinton said that if he were Obama he would ignore the debt ceiling, borrow the \$2.4 trillion he wants to spend, and challenge the Supreme Court to stop him. Clinton has been listening to the absurd argument of some Democrats, including Secretary of the Treasury Timothy Geithner, that the Fourteenth Amendment to the U.S. Constitution can be interpreted as giving Obama himself the power to borrow money for federal spending. Section 4 of the Amendment reads:

“The validity of the public debt of the United States, authorized by law, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned.”

But public debt must be *authorized by law*, and only Congress can pass laws. Obama can only sign laws passed by Congress; he cannot pass them on his own. Further, the Amendment merely states that existing debt must be honored; it does *not* state that presidents have the authority to issue *more* debt.

Some Democrats even go so far as to argue that the Amendment makes the debt limit itself unconstitutional because if the debt “shall not be questioned” it cannot possibly be restricted with a limit. Senator Charles Schumer (D-NY) tells reporters that the scheme is “certainly worth exploring. I think it needs a little more exploration and study.” Schumer, along with Geithner and Clinton, have apparently never read Article I, Section 7, Clause 1 of the U.S. Constitution, which states:

“All Bills for raising Revenue shall originate in the House of Representatives; but the Senate may propose or concur with Amendments as on other Bills.”

Nor have they read Article I, Section 8, Clauses 1 and 2, which state that it is Congress, not the President, which is granted the power “to pay the Debts” and Congress, not the President, that is granted the power “To borrow Money on the credit of the United States.”

Clinton also states, “The reason that raising the debt limit is so unpopular is that people think you’re voting to keep [increasing] deficit spending, instead of voting to honor obligations that were already incurred.” The public is correct and Clinton is wrong. By raising the debt limit the government avoids having to cut any existing programs, which in turn leads to greater deficits in the future and the need to again borrow more money. Raising the debt ceiling perpetuates and compounds the problem.

Clinton’s argument makes some sense on the surface—few Americans would argue that the government should not pay for what it has already purchased—but it falls apart on

further examination. It is correct that if a federal agency ordered new office furniture the government is certainly obligated to pay for it. But such outstanding obligations do *not* account for the \$2.4 trillion Obama demands. There is no “obligation” to continue *all* federal spending at current levels.

For example, that the Department of Energy currently has a certain number of employees does not mean that the taxpayers are obligated to *never* reduce that number. There is no obligation to even continue *having* a Department of Energy—or any other federal department. The government does *not* need to borrow another \$2.4 trillion to meet its obligations. If the politicians were courageous enough to immediately slash federal spending to the bone there would be no need to borrow any more money from China, banks, individuals, mutual funds, or retirement plans. (Those who argue there is no federal fat to trim should be asked why the Department of Agriculture needs more than 100,000 employees when there are fewer than one million farmers in the United States.) Obama, and many of the members of Congress, simply want another \$2.4 trillion because they do not want to spend any less money in 2012 than they did in 2010 or 2011. In fact, they want to spend even more. (Vote to fire some of those Department of Agriculture employees and they will not vote for you.)

Clinton is lying. The government does not need to borrow \$2.4 trillion to “honor obligations that were already incurred” because the mere existence of a federal agency or program does not justify its perpetual continuation.

To make the situation easier to understand, replace the federal government with a family. Assume the family has an outstanding \$100,000 mortgage, owes \$10,000 on a car loan, and owes \$20,000 on credit cards (its “national debt”), has income of \$4,000 per month (its “tax revenue”), and spends \$6,000 per month (its bloated “federal budget”). The family certainly has an obligation to pay its debt. But its debt is the \$130,000 in mortgage, auto loan, and credit card debt. Its debt is not *future* spending, some of which it can do without. If the mortgage payment and car payment together are \$1,500 per month and the family pays \$500 per month on its credit card bills, its monthly obligations are \$2,000. Bill Clinton is arguing that the family’s monthly obligations are \$6,000 and that because it earns only \$4,000 per month it is imperative that it be loaned more money. Clinton is suggesting that the family not be required or even asked to reduce its \$6,000-per-month spending. Apparently the family has some sort of “obligation” to continue that lifestyle.

Keeping that family’s situation in mind, the current political positions are as follows:

The Tea Party activists want the family to slash its expenses to no more than \$4,000 per month, borrow no more money, add no new charges to its credit cards, and live responsibly on its \$4,000-per-month income. With its \$4,000 in monthly income the family is expected to make its mortgage payment, car payment, and credit card payments on time. If those obligations cost \$1,500 per month, the family will have to learn to survive on the remaining \$2,500 per month. If the family has to dine out less, eliminate

cable television, get rid of cell phones, skip rock concerts and vacation cruises, so be it. (This is the position of Michele Bachmann and Ron Paul.)

The conservatives in the House of Representatives agree in principle with the Tea Party activists but realize that their demand is politically impossible to realize. They are willing to let the family continue to charge more on its credit cards, *provided* it agrees to immediately reduce its \$6,000 per month expenses by \$200 and establish a plan to eventually balance its budget. (This is the position of Paul Ryan, Eric Cantor, Joe Walsh, and many others in the House.)

The “establishment” Republicans in the House agree in principle with the conservatives, but do not want to anger the family’s children with a demand that they get rid of their cell phones and cable television—so they will go along with the Democrats. (This is the position of the House RINOs. In the Senate, this is the position of Mitch McConnell.)

The average Democrat wants to give the family another credit card so it can continue its spending, and also wants to force the mother’s and father’s employers to give them a raise—regardless of whether they deserve it—to help pay the bills. The average Democrat is willing to agree to ask the family to “try not to spend too much” in the future. (This is the position of House Democrats who are not in “safe” districts, and Senate Democrats who are up for reelection in 2012.)

The leftists want to give the family several new credit cards, and force the mother’s and father’s employers to give them huge and unjustifiable raises to help them pay their bills. They have no interest in asking the family to spend less. In fact, they want the family to spend even more in order to boost sales at the local mall. In an effort to appear responsible, the leftists call for the family to at least avoid far-in-the-future purchases of a few things they might not need—as long as those things are not manufactured by workers whose labor unions contribute to the Democrat National Committee. (This is the position of Obama, Nancy Pelosi, Debbie Wasserman Schultz, and the mainstream media—as represented by Paul Krugman in *The New York Times*.)

I suggest that mom and dad cut up the credit cards, cancel the cable television, and read a few books by Ludwig von Mises.

Don Fredrick
July 20, 2011