



Obama's Case for Raising Debt Limit Built on Lies

I don't care what kind of pressure he or she faces as a member of Congress; I don't care how many more lies the Obama administration and its henchmen tell; I don't care how spineless and weak-kneed the Republican leadership becomes. For the November 2012 elections, I propose the simplest test in U.S. history: If you vote to burden my children and my children's children with more debt, then I want you out of office. Period.



I've written before about all the bluff, bluster, and baloney that politicians and the press have been ladling out on this issue of raising the debt ceiling. There's been enough BS to fertilize every grain crop in the country. (And with the subsidies for ethanol, folks, that's a lot of fertilizer.)

The latest one to raise my ire came from our Obfuscator in Chief, Barack Obama. I've mentioned before how careless our President can be about getting his facts straight. Earlier this year, he told a whopper about a Supreme Court decision in his State of the Union address. And he did it with four of the justices sitting right in front of him. (Click [here](#) to read that one, in case you've forgotten the dirty details.)

The most recent one came as he was urging negotiators from the two parties to work out a compromise on the nation's debt. The spending champ got two facts wrong in a single sentence. Here's what he said: "Everybody acknowledged that we have to get this done before the hard deadline of August 2nd, to make sure America does not default for the first time on its obligations."

The last part of that statement is just flat-out wrong. It is not true that the United States has never defaulted on its debt. Actually, as anyone familiar with our financial history knows, the government has officially defaulted on its obligations at least twice. And it continues to do so today.

During the Civil War, the Union issued a flood of paper money to help pay its bills. The Treasury promised to convert these "greenbacks," as the currency was called, into gold at war's end. However (surprise, surprise), the government reneged on this promise. In fact, it passed something called the Legal Tender Act, requiring people to accept greenbacks at face value. It revoked a promise that holders could exchange them for gold-backed Treasury bonds.

The scheme worked so well that Franklin Roosevelt did even more 70 years later. FDR made the ownership of gold illegal in the U.S. in 1933. Citizens were ordered to surrender any gold coins they owned. At the same time, the promise on our currency that it was "in gold coin payable to the bearer on demand" was repudiated. Gold certificates could be exchanged solely for more paper. It was one of the biggest thefts from its citizens our government ever perpetrated ... until now.

Despite the worries of some of our more alarmed contemporaries, gold confiscation is unlikely to



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happen again in this country. For one reason, the government doesn't need to seize our gold to create a mountain of new money. Since there is not a single gram of gold backing any of our currency, there is simply no limit on the amount of fiat currency the Federal Reserve can create.

The process isn't new. Famed British economist (and big-government enthusiast) John Maynard Keynes understood it very well when he wrote, "By a continuing process of inflation, government can confiscate, secretly and unobserved, an important part of the wealth of their citizens."

If the government promises you a dollar, it should pay you a dollar, right? But under the tax-and-tax, spend-and-spend policies of the past 50 years, the "dollar" Uncle Sam pays you isn't worth 100 cents. Its purchasing power has fallen so far since FDR's day that it takes 10 or 20 "dollars" to purchase what a dollar used to buy.

This steady and deliberate inflation of our currency is the most deceptive, most deadly and most despicable form of devaluation.

So don't tell me the U.S. has never and will never default on our debt, Mr. President. It's simply not true.

Now, what about our Spender in Chief's insistence that if we don't raise the debt ceiling, we won't be able to pay our bills?

Turns out this one is just as false as the first part of Obama's statement.

Keep in mind that even without new borrowing, money continues to pour into the U.S. Treasury every day. If the debt ceiling isn't raised, do you expect that no more money will be withheld from your paycheck? Of course not.

Not a single business will stop paying its taxes, either. Tariffs will still be collected. And billions of dollars will continue to arrive in Washington every week.

Will it be enough to pay the interest on our national debt? Ladies and gentlemen, it will be far more than enough. Here are the hard facts that Barack Obama hopes you will never learn.

Yes, interest payments on our debt cost a bundle. According to the *Wall Street Journal*, the U.S. currently spends \$200 billion per year just to pay interest on its debt. But the interest payments represent only a small percentage of all federal expenditures. Uncle Sam receives several times that amount in tax revenue.

Senator Pat Toomey (R-Pa.) has stated emphatically: "If Congress refuses to raise the debt ceiling, the federal government will still have far more than enough money to fully service our debt." So he's proposed a new law that would require the Treasury to make interest payments on our debt its first priority.

Voilà! With one simple piece of legislation, the problem is solved. So let us hear no more about the United States not paying its debts.

As I said above, the single most important decision Congress will make this year is whether to raise the debt ceiling. I hope you will insist that your Congressman toes the line here. If the House won't give in, we will win this battle. And you'd better believe all the big-spenders in Washington know this.

That's why they're getting so frantic.

I'll have a lot more to say in the coming weeks about other aspects of this issue — such as how we can



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get our obese government to live within its means. (For a hint, go to www.downsizinggovernment.org, where you'll find an item-by-item explanation of how we can reduce spending by \$1.375 trillion.)

It's up to us to make sure our representatives don't give in on this one. Don't let them give in an inch.

Until next time, keep some powder dry.

***Chip Wood** was the first news editor of The Review of the News and also wrote for American Opinion, our two predecessor publications. He is now the geopolitical editor of Personal Liberty Digest, where his Straight Talk column appears weekly. This article first appeared in PersonalLiberty.com and has been reprinted with permission.*



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