



Written by [Bob Adelman](#) on December 6, 2012

Eliminate the Debt Ceiling Altogether, Says Senior Fellow at Brookings

Isabel Sawhill, (pictured) senior fellow at The Brookings Institution, [wrote on Tuesday](#) that “the fiscal cliff ... is not the most worrisome economic issue facing the country. The real cliff is the debt ceiling, and if we go off that cliff, it will be catastrophic.”

At \$16.4 trillion, the current debt ceiling is likely to be hit before the end of the year, but with “extraordinary measures,” the Treasury can put off the day when it will no longer be able to pay the government’s bills until the end of February. That will give the Congress plenty of time to consider getting rid of the regular debt ceiling charade altogether.



Said Sawhill,

Those who believe that a refusal to raise the debt ceiling will somehow put limits on spending and shrink the size of government are confusing the need to pay obligations already incurred by Congress with the need to rein in future expenses. Spending restraint is needed and along with new revenues is the right way to fix rising levels of debt. The debt ceiling itself is an anachronism.

This is precisely the point made from the other side of the political spectrum. [Peter Schiff](#), author of numerous books about the current economic crisis and the head of a precious metals company, [recommended](#) doing away with the debt ceiling “drama” altogether by giving in to the suggestion that the president be given the power to raise the debt ceiling whenever it is necessary. Wrote Schiff:

Most Republicans have dismissed the proposal as a blatant executive power grab that will significantly weaken both the Congress and the minority party.

While this is certainly true, Congress will only lose a power that it has never shown the slightest courage to actually use.

But in truth, the proposal has the merit of refreshing honesty. By telling U.S. taxpayers, and the world in general, that the U.S. government has no intention of ever balancing its budget or limiting its accumulation of unsustainable debt, then perhaps we can begin to have an honest discussion about our economic future.

He reiterates Sawhill’s contention that the debt ceiling has little to do with reining in government spending but instead merely allows the Treasury to pay the bills the Congress has already authorized. The debates have instead become merely a sham and a fraud, [kabuki theater](#), that provides entertainment only, “[full of sound and fury, signifying nothing.](#)”

Simply put, Schiff says, “If Congress wants to control the debt, let them do so. If they don’t care, just continue on the current path. Dropping the pretense is at least more honest.”



Written by [Bob Adelman](#) on December 6, 2012

On Tuesday, White House Press Secretary Jay Carney [was asked at a press briefing](#) about the debt ceiling. He responded similarly:

It's certainly not good government ... to even hint at the possibility of holding the American economy hostage again to the ideological whims of one wing of one party in Congress. That's unacceptable. Congress has its responsibility: payment of bills that the United States incurs because Congress passes bills that incur those debts.

What Sawhill, Carney, and Schiff are doing is confirming what Treasury Secretary Timothy Geithner [said back in November](#), that the United States should get rid of the debt ceiling as soon as possible: "It would have been time a long time ago to eliminate it. The sooner the better."

Joe Weisenthal, in what many perceived to be a tongue-in-cheek article at *Business Insider* [supporting the notion](#), said:

This almost completely prevents a debt ceiling crisis ever again, while keeping the ceremonial aspect that people like. There would still be votes, but they'll mainly serve as a way to let politicians play politics, without putting anything at risk.

One of the last times Congress tried to throw its weight around on the debt ceiling issue was in 1995 when the House refused to raise the limit, forcing the government to stop spending money on non-essentials on November 14. [As Gary North explained](#):

That stand-off lasted five days. The House then passed another [continuing resolution], but the next vote was scheduled for early January. The crisis was merely deferred.

In January, 1996, the final showdown could no longer be postponed. The House refused to increase the debt ceiling or pass a new CR. The government officially had to stop all spending over the debt ceiling. Certain checks stopped being printed. Clinton's popularity rose. The stand-off lasted only a few days. Clinton did not capitulate. The House Republicans did.

It was over. The debt ceiling was raised.

Echoes from that confrontation [reverberated in August 2011](#) when a new congress tried to leverage its influence to force the White House to cut spending in exchange for raising the debt ceiling. The result was a decision to put off the hard work until December 2012 by setting up the current "fiscal cliff."

The political damage done at the time to various reputations was considerable. Here, from Wikipedia, is a cogent summary:

The aftermath of the debt-ceiling crisis caused the Tea Party, which was seeing its support somewhat wane prior to the crisis to lose support among many Americans as many House Republican supporters of the movement opposed raising the debt ceiling under any circumstances.

In a poll taken shortly after the deal was signed by the President, 40 percent of Americans held an unfavorable view of the [Tea Party] movement, with only 20 percent supporting it.

Republicans were viewed as holding most of the responsibility for the dispute.... The aftermath of the crisis caused the approval ratings of both the Speaker of the House John Boehner and Senate Minority Leader Mitch McConnell to drop respectively from 43 percent in July to 33 percent in August and from 27 percent to 21 percent in the same time span.

The Republican Party, [which] controlled the House, saw its approval ratings drop from 41 percent in July to 33 percent in August.



Written by [Bob Adelman](#) on December 6, 2012

Prior to that confrontation in 2011, Rep. Ron Paul (R-Texas) [predicted the outcome](#):

It is predictable that Congress will once again merely delay the inevitable and raise the debt ceiling, after the usual rhetoric about controlling spending, making cuts, and yes, raising taxes.

If the new Republican majority in the House of Representatives gives in to establishment pressure by voting to increase the debt ceiling once again, you will know that the status quo has prevailed. You will know that the simple notion of balancing the budget, by limiting federal spending to federal revenue, remains a shallow and laughable campaign platitude.

If the debt ceiling legislation enacted back in 1917 to keep government spending in check is repealed, the president is hopeful that it will send a message of comfort to its lenders that they needn't worry about a default. Such a hope may however explode in the president's face as it will reveal, once and for all, the inability of the government of the United States to maintain any sort of control over or limitation on its spending.

As Schiff noted: "Such a development may [instead] be the shock therapy our creditors need to finally cut us off for good."

That will be the true day of reckoning, when the ritual kabuki theater ends and reality sets in.

Photo of Isabel Sawhill

A graduate of Cornell University and a former investment advisor, Bob is a regular contributor to The New American and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics. He can be reached at badelman@thenewamerican.com.



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.