Written by [Bob Adelmann](#) on July 15, 2019

Pressure Building on Congress to Raise Debt Limit Before Summer Recess

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It was inevitable. A blind man could see it coming. With the federal government increasingly outspending its income, it was just a matter of time before the Treasury Department bumped up against the debt ceiling.

It happened on March 2. Secretary Treasury Steven Mnuchin immediately engaged "extraordinary measures" to keep the bills of Congress paid, and on May 23, he wrote the first of two warning letters to Speaker of the House Nancy Pelosi: "By reason of the statutory debt limit I will … be unable to fully invest the portion of the Civil Service Retirement and Disability Fund (CSRDF) not immediately required to pay beneficiaries….The Treasury Department will also continue to suspend additional investments for … the Postal Service Retiree Health Benefits Fund (PSRHBF)."

He added: "Treasury is not able to provide a specific estimate of how long these extraordinary measures will last. However, we believe there is a risk that the extraordinary measures could be exhausted by late summer."

The government continued to outspend its income and the moment of truth moved closer. Mnuchin wrote another letter to Pelosi on Friday — a much shorter one this time: "Based on updated projections, there is a scenario in which we run out of cash in early September, before Congress reconvenes…. I request that Congress increase the debt ceiling before Congress leaves for summer recess."

The debt ceiling is a political fiction. The September date when the Treasury runs out of money is not real. The debt ceiling doesn't limit how much money Mnuchin's Treasury Department can borrow. It only restrains the Treasury from issuing new government bonds. It has nothing to do with restraining congressional spending. History records that the moment has never arrived when the Treasury stopped paying Congress' bills.

There have been some close calls. But Congress, ever vigilant but nearly always late, came to the rescue. At the last minute, it would pass a "continuing resolution" (CR) to keep the wheels turning, or it would raise the debt ceiling, as it has done regularly for decades.

This time is no different. There will be much wringing of hands and gnashing of teeth. There will be cries from fiscal conservatives (unfortunately, a tiny minority) that the national debt will soon crush the nation into financial oblivion. There will be demands from Democrats that social spending be increased by the same amount that Republicans increase the military's budget. There will be cries from Republicans that the Democrats are holding the government hostage by making such demands.

On Monday a week ago, the Bipartisan Policy Center (BPC) entered the debate by announcing that its previous estimate that the debt ceiling wouldn't be hit until late October or early November was wrong. Congress was counting on ignoring the issue until that later date. But now the BPC has predicted that Treasury will hit its debt ceiling much sooner, perhaps during the summer recess of Congress (from July 26 through September 9).

Congress has a lot on its plate and House Speaker Pelosi is more than likely to put things off until the last possible moment. After all, quarterly corporate and individual estimated tax payments are due no later than September 15, and with any luck at all, Mnuchin will be able to stretch paying some of the government's bills until then, buying more time for Congress to attend to other matters before the crisis hits.

When it hits, there will be a flurry of activity, accusations, noisy pontifications from politicians, and then a backroom deal either to issue another continuing resolution or raise the debt ceiling once again. It's likely to be buried in a budget package, which is why Congress wants to put this off until the last possible moment.

The media are already preparing citizens for the inevitable. *The Hill* warned on Wednesday that "Senators are growing anxious that they might have to vote to raise the nation's debt ceiling in a matter of weeks…. [They] had hoped they would be able to avoid the politically painful vote to raise the debt ceiling until the fall and that it could be packaged with other legislation."

The next day *The Hill* used the dreaded "D" word, warning that "if Congress and the White House cannot reach a deal to raise the debt ceiling by the end of the month [July], the government may have mere days to prevent a catastrophic default."

On Friday the *Wall Street Journal* joined in the chorus, also using the "D" word: "If the government can't borrow more money, the U.S. could be unable to meet all of its obligations…. Such a default could have severe financial and economic consequences."

The *New York Times* invoked the "B" word on Friday, warning that the "Government Could *Breach* Debt Ceiling" as soon as September, and then quoting from Mnuchin's second letter to Pelosi.

It's all Kabuki Theater — a form of classical theater in Japan known for its elaborate costumes and used in political discourse to describe an event characterized more by showmanship than by content. Congress has already authorized the spending. The Treasury has to pay Congress' bills. Congress will wait for the last possible moment before lifting the ceiling once again, allowing it to continue its spending spree.

Back in May Mnuchin expressed his confidence that Congress will do so: "From my meetings with [congressional] senior leadership, everyone understands the issue."

Indeed they do.

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