



Written by [Michael Tennant](#) on May 24, 2011

Ron Paul's Straight Talk on the National Debt Ceiling

Congressman and 2012 presidential candidate Ron Paul (R-Texas) is having none of it. In his [May 23 Texas Straight Talk](#) Paul argued that “in spite of how cataclysmic some might say it would be if we did not pass a new debt ceiling, it is hardly the catastrophe that has been advertised.” Or, as one reader commented, “I take Tim Geithner’s predictions about as seriously as I do [Harold Camping’s](#).”



Paul, in fact, thinks things will be far worse — in the long run, if not much sooner — if Congress gives in to Geithner’s demands. Raising the debt ceiling, he argues, will tell the world: “Business as usual will continue in Washington; no real spending cuts will be made; and fiscal austerity will remain a pipe dream.” Under these circumstances creditors will be far less likely to loan Washington money at favorable terms than they are now, exacerbating the debt problem. Eventually these creditors will “finally wise up and cut us off,” Paul maintains, at which time “we will be forced to face economic realities whether we want to or not.”

Paul maintains it would be better “to deal with the tough choices we face now, on our own terms, rather than wait until we are at the mercy of foreign creditors.” His recommended plan of attack: Don’t raise the debt ceiling; slash spending.

As other legislators such as [Sen. Pat Toomey \(R-Pa.\) have pointed out](#), the federal government will take in far more revenue than is necessary to avoid defaulting on its debt — the biggest bugaboo that Geithner has suggested will menace us if the debt ceiling isn’t increased. Paul calculates that after paying interest on the debt the government will still have at least \$1.5 trillion left to spend in fiscal year 2011, which, he remarks, “is *plenty* to fund the constitutional functions of government. After all, the entire federal budget in 1990 was about \$1 trillion. Does anyone seriously believe the federal government was too small or too frugal just 20 years ago?” (Emphasis in original.)

The federal government’s constitutional powers being “few and defined,” as James Madison argued in [Federalist No. 45](#), \$1.5 trillion is certainly far more than necessary to fund its allowable activities. Does that mean cherished entitlement programs will have to be cut drastically? Yes. Does it mean the United States will have to stop trying to police the world and adopt a much less interventionist foreign policy? Definitely. But, as Paul stated, either these cuts take place now “on our own terms” or they will take



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place later on foreign creditors' terms. There simply is no escaping economic reality. (Those who think otherwise are invited to take a gander at [USDebtClock.org](#), but be forewarned: It is not for the faint of heart.)

Paul predicts that instead of taking his advice, "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." That is certainly what seems likely to occur. Thus far Congress and the Obama administration have been unable to come to terms on any significant cuts. The commission headed by Vice President Joe Biden has only come up with [\\$150 billion](#) that everyone is willing to cut. The Senate's "Gang of Six" — now a gang of five after the departure of Sen. Tom Coburn (R-Okla.) — appears to be headed toward a "bipartisan plan [that] will raise Americans['] taxes massively over the next few years and do nothing to solve the very real crisis of Social Security and Medicare," in [the words of RedState.com's Erick Erickson](#). Whether the politicians end up agreeing on spending cuts, tax increases, or some combination thereof, all the negotiations have the same objective: finding a way to sell a debt ceiling hike to the American people, not finding a way to avoid raising it. Even Rep. Paul Ryan's (R-Wis.) allegedly bold budget proposal envisions deficits — and, hence, [increases in the debt ceiling](#) — for the next decade.

The fight over the debt ceiling will be a true test of fiscal responsibility. Refusing to raise it will indicate that Congress has finally become serious about tackling the problem of runaway spending. On the other hand, says Ron Paul, "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."



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