



Written by [Michael Tennant](#) on September 21, 2013

Obama's Debt-ceiling Disinformation

Trying to gain the upper hand in a debt-limit showdown with Congress, President Barack Obama told a group of corporate CEOs that “raising the debt ceiling ... does not increase our debt.” He also castigated congressional Republicans for trying to “extort a president” into defunding ObamaCare, claiming that such an effort has “never [been] seen in the history of the United States.”



In a September 18 [speech](#) to the Business Roundtable, Obama said:

Now, this debt ceiling — I just want to remind people in case you haven't been keeping up — raising the debt ceiling, which has been done over a hundred times, does not increase our debt; it does not somehow promote profligacy. All it does is it says you got to pay the bills that you've already racked up, Congress. It's a basic function of making sure that the full faith and credit of the United States is preserved.

That a president seeking to plunge the nation further into debt would make such statements is to be expected. The remarkable thing is that the room [did not erupt in guffaws](#) in response. After all, the whole point of raising the debt ceiling is to permit the federal government to borrow more money, i.e., to take on more debt. And by making it possible for the government to spend even more money that it does not have, raising the debt ceiling most certainly “promote[s] profligacy.” If it did not, spendthrift politicians such as Obama wouldn't constantly be stumping for higher and higher debt limits.

In fact, Obama's aside about how often the debt limit has been increased actually puts the lie to his assertion that doing so does not invite more red ink. As [Investor's Business Daily](#) observed, “Suffice it to say that if the debt ceiling has been raised ‘over a hundred times’ and each time the debt went higher, one would have to conclude there's a very high — indeed, perfect — correlation between a higher debt ceiling and higher debt.”

Obama and [his defenders](#) claim that increasing the debt ceiling does not increase the debt because, as Obama's Treasury Department argued in a 2011 [paper](#), “the debt limit does not authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congresses and presidents of both parties have made in the past.”

In other words, because past politicians have foolishly committed the government to spending far beyond its means, the government must now live up to those commitments, and the only way to do so is to borrow more money. That debt, of course, will have to be paid off by future taxpayers, along with the debt that has already been incurred. And when the time comes to pay it off and there aren't sufficient revenues to do so, the politicians will once again do the “responsible” thing and hike the debt ceiling. Then the cycle will repeat itself, *ad infinitum*, until finally the whole house of cards comes crashing down *à la* Greece.

Obama once seemed to understand this. Just seven years ago, as the junior senator from Illinois, he voted against increasing the debt limit, [saying](#):



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The fact that we are here today to debate raising America's debt limit is a sign of leadership failure. It is a sign that the U.S. government can't pay its own bills. It is a sign that we now depend on ongoing financial assistance from foreign countries to finance our government's reckless fiscal policies.... Increasing America's debt weakens us domestically and internationally. Leadership means that "the buck stops here." Instead, Washington is shifting the burden of bad choices today onto the backs of our children and grandchildren. America has a debt problem and a failure of leadership. Americans deserve better.

Maybe they do, and maybe they don't. They did, after all, elect Obama president — twice! — and now they are getting the same old "leadership failure" as before, along with the same old demagoguery to justify it.

Unlike President Obama, a real leader would acknowledge that the government has indeed committed itself to spending far more than it takes in and that the solution does not lie in drowning the country in red ink. The only way to break the vicious debt cycle is to stop spending beyond Washington's means. That means slashing spending — that is, actually reducing outlays year-over-year, not merely slowing the rate of growth — and using annual revenues, not new debt, to pay off the existing debt. The federal government already takes in many times over what is needed to service the existing debt; default, therefore, is not an automatic result of a failure to hike the debt limit as long as the budget is balanced. The fact that Treasury has managed to keep the national debt at [exactly the same figure for the past four months](#) shows that the government will do what is necessary to avoid default even if the debt ceiling isn't increased.

In his Business Roundtable speech, Obama also spoke harshly of Republicans who want to tie any increase in the debt ceiling to the defunding of ObamaCare.

"You have never seen in the history of the United States the debt ceiling or the threat of not raising the debt ceiling being used to extort a president or a governing party, and trying to force issues that have nothing to do with the budget and have nothing to do with the debt," he said.

This, noted the *Washington Post's* [Glenn Kessler](#), is simply untrue. "Time and again, lawmakers have used the 'must-pass' nature of the debt limit to force changes in unrelated laws," Kessler wrote, offering examples of such efforts dating back to 1973, among them "25 nongermane amendments that were attached to debt-limit bills between 1978 and 1987, including allowing voluntary school prayer, banning busing to achieve integration and proposing a nuclear freeze." Congress even overrode President Jimmy Carter's veto of a 1980 debt-ceiling bill that included an amendment repealing an oil import fee that was "a central part of ... Carter's energy policy," according to Kessler.

Obama's speech, it appears, had more whoppers than Burger King, prompting *Investor's Business Daily* to inquire:

So why is Obama saying things that are patently false? With a showdown looming later this month over raising the debt ceiling, he hopes to shut down the government and blame the GOP for it. That would weaken the GOP before next year's elections, while letting Obama continue his spending spree — a win-win.

It might be a "win-win" for Obama and his fellow big spenders in Washington, but it would be a "lose-lose" for taxpayers, both now and in the future. Not only should Republicans insist on defunding ObamaCare, but they should also refuse to endorse any increase in the debt ceiling. Then they should force the necessary budget cuts to bring outlays, including debt service, in line with revenue.



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If they're not sure where to start slashing, may I suggest they repeat the exercise of [reading the Constitution aloud on the floor of the House of Representatives](#)? And this time, pay attention.

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