



Rep. Boehner Issues Debt Ceiling Ultimatum to Democrats

The showdown in Congress over the debt ceiling appears to have begun as the House's top Republican, Speaker John Boehner (left), issued an ultimatum to congressional Democrats on Monday that Republicans will not vote for an increase in the debt ceiling unless it is accompanied by trillions of dollars in spending cuts. According to Boehner, any approved increase to the debt ceiling should be in conjunction with spending cuts that are greater than the amount of the permitted increase in the debt. He explained:



Were not talking about billions here. We should be talking about cuts in trillions. These should be actual cuts, real reforms to these programs, and not broad deficit targets that punt the tough questions to the future.

The Blaze reports:

The Ohio Republican made the comments in a speech Monday night to the New York Economic Club. Boehner's comments come as investors and business groups have been seeking assurances that the GOP-controlled House will join with President Barack Obama and the Democratic-led Senate to enact the must-pass debt limit measure, which is needed to prevent a market-roiling, first-ever U.S. default on its obligations.

In their vigorous push for votes, Democrats, as well as Treasury Secretary Timothy Geithner, have employed fear tactics by ominous predictions that failure to raise the debt ceiling will have disastrous effects on the economy. For instance, Sen. Chuck Schumer (D-N.Y.) told reporters on Monday, A default would be even more catastrophic than a shutdown. The consequences are much more far-reaching and disastrous for the economy.

Likewise, Roger Altman, a former top Treasury Department official under President Bill Clinton, warned, If America were to default, even for 24 hours, that would have an unprecedented and a catastrophic impact on global financial markets and on American markets.

Even Republicans contend that such a move would have dire consequences. Boehner contended on Monday, Its true that allowing America to default would be irresponsible. But it would be more irresponsible to raise the debt limit without simultaneously taking dramatic steps to reduce spending and to reform the budget process.

Not everyone, however, is convinced that raising the [debt ceiling](#) is a better option. Rep. Ron Paul (R-Texas) has stated:

I wouldnt raise the debt ceiling. I never vote for the spending, so Id hardly want to accommodate the big spenders. We should, you know, live within our means. And youd be forced to do it that way.

Conservative pundit Glenn Beck has made similar assertions. In January, he declared on his Fox News



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program:

Maybe saying no to more debt would send the message to everyone that there is no more money. Maybe, more importantly, like an individual that loses his job or has to declare bankruptcy, it would force a national conversation about our real priorities and how they should be funded.

During Becks live performance in Albany, New York, he joked about threats that failure to raise the debt ceiling would force a shutdown of the federal government. Feigning fear, he agonized, Oh no! Not that!

The date that the United States is expected to reach the debt ceiling remains unclear. Secretary Geithner originally indicated that it would be May 16, then changed it to July 8, and recently upped it again. In a recent letter to Congress, he observed:

Largely as a result of stronger than expected tax receipts, we now estimate that these extraordinary measures would allow the Treasury to extend borrowing authority until about August 2, 2011, approximately three weeks later than was forecast last month. This is a projection and is subject to change based on government receipts and other factors during the next three months.

However, even as the date has changed, *The Atlantic* [notes](#) that its all just smoke and mirrors:

Just to be clear, the U.S. is still scheduled to hit the debt limit on May 16th. By now, it's pretty clear that we won't have an agreement by then. But at that time, Geithner intends to take "extraordinary measures" that will give Congress a little extra time to get its act together and raise the debt ceiling. Geithner says that higher-than-expected tax receipts will provide an extra three weeks for those extraordinary measures.

Also unclear is how much of an increase to the debt ceiling is being considered. This year, the federal government is on its way to a \$1.6 trillion deficit, amounting to the borrowing of \$125 billion a month. If congressional Democrats agreed to Boehners ultimatum, and reduced spending by the same amount that is being added to the debt ceiling, cuts would be required in major benefit programs such as Medicare and Medicaid.

What is absolutely certain is that the debate on the debt ceiling will prove contentious. Eighty-seven freshmen Republicans arrived in the U.S. House last year, many of whom received Tea Party backing, and they are expected to remain steadfast in their opposition.

According to *The Blaze*, Republicans are considering a hard cap on government spending that would be backed up with across-the board spending cuts if the targets aren't met a proposal adamantly opposed by the Obama administration, which prefers a system of automatic revenue increases.

Boehner asserts that the White House proposal is not an option, declaring, Tax hikes should be off the table.

Attempting to garner greater support, Boehner emphasized the importance of making significant cuts to valuable programs such as Medicare and Medicaid, contending that a failure to do so now would force even more painful changes in the future. If we don't act boldly now, the markets will act for us very soon, he stressed. We cannot let this moment pass.

Kent Conrad (D-N.D.), Chairman of the Senate Budget Committee, has proposed the possibility of a short-term increase to the debt limit that would allow more time for lawmakers to reach an agreement. Boehner has not yet indicated whether Republicans would consider such a measure.



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While Democrats have openly admitted that an increase to the debt ceiling should necessitate spending cuts, it seems unlikely that they will agree to the number of cuts Republicans are proposing. Vice President Joe Biden is expected to host a second meeting with lawmakers focused on compiling bipartisan recommendations on deficit reduction.



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