



[Home](#) [About us](#) [Authors](#) [Britannica.com](#)

Dysfunction, Default, and the Debt Ceiling Crisis

David Boaz - August 1, 2011

The establishment media have been waving around the word “default” like a [bloody shirt](#), trying desperately to pressure the [Tea Party](#) Republicans to give in and raise the debt ceiling already. Both the *New York Times* and the *Washington Post* on Sunday had “default” in the first sentence on the front page. Saturday’s *Post* featured “default” in the first line on its homepage, in the first sentence on page 1, in the first economy/business story, and on page 1 of the Real Estate section. Friday’s *CBS Evening News* began, “Tonight, we are almost out of time. That was President Obama’s warning as Congress groped for a way to avoid a government default.”

But there will be no default.

As I wrote this column, it seemed entirely possible that Congress and the president would fail to raise the U.S. debt ceiling by the quasi-deadline of Tuesday, August 2. If in fact they don’t pass a bill by then—or by August 9 or so, when the real crunch might come—then the federal government would be forbidden to borrow any more money beyond the legal limit of \$14.3 trillion. But it would still have enough money to pay its creditors as bonds come due. The government [expects](#) to take in about \$172 billion in August, but it wants to spend \$307 billion. You see the problem. If it can’t borrow another \$135 billion—to cover its bills for one month—then it will have to make cuts somewhere. The *New York Times* [reports](#), “The Bipartisan Policy Center analysis notes that if the government were to choose to pay the interest on its debt, Social Security benefits, Medicaid and Medicare payments, defense contractors and unemployment benefits, it could not have enough left to pay the salaries of federal workers and members of the military, Pell grants for college, highway construction or tax refunds, among other things. “ But it will not default on the debt, as the *Washington Post* [notes](#):

The Treasury has already decided to save enough cash to cover \$29 billion in interest to bondholders, a bill that comes due Aug. 15, according to people familiar with the matter.

Which makes it unfortunate that the online headline for that article is “Treasury making hard choices in case of default.” True, “Treasury making hard choices in case of failure to raise debt ceiling” would take up more space, but it would be more accurate.

I talked to a journalist on Thursday who was very concerned about the “dysfunction” in Washington. So am I. But I told her that the real problem is not the dysfunctional *process* that’s getting all the headlines, but the dysfunctional *substance* of governance. Congress and the president will work out the debt ceiling issue, if not by Tuesday, then by next Tuesday. The real dysfunction is a federal budget that has doubled in 10 years, an annual deficit of some \$1.5 trillion, and a national debt bursting through its statutory limit of \$14.3 trillion and [approaching](#) 70 percent of GDP.

We’ve become so used to these unfathomable levels of deficits and debt—and to the once-rare concept of trillions of dollars—that we forget how new all this debt is. In 1981, after 190 years of federal spending, the national debt was “only” \$1 trillion. Now, just 30 years later, it’s headed for \$15 trillion by the end of the year. So here’s a [graphic representation](#) of dysfunction:

[Subscribe](#)

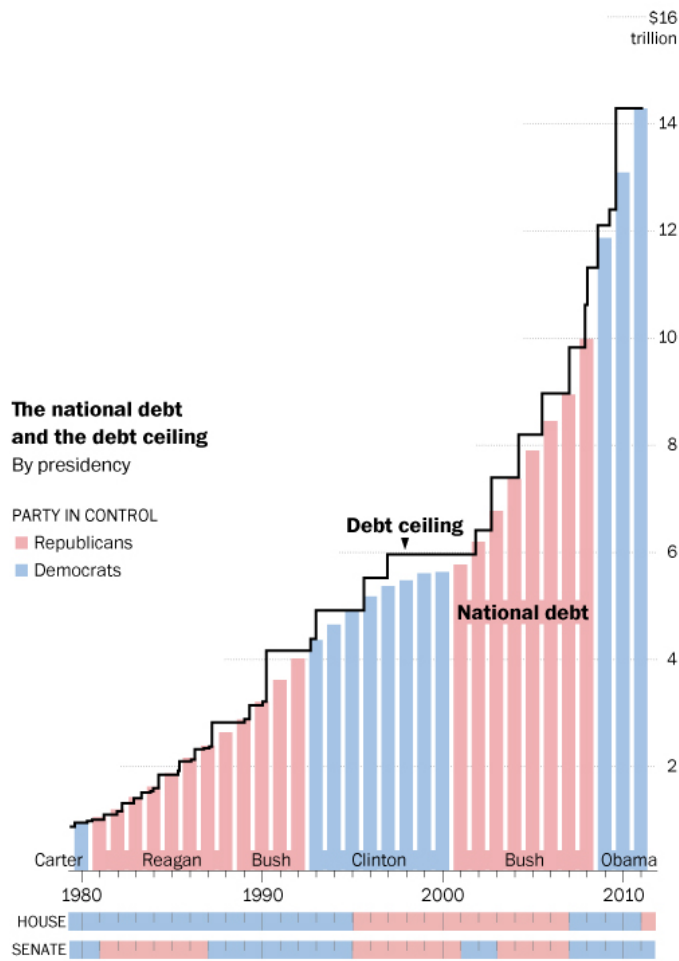
Recent Posts

Imma Let You Finish: 10 Classic Moments in MTV History by Michael Ray
 Dysfunction, Default, and the Debt Ceiling Crisis by David Boaz
 London Bridge: From Britain to Arizona, a Span of Anniversaries by Gregory McNamee
 The L'Aquila Earthquake's Underwater Damage (Photo of the Day) by Michele Davino
 Phone Hacking and the Media: How One Tragic Case Broke the Murdoch Empire by Eoghan Hughes

Categories

5 Questions
 Arts & Entertainment
 Britannica Top 10s
 History & Society
 Picture of the Day
 Science & Technology
 Science Up Front
 Special Features
 Travel & Geography

Search



Those are the kind of numbers that caused the Tea Party movement and the Republican victories of 2010. And many Tea Partiers this week have been reminding their representatives that they were sent to Washington to fix this problem. That's why, for once, there's a real argument over raising the debt ceiling. It's going to get raised, but many of the Republican freshmen are determined to set a new course for federal spending in the same bill that authorizes another \$2.4 trillion or so of borrowing.

And where did all this debt come from? As the Tea Partiers know, it came from the [rapid increase in federal spending](#) over the past decade:

Today's age complained

Join the conversation

What is Britannica Blog?

Britannica Blog is a place for smart, lively conversations about a broad range of topics. Art, science, history, current events – it's all grist for the mill. We've given our writers encouragement and a lot of freedom, so the opinions here are theirs, not the company's. Please jump in and add your own thoughts.

Britannica Blog
Where Ideas Matter

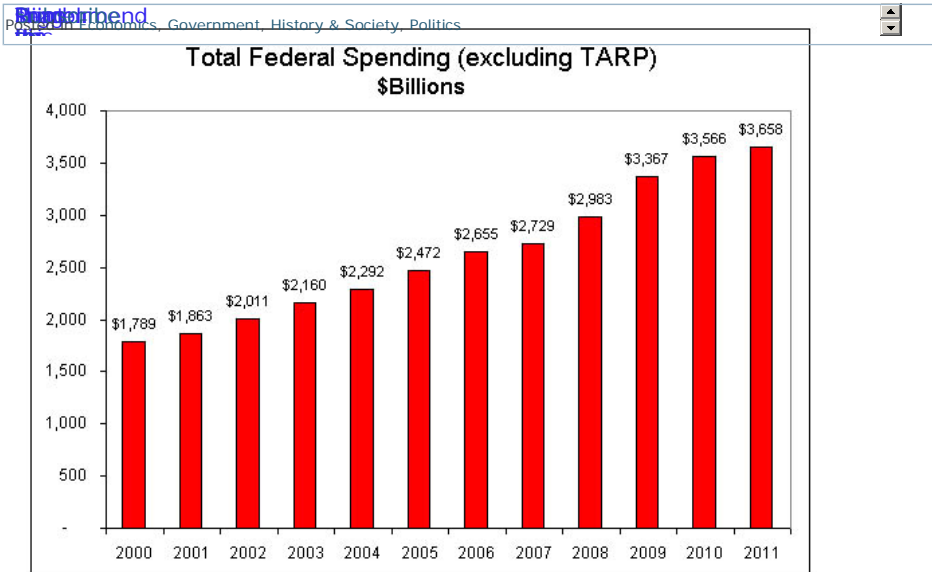
Recent Posts

Imma Let You Finish: 10 Classic Moments in MTV History

The original MTV veejays. Credit: Neal Preston/Corbis

The Buggles ushered in a new era in pop culture history 30 years ago today, when the music video for their song "Video Killed the Radio Star" signaled the birth of...

Get Widget



Annual federal spending rose by a trillion dollars when Republicans controlled the government from 2001 to 2007. It has risen another trillion during the Bush-Obama response to the financial crisis. So spending every year is now *twice* what it was when Bill Clinton left office 10 years ago, and the national debt is almost *three times* as high. Republicans and Democrats alike should be able to find wasteful, extravagant, and unnecessary programs to cut back or eliminate. And yet many voters, especially Tea Partiers, know that both parties have been responsible. Most Republicans, including today's House leaders, voted for the No Child Left Behind Act, the Iraq war, the prescription drug entitlement, and the TARP bailout during the Bush years. That's why fiscal conservatives are looking very closely at the bills being proposed, most of which promise to cut spending some day—not this year, not next year, but swear to God some time in the next ten years. As the White Queen said to Alice, "Jam to-morrow and jam yesterday—but never jam to-day." Cuts tomorrow and cuts in the out-years—but never cuts today.

If the "dysfunctional" fight that has sent the establishment into hysterics finally results in some constraint on out-of-control spending, then it will have been well worth all the hand-wringing headlines. The problem is not a temporary mess on Capitol Hill and not a mythical default, it's spending, deficits, and debt.

[Bookmark](#)



[Share](#)



[Tweet](#)



[Tell](#)



Leave a reply

8 comments

Feedback: blogs@eb.com

© 2006-2011 Encyclopædia Britannica, Inc.

[Britannica.com](#) | [Privacy Policy](#) | [Terms of Use/Legal Notices](#) | [Blog Archive](#) | [Contact Us](#)

