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The Debt-Limit Fight And Rescuing America From Greek-Style Fiscal Collapse

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Posted by [Daniel J. Mitchell](#)

Here's a new video from the Cato Institute that looks at the "Cut, Cap, and Balance" proposal, and analyzes that budget reform in the broader context of the debt-limit fight and [America's looming fiscal crisis](#).

The video features my commentary, along with the sage analysis of my Cato colleague Chris Edwards. We make two simple points. First, fiscal reforms are necessary because America faces a [Greek-style fiscal crisis if we leave the federal budget on autopilot](#).

Actually, America's collapse will be worse since we won't get a bailout from the IMF. Yet this doesn't seem to bother President Obama, who apparently views the debt-limit fight as an opportunity for [class-warfare demogagery](#) and transparent efforts to seduce the GOP into a [suicidal tax-hike deal](#).

Second, the fiscal reforms that are necessary should be very feasible since they actually involve relatively modest spending restraint. Genuine spending cuts would be preferable, of course, but merely [slowing the growth of spending can put America on a sustainable path](#).

As [I explained earlier this year](#), both the Ryan budget and the Republican Study Committee budget would allow spending to grow at about the projected rate of inflation. But in the upside-down world of Washington, where basic math becomes an elastic concept, increasing the budget by an average of 2 percent each year is characterized as “trillions of dollars of heartless and draconian cuts.”

The good news is that [other nations have shown](#) that capping the growth of federal spending is a very successful strategy. This short video from the Center for Freedom and Prosperity gives four examples.