

# The Debt Debate Debacle

By Fred Kammer, S.J.

The nation was held prisoner this past summer as our politicians played “chicken” with one another about raising the debt ceiling, slashing spending, increasing revenue, or somehow reneging on our fiscal obligations to ourselves and to external creditors. A last-minute deal was reached at the end of July, but it still cost us our Triple-A credit rating. Now there is a new congressional “super-committee” at work on the debt.

*But stop for a minute!* It is helpful to know a bit about where the debt has come from and, perhaps, to reconsider the responsibilities of various actors for our current debt mess. Fair or not, many observers place the credit or blame for the budget on the person sitting in the White House and their political party. As President Harry Truman put it, “The buck stops here.” So, for our first look at the debt numbers, we turn to the accrual of debt in the presidencies going back as far as President Reagan. Prior to Reagan, the overall debt from all prior administrations was a total of \$1.0 trillion, accrued from the costs of wars and earlier economic hard times and, yes, the failure to pay our bills or cut our costs. But, from Reagan on, the debt has grown dramatically and exponentially, as shown by the chart on page 5.<sup>1</sup>

As you can see, during his term, Reagan almost tripled the debt, raising it to \$2.9 trillion. How? By passing permanent tax cuts and raising peacetime defense spending. President George H.W. Bush then increased it by another \$1.5 trillion, including costs of the first Gulf War and revenues reduced by recession. President Clinton added another \$1.4 trillion to the debt, although, by the time he left office, the federal budget had two years of surplus due to tax increases and spending reductions. Then, President George W. Bush added a whopping \$6.1 trillion dollars, doubling the nation’s debt, by not paying for two wars or the new Medicare Part D and implementing more tax cuts in the context of an initial economic downturn and a recession beginning in 2007. Now, under President Obama, the debt has increased by another \$2.4 trillion due to stimulus spending, new and continuing tax cuts, the 2007 – 09 recession and its related expenses for unemployment compensation and other relief.

Democrats have been criticized as being the “tax and spend” party. Republicans have been called the “borrow and spend” party. As every mortgage-holder knows, borrowing creates debt. As the chart indicates, during Republican administrations,

almost three times as much of the national debt has occurred as during Democratic administrations since Reagan took office 30 years ago.

## Looking more closely at our summer “crisis”

The specific “event” that triggered our summer conflict was the issue of raising the nation’s debt limit. Republicans and, especially, their Tea Party cohort insisted that the nation could not afford to raise its debt limit without radical counter-measures in terms of domestic, not military, spending cuts (and absolutely no revenue increases). Interestingly, the nation’s debt limit has been raised 78 times since 1960. Why? Because the level of debt was increasing, as indicated above, primed mostly by Republican policies. Who raised the debt limit? It was raised 29 times under Democratic administrations since 1960, but an astounding 49 times under Republican administrations (including seven times under President George W. Bush and eleven times under President Reagan). So, why the “crisis” this particular summer when Obama requested a debt limit increase for the first time— was it the accumulating debt or a political opportunity for those who created most of the debt to accomplish other political goals?

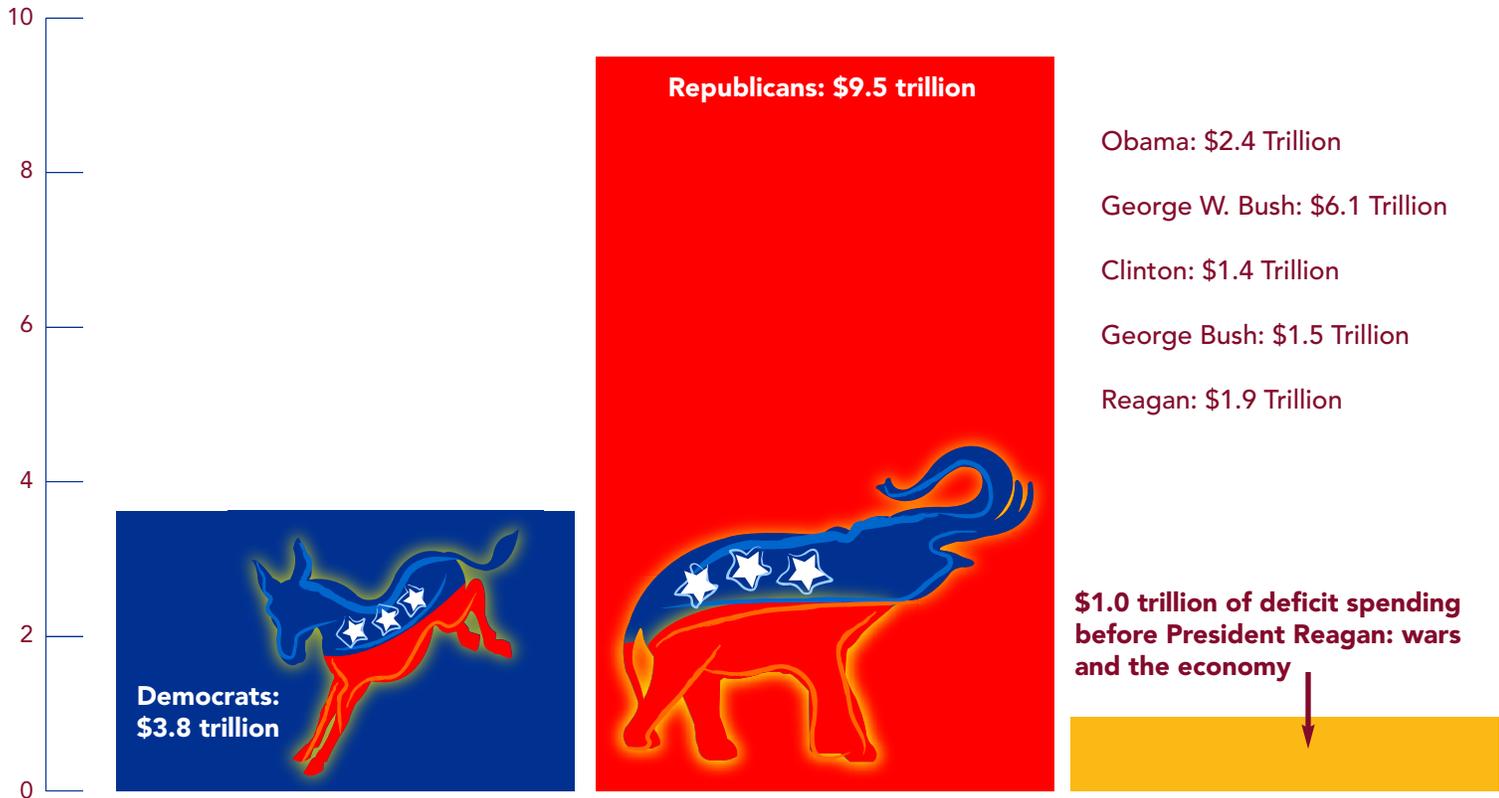
## The moral lens

In the heat of July’s debt debate, the U.S. Catholic Bishops repeated the fundamental “moral measure” that should have guided the members of the Congress in their critical deliberations:

*The moral measure of this budget debate is not which party wins or which powerful interests prevail, but rather how those who are jobless, hungry, homeless or poor are treated. Their voices are too often missing in these debates, but they have the most compelling moral claim on our consciences and our common resources.<sup>2</sup>*

Unfortunately, the measures being used by various parties were often other than that urged by the Catholic bishops and many other moral leaders in the nation. Meeting with Obama as part of a delegation representing the Catholic bishops in the days immediately before the “debt deal,” Bishop Ricardo Ramirez put it this way:

## Who created the July 2011 U.S. debt of \$14.3 trillion dollars?



There seem to be several “givens” in this debate. For Republicans, no new taxes is a given. For some Democrats, no cuts in Medicare are a given. For others, no cuts in military spending is a given. For your administration, some additional revenues are a given. Sadly, if you listen to the debate it seems that protecting the poor and vulnerable is not a given. That is why we are here.<sup>3</sup>

Resolution of the various national issues raised in the debt debate are still unresolved at this point; and too many positions seemed carved in political stone, not shaped by justice or compassion. As we make contact now with our elected officials at all levels, we need to urge the principles clearly enunciated by Bishops Blaire and Hubbard in their July letter to Congress:

*A just framework for future budgets cannot rely on disproportionate cuts in essential services to poor persons. It requires shared sacrifice by all, including raising adequate revenues, eliminating unnecessary military and other spending, and addressing the long-term costs of health insurance and retirement programs fairly.*<sup>4</sup>

On the table for threatened massive cuts in the federal “super-committee” are all domestic programs, including programs serving the most poor and vulnerable, as well as poverty-focused international development and humanitarian assistance. Our voices must be heard calling for a moral “circle of protection” for the least among us.<sup>5</sup> Even more, “shared sacrifice” means reversing tax and budget policies that have driven the gap between rich and poor in this country to dangerously unprecedented levels.

### ENDNOTES

- 1 Sources: Bureau of the Public Debt, Office of Management and Budget, Bipartisan Policy Center, and “Charting the American Debt Crisis,” New York Times, July 29, 2011.
- 2 Letter of Bishops Howard J. Hubbard and Stephen E. Blaire to the members of the U.S. House of Representatives on behalf of the United States Conference of Catholic Bishops, July 26, 2011.
- 3 “Report on the Debt Ceiling Debate: Good News, Bad News, and Worse News...,” John Carr, Executive Director of the Department of Justice, Peace and Human Development, United States Conference of Catholic Bishops, August 3, 2011, p. 3.
- 4 Letter of Bishops Hubbard and Blaire, op. cit., emphasis in original.
- 5 See the collaborative Christian community resources at <http://www.circleofprotection.us> for details.