

 **TODAY'S "SHORT TOPIC"**
**FINANCIAL OBLIGATIONS,
DEBT, AND BUDGETING
ARE "JOINED AT THE HIP!"**



By Stephen L. Bakke  December 1, 2015

Here's what provoked me:

A letter writer gave somewhat patronizing instructions to we "common readers" who might have some sympathy with the resistance among conservatives to routinely raise the debt limit whenever asked. It's the writer who actually doesn't understand the financial inner-workings of our government. So I decided to try to explain it to him.

Here's my response:

Financial Obligations, Debt, and Budgeting are "Joined at the Hip!"

Gerald Petersen's "Commentary" on 11/23, "Understanding financial obligations of government," has one obvious point to make: "The federal government must be permitted to pay its bills!" Who could disagree? But the subtle unstated point behind this simple concept is: "Republicans, it's irresponsible to resist raising the debt ceiling every time the issue comes up! The "full faith and credit" of the U.S. is at stake!"

Petersen's statements support Obama's foolishly expressed notion that the budget process must be considered separately from the Federal borrowing limit. Republicans clumsily try to fight debt increases each time it comes up because they've been "aced out" of tying budgets and spending patterns to debt management. When budgets are negotiated, debt limits are left out of the discussion.

Budgets lead to spending, which leads to taxes and borrowing decisions, which usually lead to a deficit, which leads to higher debt, which leads to a need to increase the debt ceiling - then this needless arguing starts all over again.

The existence of a debt ceiling, and dealing with it "early on" in conjunction with the budget process is absolutely necessary to bring fiscal discipline to the U.S. through an orderly and responsible budget and funding process.