



LET'S GET OUR PRIORITIES STRAIGHT

By Rana Odeh

The obsession with reducing the national debt is often used as an excuse to cut funding to essential government programs that help support the less fortunate members of society. When conservatives threaten to not increase the national debt ceiling unless government spending is cut to 2008 levels, they are not talking about reducing government support to Wall Street banks, corporations and the military industrial complex; instead they want to put the last few nails in the coffin of the American welfare system.

Since the national debt ceiling was created in 1917, both Democrats and Republicans have increased it without any substantial debate. The conservative Republican view on spending is all for show and is a political tactic used to rile up crowds of people who become convinced that the government spending is getting out of control and that it will adversely affect them. When it actually comes down to the business aspect of government spending, both political parties agree that it is necessary and the national debt ceiling is raised with little to no debate. The 2011 episode of the national debt ceiling soap opera is not going to be any different than the debates that we have experienced since the 1980s.

The major misconception that most people have about the national debt is related to the fact that individuals, corporations and states cannot print their own money, whereas the federal government can. Therefore, the meaning of "debt" for those who cannot print money corresponds to "financial burden" and an obligation to cut spending or raise more revenues.

One also needs to remember that nearly 50% of all U.S. Treasury bonds issued to finance government spending are owned by the Federal Reserve Bank, which is the bank of the government. All of those bonds are absolutely crucial for the Federal Reserve to conduct its monetary policy to stabilize financial markets. Another significant portion of the national debt is owned by U.S. citizens, pension funds, mutual funds, U.S. financial institutions and corporations, and state and local governments. Recent concerns about China becoming a large holder of U.S. government debt are overstated and misguided.

It is kind of hypocritical of those who constantly complain about the unsustainability of the national debt to be the first people to line up and purchase more government bonds as soon as the Treasury announces a new auction of freshly printed government bonds. It is the same hypocrites who always run to the safety of Treasury bonds when financial markets collapse and investment opportunities evaporate from the market.

Conservatives claim that a rising national debt may threaten the credit worthiness of the U.S. government and may lead credit rating agen-

cies to downgrade their ratings of the federal government. A financially sovereign government can always honor its debt commitments by simply printing money. There is no risk of default. Governments usually default on their debt because they borrow in foreign currencies that they cannot print. This was the case of countries like Greece and Ireland. The U.S. government has always borrowed U.S. dollars which it can print and fully control.

Having the capacity to spend on anything it wants, does not mean that the federal government should spend wastefully and irresponsibly. We should spend on national priorities such as health care, education, public infrastructure and green technology. A well-managed national debt cannot be a burden on the economy. To the contrary, it can be a great tool to channel the nation's resources in the most strategic way to achieve prosperity for all.

The concern that conservatives, and even some progressives, have about the national debt being a burden on future generations and a form of taxation without representation imposed on our grandchildren is a serious mistake. If we spend responsibly on national priorities that will benefit the economy today and that will last for gen-

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erations, then it is reasonable and fair for future generations to pay their fair share of the national debt. If we invest in public infrastructure, for example, those resources will exist for decades and will benefit future generations. Our spending today is a very serious responsibility that we have towards future generations. The question then is, do we have the courage to invest in things that will create a more peaceful world, a cleaner planet, a just society, and a stronger economy for our grandchildren, or are we going to continue spending money on wars, Wall Street bailouts and dirty industries?

The increase in the national debt is necessary, sustainable, and desirable. Let us focus on the priorities and the challenges that our society faces today. More than 14 million people are unemployed in the U.S. More than 43 million people – that is, about one in seven Americans – live below the poverty level. More than 46 million Americans do not have health insurance. Now, do you think a national debt ceiling will make these people's lives any better?

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REPUDIATE THE NATIONAL DEBT



By Mark Luedtke

Last February, Congress raised the debt ceiling to \$14.29 trillion and the on-record debt will reach that limit sometime in March. Congress must raise the debt ceiling or the federal government will be forced to default on its debt.

But that number is as phony as a \$37 dollar bill because government uses corrupt accounting practices that make Enron execs look like altar boys. Forget everything the government and its propagandists told you about the national debt. Boston University economics professor Laurence Kotlikoff, counting all the government's off-budget items like Social Security, Medicare, Medicaid

understand they are doing the same through fraud. The same is true when the mobsters call themselves a government. Every dollar government spends is first looted from us then used to redirect resources from productive use to the parasitic political economy, enriching the ruling class, destroying our wealth and making us all poorer. We pay for every dollar government spends twice.

On the other hand, wealth is created by voluntary exchange. If I trade you five apples for two oranges, we both become wealthier because we both have something we want more than what we had before the exchange.

Many claim government creates wealth by providing essential services like law enforcement, a justice system, roads, etc. That's not true. Every government service is low quality and expensive. Think post office, or worse, the carnage on I-75. Nobody would voluntarily pay for such low-quality services at such high prices because private

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sector businesses would provide better services at a lower price if government didn't threaten violence to stop them. These abysmal services are covers to give government looting legitimacy. Since the creation of the income tax and the Federal Reserve, government has looted us to the point of economic collapse.

Most of us have no choice in the matter. Government steals our money and we submit because we don't want to end up imprisoned like Wesley Snipes. But some people and foreign governments voluntarily assist our government in looting us by loaning it money, enabling it to destroy more wealth. If the government repudiated the debt, its accomplices would suffer and refuse to loan it more money. As a result, resources that would have been lost to the political economy would instead produce wealth in the productive economy, turning our economy around.

Seeing that turnaround, scales would fall from the eyes of the majority of Americans, who would then further reduce the size and scope of government to further improve their own lives and our economy. The result would be transformative as the American people took back their wealth and power from the looting class. Empowered Americans would transform the U.S. from a bulging, crumbling hulk of a superpower drowning in debt to the fastest growing economy in the world. If government repudiated the debt, forget about the century of China. Operating under a dramatically reduced burden of government, the American people would quickly return America to a trajectory of greatness that would not be surpassed in this century.

But the ruling class parties will work together to prolong the looting. Pharaoh Obama will call it bipartisanship and they'll celebrate like it's a good thing.

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Government's primary function is to empower the ruling class to loot us. If the government defaulted on its debts, the amount of looting they could accomplish would be greatly reduced, so repudiating the debt is unthinkable to them. It would truly starve the wealth-destroying beast and empower us to rebuild our economy. Neither party wants that for the reasons below.