

Constitutional Principles and the Debt Deal



By Cliff Kincaid

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In justifying the “historic” debt deal, Rep. Jason Smith said Republicans only control one-half of one-third of the federal government. But it was the most important one-half of one-third. The failure by the House to take advantage of its constitutional power may deliver the United States into receivership by the International Monetary Fund as the nation careens toward bankruptcy.

The House is where money bills are supposed to begin. All bills for raising revenue shall originate in the House of Representatives, the Constitution says.

Smith can find that on [the website](#) of his House Ways and Means Committee.

The Constitution also says: The Congress shall have Power To lay and collect Taxes, Duties, Imposts and Excises, to pay the Debts and...To borrow Money on the credit of the United States.”

In the case of the debt deal, the House had passed a bill and the Senate did nothing with it. That’s not the fault of the House. The House did its constitutional duty.

The House should have stood its ground. Indeed, McCarthy had all the leverage and could have insisted on a reduction in debt as well as:

- Building the border wall
- Repeal of the green wasteful “Inflation Reduction Act,” which causes inflation.
- Repeal of Obamacare.

Instead, House Speaker McCarthy begged for a meeting with Biden and his regime. At first, Biden refused to negotiate, putting pressure on McCarthy, who eventually agreed to the “negotiations.”

By doing nothing, the Democratic-controlled Senate was putting pressure on the House to comply with the debt deal proposed by Democrats and the Biden regime. But there is no reason why this meant the House had to comply and do their bidding.

The result was that more Democrats than Republicans voted for the ultimate deal.

All of the constitutional power rested with the Republicans in the House. They had the leverage and gave it up. They should have waited until Biden and the Senate Democrats complied with their demands.

In other words, McCarthy gave up his power position. Not only did he give up his power position, his original debt ceiling proposal raised the debt ceiling. Once he was in “negotiations,” he agreed to more debt and spending. There was no reason to do this. A default would have been the preferable option. A default means that the U.S. would restructure the debt. There is nothing inherently wrong with this.

The alternative, accepted by McCarthy, is to devalue the American currency through inflation. In other words, more of the same. Bharat Ramamurti, Deputy Director of the National Economic Council, notes the deal “locked in” the “progressive accomplishments” of Biden’s first term.

This is what McCarthy agreed to.

A restructuring of the government's financing would include coming to grips with the fact that the federal government can't pass an audit.

Here's what the Government Accountability Office (GAO) [says](#), "GAO has been auditing the federal government's consolidated financial statements since FY 1997 (as well as various other federal financial statements). However, GAO continues to be unable to render an audit opinion on the government's accrual-based consolidated financial statements – which present historical information such as assets, liabilities, revenue, and net cost."

This is [one reason](#) why fiscal policy, according to the Department of the Treasury, is on an "unsustainable" path.

On this basis, what sense does it make to give this government more of an ability to go into debt and spend money? We actually need a complete restructuring of the federal government and the "debt" they say we owe.

In the future, as America goes further into debt, it will be left to the "progressives" and their international comrades to start the process of receivership, using the International Monetary Fund (IMF) to impose or force certain policies on the United States.

One conservative activist commented in response to this debacle: Republicans are their own worst enemy; with Republicans who needs Democrats; and keep your enemies (Democrats) close to your vest, but Republicans closer.

Perhaps we also need a restructuring of the two-party system, so that at least one of them returns to Constitution principles.

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