

Scare Tactics

✘ Even as the two sides have been inching closer to an agreement on raising the debt ceiling (or not), there's been a lot of talk floating around about how the United States might default on its obligations if Democrats and Republicans don't finalize a deal by August 2.

Not true. The treasury takes in more than enough tax money to pay off bondholders. And if bondholders get paid on time, there is no default. It's really that simple.

But that didn't stop the venerable Associated Press from running this when the debate got hot a few months ago:

WASHINGTON (AP) – The United States has never defaulted on its debt and Democrats and Republicans say they don't want it to happen now. But with partisan acrimony running at fever pitch, and Democrats and Republicans so far apart on how to tame the deficit, the unthinkable is suddenly being pondered.

Pondered by whom? Political journalists who are abysmally ignorant of financial matters and so don't know what default actually means? But we can't blame the press entirely.

Here's what President Obama told reporters at a press conference on July 11: "It is not acceptable for us not to raise the debt limit and to allow the U.S. government to default. We cannot threaten the United States' full faith and credit for the first time in our nation's history."

The president surely knows better. The only way the U.S. government could default is if he, the president of the United States, told his treasury secretary not to pay bondholders. Mr. Obama is many things, but nuts is not one of them. So what's this about?

It's about scaring everybody into thinking that if a deal

isn't struck before the deadline the nation would face a financial catastrophe. And with the president's allies in the press writing the story, whose fault do you think it would be? If you said, the Republicans, give yourself a gold star.

What about social security checks? Would they go out to seniors who need the money to live on if the two sides don't make a deal? The president was asked that very question by Scott Pelley on CBS. Here's what he said: "I cannot guarantee that those checks go out on August 3rd if we haven't resolved this issue. Because there may simply not be the money in the coffers to do it."

That's not true, either. He absolutely can guarantee that those checks go out on August 3. After paying off our lenders, there would still be plenty of money to send out social security checks – unless, of course, the president, for some unfathomable reason, decided he didn't want to.

It's true that there would not be enough money to pay for everything the federal government currently pays for. Pot holes on interstate highways might have to wait. We might not be able to fund a teapot museum. Maybe a few National Parks would have to close for a while. But our debts would be paid on time and social security checks would go out – even if everyone in Congress went on vacation to Fiji and didn't come back until October.

But President Obama made a decision to scare old folks – hoping fear would force the Republicans to make the kind of deal that he and the liberal Democrats in Congress want.

Wouldn't Mr. Obama have been better off if had told Pelley: "I am telling our senior citizens that no matter what happens, no matter how intransigent the other side is, I Barack Obama am promising you that you will get your social security checks."

That would have made him a hero with everyone who depends on

those checks. Instead he opted for fear, just as he did when he said this nation might default on its obligations for the first time in our history.

Eric Hoffer, the longshoreman philosopher from San Francisco, once said that, "The leader has to be practical and a realist, yet must talk the language of the visionary and the idealist." President Obama talked the language of the visionary and idealist when he ran for president. And a majority of the voters thought he meant it. Now that he has the job, he is doing what liberal Democrats so often do. He is speaking the language of fear. And for nothing more than to score some cheap political points in order to get his way.