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The Iceberg Cometh

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Distinctly Catholic

Of course, the captain of the Titanic had been warned that there were icebergs in the area too. He declined to slow down the ship, so fixated on reaching New York in record time that he ignored the risks posed by the icebergs. His decision was more than unfortunate, it was criminal, because he was putting more than his ship at risk, he was putting the lives of hundreds of people at risk.

Watching the members of Congress discuss the negotiations to raise the debt ceiling last night, I couldn't get the image from the movie "Titanic" out of my mind: the captain in his bridge as the water rises past the windows, and finally the pressure is too much, the water crashes through the windows, the captain is overwhelmed and drowned. The captain looked filled with sadness and self-pity as the scene unfolds, but I could muster no pity for him, reserving mine for the innocents outside the cabin who would also drown.

It has been six months since the Congress was warned by the Treasury that they would need to raise the debt ceiling. They have had plenty of negotiations. Everyone knows where the sticking points are. Everyone knows that if Speaker Boehner were to agree to the inclusion of some revenues, there would be a deal. Everyone knows that Speaker Boehner would rather eat glass than ask Nancy Pelosi for votes to pass a package with revenue increases, votes he will need because so many of his own colleagues on the GOP side of the aisle are openly vowing they will not vote to raise the debt ceiling under any circumstance. There could be a deal today. There could have been a deal last week, or last month or in February. Boehner seems unwilling to push the issue with his colleagues, and lacks the power to enforce his will on them, so he will have to work something out with Pelosi or the country will default. And, Boehner has been around long enough to have anticipated that the CBO score of his proposal might not be as hopeful as he claimed.

Even if Congress gets its act together and raises the debt ceiling before next Monday, there is now a real

possibility that the credit rating agencies (in whom no one should have any trust, and the leaders of which should probably be in jail, but, that is another story) will downgrade the government's credit score from AAA to AA. The immediate consequence of such a downgrade will be to make the deficit situation worse, by increasing the interest rate on the debt. But, that increase will be passed on to all of us who have a mortgage or a credit card or any other variable loan. Even an increase of only one-half a percent will have a huge consequence on both the federal ledger and millions of household budgets.

Hopefully, if Congress does reach an agreement on the debt ceiling, the sense of relief will outweigh the on-going concern about the federal budget deficit over the long haul. Here is where the President needs to step in. The second a deal is signed and passed, he needs to put forward a debt reduction plan and say to the nation: If you vote to re-elect me, here is how I propose to deal with the debt. In addition to cutting loopholes as envisioned in the current debt negotiations, he should promise to let the Bush tax cuts on the super wealthy expire. He should also propose introducing a new higher tax rate for those making more than \$5 million per year, a rate that will expire when the federal budget is balanced. And, he should propose a tax code that does not invite corporate managers to give themselves huge paychecks, increasing wealth disparities. No other country in the world has a greatest disparity between what executives and workers make. It is a scandal.

The President will need to draft his plan in consultation with congressional Democrats and they must all run on the plan together. They must emerge from the next election with an explicit mandate. No more fuzzy invocations of "hope." The country wants "and the government needs" specifics. And, he needs to instruct his speechwriters to talk every once in awhile with his faith-based team so that his speeches articulate a moral vision for the country. Last week, the President met with faith leaders who argued that the moral measure of any budget will be how it treats the poor and the vulnerable. He failed to mention that meeting, or to repeat the religious leaders' invocation of Matthew 25 "whatever you do for these the least of my brethren" in his speech the other night.

The iceberg cometh. It was foreseen. It might yet be avoided. But time is running out.

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