



# **Rodney's Take**

January 23, 2023

## **Pay Attention to the Real Fight**

The fake debt ceiling fight is back. For more than a decade, representatives have gnashed their teeth and torn their clothes over the thought that the United States might default on its debt and throw the financial world into chaos. It won't happen, because the debt ceiling is self-imposed and idiotic. The simple way to avoid these legislative mud-wrestling bouts is to approve spending and revenue *at the same time and for the same amount*. What a novel concept! Instead of approving an omnibus bill in December that calls for more than \$1T in deficit spending when we don't have that much room on the national credit card, our elected representatives could increase the debt ceiling simultaneously. At least that would free up minutes on the floor of the House for each side to use painting the other as worse at handling classified documents or on some other issue that will never go anywhere or make our nation better.

But, no. We're stuck in a situation for which we already know the outcome, it's just a matter of who will take the fall. We will raise the debt ceiling. We will pay our bills, even if we shut down the government for a bit and even if we motivate Standard & Poor's and a few other rating agencies to lower our credit rating. As a reminder, that happened in 2011, and it didn't change a thing. It might take a couple of steps to get from the Fed to the U.S. Treasury, but essentially, the U.S. can print money when it wants, which makes anything other than willful default impossible.

The debt ceiling is not the real fight. For that, you'll have to look to the national emergency related to COVID, which is what the government is using to spend hundreds of billions if not more than a trillion dollars, without a vote and without oversight.

Last Wednesday, Health and Human Services Secretary Xavier Becerra added another 90 days, the normal extension time, to the COVID-19 public health emergency declaration that's been in place since early 2020. White House COVID-19 Response Coordinator Dr. Ashish Jha told CNN, "There's still a lot of COVID out there, and the public health emergency and [Becerra's] determination gives us tools to fight this." Right. There's no doubt we have another variant floating around, but most of the nation is vaccinated, which knocks down the severity of the infection. We've moved on to the endemic phase. It's not fun, but we have enough data to know that COVID now is about as deadly as the flu. As long as you can access medication, the survival rate is well over 99%, which is why you don't see many masks around anymore.

But keeping the national emergency going allows the executive branch to do something else: bypass the normal channel, Congress, when looking to spend money, under the guise of an "emergency."

An estimated 31 states are expected to stick with the current Medicaid eligibility plan under the emergency, which will allow states to enroll even participants who normally would make too much to qualify, in exchange for enhanced federal matching funds. Under the pandemic emergency rules, a record 90 million people (26% of our nation) are covered under Medicaid, even though unemployment now is sitting at 50-year lows.

Since the pandemic began, the U.S. Department of Agriculture has disbursed around \$29B in additional benefits, handing out an extra \$95 per month to recipients who were not receiving the maximum amount of cash. The new directive will send the extra \$95 per month even to those participants who were receiving the maximum allowable amount.

These are just two small examples of extra spending that needs no approval as long as the emergency continues. By far the biggest item, if it gets judicial approval, will be the forgiveness of student loan debt. The administration has taken the legal position that the Higher Education Relief Opportunities for Students (HEROES) Act of 2002 gives it such authority under the current emergency declaration. The bill allows the Secretary of Education to grant waivers or relief to people with student loans in time of wars, other military operations, or national emergencies. It was aimed at active-duty military, members of the national guard, and people who have suffered economic hardship because of such things. Obviously, the goal was to ease the burden on those who defend our nation when they are called to do so. But hey, if the government can get it to fit into the current narrative, then why not? Who cares that it will add half a trillion dollars to our national debt to benefit a minority of the population that willingly took out loans at the expense of those who did not take loans or of those who did take out loans and paid them off? It's an emergency, remember?

In a bit of irony, the pandemic declaration renews for three months, which means the next renewal will happen around the middle of April, just as Americans are calculating their income tax bills. Secretary Becerra has stated that the administration won't shut down the emergency without 60 days' notice, so if they haven't stated that intention by the middle of February, we can expect another continuance right around Tax Day, April 15. The announcement will give us something to think about as we watch our national debt climb by another \$1.3T this fiscal year and as we consider the giveaways that our elected leaders hand out in the name of an "emergency."

Rodney

*Got a question or comment? You can contact us at [info@hsdent.com](mailto:info@hsdent.com).*