

Franken Sense

Bob Franken

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^FRITTERING AWAY FULL FAITH AND CREDIT@<

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WASHINGTON _ Few phrases capture the sense of this nation's indestructible grandeur than the promise that a loan to the government is backed by the ``Full Faith and Credit of the United States.'' It means, according to various dictionaries, ``An unconditional commitment to pay interest and principal on debt....no matter what.'' The Standard and Poor's company less elegantly assigns an ``AAA'' designation to the highest quality securities, which have always included those issued by the U.S.

It's obvious where this is going: We are faced with a spreading perception that those who lead the government are squandering that precious faith in the country's financial credit. S&P fired a warning shot by reducing the description of U.S. sovereign debt from "Stable" to "Negative" while retaining the AAA rating for government debt for now.

Obvious though it may seem, it is still startling to read that the Standard and Poor's committee of experts was predicting there was a one-in-three chance that S&P would lower the all-important triple-A rating within the next two years because ``we believe there is a material risk that U.S. policymakers might not reach agreement on how to address medium and long-term budget challenges by 2013."

It caused immediate stock market reflux. The Treasury Department hastily put out an antacid statement insisting that S&P is ``underestimating the ability of America's leaders to come together.'' Is it possible someone wrote that with a straight face and that the folks at Treasury so OVER-estimate the potential for meaningful accommodation?

What's really incredible is how much the warning shocked everybody, given all the loose cannon fire from Democrats and Republicans alike that could result in failure to raise the debt ceiling. That eventuality would make the S&P assessment moot since U.S. financial credibility would tank on its own.

Technically, U.S. borrowing tops out in mid-May, although the accountants at Treasury say they could probably play a few games with the ledgers and avoid default until there are no tricks left. Think July. That's not a lot of time. Connecticut Democrat Jim Himes, who sits on the House Financial Services committee, calls it "messing with live ammunition."

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The tough choices are well known. President Obama's own Deficit Commission laid them out in December. But he wants yet another bi-partisan task force, a congressional one, headed by Vice President Joe Biden, with the legislative leaders of both parties to agree on a the solution. The first meeting is set for May 5th.

Never mind that Biden seemed to doze off during the President's budget speech, hope springs eternal that this group this would produce a deficit-cutting plan that would make good economic sense . It would also prove to Standard & Poor's that, when cornered, U.S. leaders are fully capable of making long overdue tough decisions.

If they do, they would finally lift the heavy weight of debt has been built by the extravagance of those who have called themselves leaders but were really just followers, sadly pandering to their voters' whims of the moment. They're still doing it today partly because Tea Party supported rookies in the House seem to have no early idea what a disaster a government default would mean.

All that wild rhetoric can spiral out of control and cause that heavy weight to collapse on the entire well-being of the United States of America. A full return to rock-solid status as a world power could take decades.

What's really amazing is how these politicians antagonize the very people they're trying to impress. The latest Washington Post-ABC News poll released April 20 shows President Obama's disapproval at 50 per cent of the respondents, the Democrats in Congress at 60, Republicans 63. So it's not just the people at Standard & Poor's who have their doubts. For a lot of us who run our government will need to show they deserve our full faith and credit.

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