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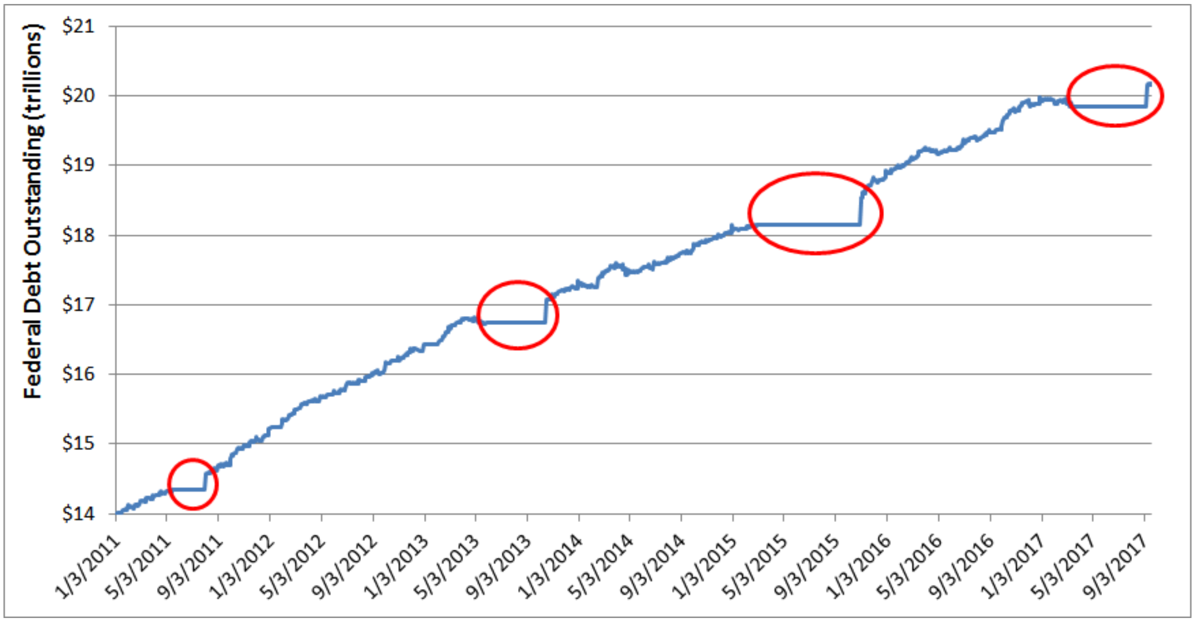
The curtain has closed on the latest performance of the Debt Ceiling Show. This was the 80th time Congress raised the debt limit since 1960. Over the years, Congress and the Presidency, and Democrats and Republicans have changed roles in this farce, but the finale is always the same. The debt ceiling is raised in a relatively friendly deal. Taxes are not raised, spending is not cut, and no one pays a political price for the ongoing fiscal irresponsibility that is the United States budget.

The outcome to this semi-regular wrangling is a foregone conclusion: Congress always raises the ceiling. The point of the whole exercise is simply for all interested parties to posture. Hitting the debt ceiling is a newsworthy occasion, which means TV cameras and the opportunity for politicians to appeal to their respective bases. But the whole mess is a thoroughly contrived affair. As predictable as the performances are, though, there is something behind the scenes that is more important than what’s in front of the cameras.

The Treasury Department provides daily historical figures on the federal debt. As expected, the data trace out a pretty steady upward trend day by day for decades, from a $9 trillion debt a decade ago, to $16 trillion five years ago, to $20 trillion today. But a closer look at that upward march reveals something interesting.

From March 19th until September 7th of this year, the debt flatlined. Give or take some very minor fluctuations, the debt held steady at $19.8 trillion. That’s the debt ceiling in action. The government hit the ceiling in March. From that point until the ceiling was lifted on September 7, the government was prohibited from borrowing more, so the debt remained stable at $19.8 trillion. If we look to recent history, this same phenomenon has occurred three other times. From February through October of 2015, the debt flatlined at $18.2 trillion. From May through October 2013 it flatlined at $16.7 trillion, and from May through July 2011 at $14.3 trillion.



The Federal debt over time. (data source: U.S. Treasury)

And this is where things get interesting. In each of those instances the debt jumped by a huge amount within 24 hours following Congress' raising the debt ceiling. In the 24 hours after Congress raised the ceiling in August 2011, the debt jumped 40 times as much as it did on the average day prior to hitting the ceiling. In the one day after Congress raised the ceiling in October 2013, the debt jumped 78 times as much as on an average day prior to hitting the ceiling. In November 2015, the one-day jump in the debt was more than 115 times the typical one-day debt increase. And on September 8 of this year, the debt jumped over $317 billion in one day, versus the average $2 to $3 billion per day prior to March. The obvious explanation for these one-day pops is that, despite reaching the debt ceiling, the government continued accumulating debt. It simply didn't record what it was doing until after the ceiling was raised. When the credit limit was finally raised - as it always is - all of that hidden borrowing was dumped into the debt all at once.

The truly surprising thing is that politicians and bureaucrats don't feel the need to pretend it is anything other than what it is. They are, without question lying. They are also, without question, violating the spirit of what a debt ceiling actually is. Congress may not be violating the law - which is unsurprising given that they wrote the law to facilitate precisely this sort of shady accounting - but they are knowingly presenting the debt ceiling to the public as something it most certainly is not.

The bottom line is that the debt ceiling is even more of a farce than is generally believed, which is saying something. Not only is the ceiling meaningless in that it does not actually constrain spending, as Congress can alter the ceiling whenever it chooses to do so. The debt ceiling is further meaningless because it appears that the government goes right on borrowing even after it hits the ceiling anyway. The spending behavior of the federal government never actually changes. The Debt Ceiling Show is nothing but smoke and mirrors.

The debt, on the other hand, is frighteningly real. Now that the dust has settled, the reported debt has surpassed $20 trillion. And while candidate Trump fantastically claimed that he would clear the debt in just eight years, President Trump, along with his congressional compatriots, is fully compliant in growing it. The actors change, but the play, sadly, doesn't.

And $20 trillion is just the official debt. When unfunded mandates and liabilities like future Social Security and Medicare payments are included, the amount the federal government has promised to pay grows to incomprehensible proportions. Totaling somewhere between $100 and $250 trillion, just the *margin of error* exceeds Earth's economic output. Even if the government balanced its budget tomorrow and kept it balanced forever, it would never be able to pay that off.

It's long past time for our politicians to get serious about bringing the United States' financial situation under control. The first demonstration of that seriousness would be creating a debt ceiling that actually halted borrowing, and then never raising it.

This Debt Ceiling Show has gone on for far too long. It's past time to end its run.

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