

Symbol / Company  Symbol Lookup



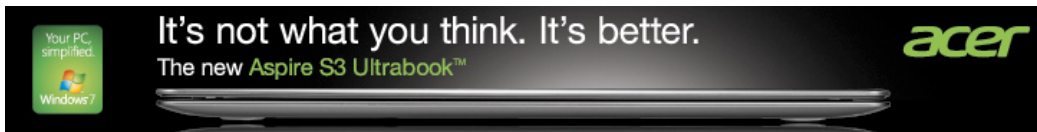


Welcome, Guest

HOME NEWS MARKETS EARNINGS INVESTING VIDEO CNBC TV CNBC 360 CNBC PRO


Register Sign In

U.S. | ASIA-PACIFIC | EUROPE | ECONOMY | ENERGY | GREEN | TECHNOLOGY | BLOGS | WIRES | SLIDESHOWS | SPECIAL REPORTS |




## Debt Debate Will Be 'Cathartic' in Long Term: McCulley

Published: Friday, 29 Jul 2011 | 10:32 AM ET

Text Size  

By: Margo D. Beller

Special to CNBC.com

  2  0 

Paul McCulley told CNBC Friday that if he was still a portfolio manager at Pimco he would be "very concerned" in the short term about the inability of Congress and President Obama to reach an agreement on the **U.S. debt ceiling** by Aug. 2.

But in the long term, McCulley said, "it wouldn't disturb me, it would actually make me somewhat positive."

Retired from the bond manager and now with the Global Interdependence Center, McCulley said that in a democracy "ultimately you need to have cathartic moments where you debate the long-term fiscal future, and we're having it right now."

Democracy, he added, "is not an efficient process. You are seeing it at the height of inefficiency right now but ultimately we need to have this debate about how we're going to restructure our economy for an aging society in a global framework."

### Paul McCulley: Debt Ceiling Debate

In the short-term prospective, I'd be very concerned, this is a big event in terms on how the markets with readjust to a fundamental change in the rules of the game. Discussing the debt debate, with Paul McCulley, former Pimco portfolio manager/managing director.

If he was still at Pimco he would play Treasurys as the "ultimate safe-haven asset, notwithstanding all this debate about ratings and so forth. It's not about the ability of Uncle Sam to meet his debts, it's about political willingness at this particular juncture."

### RELATED LINKS

- [White House May Consider Short-Term Debt Ceiling Lift](#)
- [Economy Grows at Sluggish 1.3%; Consumers Pull Back](#)
- ['Flight to Mediocrity': Bonds to Get Test Amid Debt Debate](#)

© 2011 CNBC.com

ADVERTISEMENT



### TOP HEADLINES

» Markets | Economy | Companies



**What's Next: Investors Await Slowdown in Profit Growth** (10)

- [MF Global Files for Bankruptcy; Shares Remain Halted](#) (32)
- [As Meeting Nears, Fed Panel Is Divided on Direction](#) (22)
- [What Euro Watchers Should Look Out For: Strategist](#) (9)
- [Japan's the Way to Play Emerging Markets: Wilbur Ross](#) (1)
- [Mansions for Sale—at Huge Discounts!](#)
- [California Surfer Attacked by Great White Shark](#)
- [Auto Dealers Battle Proposed Fuel Efficiency Standards](#)
- [Obama to Order FDA to Help Reduce Drug Shortages](#) (18)
- [Cain Campaign Denies Sexual Harassment Report](#) (19)

### LATEST FROM OUR BLOGS

» More



**This Halloween: Ghaddafi Zombie or OWS Tent?**

- [Bulls Ran Over October, Ready for November?](#) (9)
- [The Bulls Are Back in Skyworks Solutions](#)
- [YouTube Ready to Announce Original Content Channels](#) (8)
- [Time to Take on More Risk: Specialists](#) (1)
- [Will Halloween Spook the Market?](#) (2)
- [No Scrooge Here: Analyst Sees Best Holiday Sales Since 2004](#) (19)
- [Private Investor Says Don't Enter into Foreclosures Lightly](#) (9)
- [SEC Might Get It Right With This One Industry](#) (1)
- [Will Individual Investors Miss Out on Stock Rally—Again?](#) (2)

### FEATURED SLIDESHOWS

» More

[Print](#) [Email](#)

**Sponsored Links**

**Stock Alert: \*VELA\***

"The World's Most Undervalued 4G Company." - Tobin Smith, Fox Business  
[www.telecominvesting.com/VELA](http://www.telecominvesting.com/VELA)

**OMVS - Stock Jump!**

Tablet and Smartphone Stock Gains View Ticker and Invest Today  
[www.OnTheMoveSystems.com](http://www.OnTheMoveSystems.com)

**Looking to Buy An Annuity**

Speak to an Annuity Advisor, Compare Annuity Rates for your State.  
[www.AdvisorWorld.com](http://www.AdvisorWorld.com)

[Buy a link here](#)

**CNBC HIGHLIGHTS** » [More: Blogs](#) | [Quizzes](#) | [Slideshows](#) | [Special Reports](#) | [Video](#)



**Occupy Wall Street**

Financial advisers are using the protests to appear anti-Wall Street.

[Power Supply Gone](#)  
[OWS Haiku](#)



**Rental Nation**

Millions of Americans who lost their homes in foreclosure are driving demand in the rental market.

[Buying Foreclosures](#)



**It's All Elementary**

Author David Acord says investors can learn things from the great Sherlock Holmes.

[Middle Market Millionaires](#)



**Entourage Jobs**

Many celebrities have a group of people to do odd jobs for them. Take a look at these entourage workers.

[Creepy Jobs](#)



**Fixing the P.O.**

The head of the letter carriers union talks about how to fix the finances of the USPS.

[Behind the Mess](#)



**Hot For Halloween**

These costumes are more for the adults than the kids. Take a look at which ones stand out.

[Gross Candy](#)

**COMMENTS**

6 Comments Total

rbrb | Jul 29, 2011 12:51 PM ET

It's a lot of crazy talk. None of the bills can pass both houses. As soon as one or both get voted down, there is going to be blood in the streets.

[Report Abuse](#)

ital | Jul 29, 2011 01:13 PM ET

Early stages of massive abyss. Bad leadership from Obackward, financial disaster built over 8 years by Bush, and willingness by both parties to totally tank the nation if there is political gain.



symbols has been a key strategy of Playboy. So, who has been offered \$1 Million+ ?



**Most Successful Horror Movie Franchises**

Celebrate this Halloween weekend with a scary movie. So, what are the most successful horror franchises out there?



**10 Small Cap CEO Millionaires**

If you think that only Wall Street titans earn millions, think again, Middle market CEOs are also quietly getting rich.

**MOST SHARED**

[Chicago PMI Registers at 58.4, Weakest Since May](#)  
[Cashing In On Foreclosures?](#)

**MOST POPULAR**

[News](#) [Blog Posts](#) [Videos](#)

['Darkest Period Is Over' For Markets: Experts](#)  
[EU Leaders Didn't Listen On Debt: Trichet](#)  
[New York Fed Suspends MF Global, Deal On Future Nears](#)  
[Are Markets Decoupling From Reality?](#)  
[World Heading For Jobs Recession, Unrest: ILO](#)  
[Madoffs Aim To Write Their Own Future](#)  
[Honda Withdraws Annual Guidance, Quarterly Profit Tanks](#)  
[EU Debt Deal A 'Construct Of Madoffian Proportions': Economist](#)  
[As Meeting Approaches, Fed Panel Is Divided On Direction](#)  
[Europe Shares Seen Lower; Focus Shifts To US](#)

**SPECIAL REPORTS**

[» More](#)



**Business of Fear**

From Halloween to horror films to haunted houses, the business of fear is worth billions of dollars a year.

**HOT ON FACEBOOK**

**Recommendations**



**MF Global Files for Bankruptcy; Shares Remain Halted**

126 people recommend this.



**Vatican Calls for 'Central World Bank' to Be Set Up**

16,939 people recommend this.



**Businessman Gives 'Naked Truth' About Italy Crisis**

67 people recommend this.



**Investors should avoid Groupon IPO: Barron's**

106 people recommend this.



**Studies challenge wisdom of GOP candidates' plans**

69 people recommend this.



**Dollar Decline in Full Swing in Risk-On Environment**

362 people recommend this.

Facebook social plugin

Despicable government we have. Totally worthless.

[Report Abuse](#)

**FRSI** | Jul 29, 2011 01:24 PM ET

The only thing wrong with America, @ital, is people like you. We'd be better off if you whining, anti-everything, pessimists would just go away so that people with ideas and solutions could flourish. We just don't need your tude, boy. It contributes nothing.

[Report Abuse](#)

**rbrb** | Jul 29, 2011 01:41 PM ET

Agreed. They probably will be able to work something out in the long run, but it's going to be very dicey in the markets for quite a while.

[Report Abuse](#)

**Outside\_Observer** | Jul 29, 2011 01:42 PM ET

Cathartic? Try DESTRUCTIVE!

\*\*\*\*\*

TEH END OF THE REPUBLICAN PARTY

How deep has GOP sunk? Just look at McCain - he says some really strong grown-up things on the Senate floor. And then, when interrogated by mighty Sean Hannity on FOX, he caves in and says the exact opposite of what he did just hours before.

And that is the man who survived Vietnamese prison camps? Who survived torture? Who survived his Vietnamese interrogators? And now he doesn't even have the courage to stand up to Sean Hannity?

That shows you, how deep GOP has sunk. It has become just an appendage to news entertainers and tea people.

[Report Abuse](#)

**MiamiF11** | Jul 29, 2011 02:44 PM ET

Hopefully 'restructuring our economy for an aging workforce in a global framework' does not mean destroying SS and Medicare for the 'have nots'.

[Report Abuse](#)

**ADD COMMENTS**

Please [Sign In](#) or [Register](#) to participate.

Your Comments (Up to 1100 characters):

Please sign-in/optin or register to be able to submit comments.

Remaining characters

[Preview Comment](#)

CNBC welcomes your contribution. Please respect our community and the integrity of its participants. CNBC reserves the right to moderate and approve your comment.

**CNBC NEWS**

U.S. News  
 Asia-Pacific News  
 Europe News  
 Economy  
 Energy  
 Green  
 Technology  
 Blogs  
 Wires  
 Slideshows  
 Special Reports  
 Corrections

**MARKETS**

Pre-Markets  
 World Markets  
 Stocks  
 Dow 30  
 Commodities  
 Currencies  
 Bonds  
 Funds

**EARNINGS**

News  
 Calendar  
 Surprises  
 Highlights  
 Ideas

**INVESTING**

Stock Blog  
 Personal Finance  
 Portfolio (Beta)  
 Watchlist  
 Stock Screener  
 Fund Screener  
 Earnings Screener

**VIDEO**

Latest Video  
 Top Video  
 U.S. Video  
 Asia-Pacific Video  
 Europe Video  
 CEO Interviews  
 Analyst Interviews  
 CNBC Pro

**CNBC TV**


CNBC U.S.  
 CNBC Asia-Pacific  
 CNBC Europe  
 CNBC World  
 CNBC HD+  
 Channel Finder


**MORE**

CNBC 360  
 CNBC Mobile Website  
 RSS  
 Real-Time Quotes and Extended Hours  
 Latest Press Releases



[About CNBC](#) | [Site Map](#) | [Video Reprints](#) | [Advertise](#) | [Help](#) | [Contact](#)

[Privacy Policy](#) |  [AdChoices](#) | [Terms of Service](#) | [Independent Programming Report](#)

 Data is a real-time snapshot \*Data is delayed at least 15 minutes  
 Global Business and Financial News, Stock Quotes, and Market Data and Analysis

© 2011 CNBC LLC. All Rights Reserved.

A Division of NBCUniversal

