

Republicans Continue Threatening Economy With Debt Ceiling Games Despite Risk to Families, Businesses

Just weeks after the two-year bipartisan budget agreement was passed, Republicans are once again threatening to play games with our economy and create another manufactured crisis by holding the debt limit hostage to unrelated demands. Republicans took our nation to the brink of default twice before: in July 2011, their irresponsible actions led to the first downgrade of America's credit rating; and last Fall their determination to hold the debt limit hostage contributed to a 16-day government shutdown. Treasury Secretary Jack Lew has requested Congress take action to ensure America can pay its bills before the end of February to create economic certainty and avoid a default. Despite this warning, Republicans are still playing games with America's creditworthiness by using the debt limit as political leverage instead of taking immediate, responsible action:

House Budget Committee Chairman Paul Ryan (R-WI): "We don't want 'nothing' out of the debt limit. We're going to decide what it is we can accomplish out of this debt limit fight." [[Wall Street Journal, 12/15/13](#)]

Senate Minority Leader Mitch McConnell (R-KY): "We ought to attach something significant for the country to his request to increase the debt ceiling. ...I think for the president to ask for a clean debt ceiling, when we have a debt the size of our economy is irresponsible. So, we ought to discuss adding something to his request to raise the debt ceiling that does something about the debt or produces at least something positive for our country." [[Fox News Sunday, 1/26/14](#)]

Sen. Ted Cruz (R-TX): "Of course we should do something. We shouldn't just write a blank check." [[CBS's 'Face the Nation,' 1/26/14](#)]

Rep. Jason Chaffetz (R-UT): "[Republican leaders] have got to do an awful lot to get us to vote to raise the debt ceiling." [[New York Times, 1/25/14](#)]

Sen. James Risch (R-ID): "You can't do these things without getting something in return. We're borrowing still over \$3 billion a day. This is nonsense. It can't go on." [[National Journal, 1/16/14](#)]

Sen. Lindsey Graham (R-SC): "I've been thinking about this a lot. I know we need to raise the debt ceiling but we gotta finally address what got us in debt. I'm gonna have a really hard time supporting an increase in the debt ceiling if we don't have some structural changes to the systems that are pushing us to becoming Greece." [[National Journal, 1/16/14](#)]

Rep. John Fleming (R-LA): "I think our [debt ceiling] debate is going to be over more cutting." [[POLITICO, 1/13/14](#)]

Sen. Ron Johnson (R-WI): "Certainly at this moment, with all of the pain that's being created by the health care law, it would be an appropriate thing to specifically target that type of damage [in the debt-limit fight] and see what we can do to provide some relief to limit some of that damage." [[POLITICO, 1/13/14](#)]

Rep. Luke Messer (R-IN): "If the president is asking for a blank check, we're not going to do that ... I won't support a debt limit increase unless it is partnered with policies that will either reduce the deficit or help grow the economy." [[CBS News, 1/24/14](#)]

Refusing to take action to raise the debt ceiling could have a detrimental impact on businesses, families, and the American economy. Business leaders have warned that playing games with America's fiscal credibility could be harmful to our economy:

Randall Stephenson, Chairman and CEO of AT&T Inc., Chairman of the Business Roundtable: "First is the necessity for fiscal stability. We have spent the past few years stumbling from one fiscal crisis to the next. As a result, businesses large and small find themselves with no ability to plan beyond a single quarter. Is the government shutting down? Will the U.S. actually default on its debt? What are the implications for interest rates? This isn't exactly an environment conducive to investment." [[Wall Street Journal, 1/14/14](#)]

This warning is not new, as economists and business leaders issued the same plea for economic certainty just a few months ago when they last urged Congress to ensure that America can pay its bills:

American Bankers Association President Frank Keating: "[Threatening the debt ceiling] compromises the integrity, the certainty. It is going to dramatically raise interest rates. This is just completely mad, as far as most of the community bank people are concerned, and I'm sure their customers and clients." [[Bloomberg TV, 10/15/13](#)]

Mark Zandi, chief economist at Moody's Analytics: "If you don't [deal with the debt limit] in time, confidence will evaporate, consumer confidence will sharply decline. Businesses will stop hiring, consumers will stop spending, the stock market will fall significantly in value, borrowing costs for businesses and households will rise." [[Reuters, 9/18/13](#)]

Dr. Chad Stone, Chief Economist at the Center on Budget and Policy Priorities: "First, through accident or miscalculation, games of chicken can sometimes end in a crash, and the costs to the United States of actually defaulting on its financial obligations could be very high. ... If prolonged, a situation in which the Treasury is required to match payments to available cash would have an economic effect like sequestration plus the fiscal cliff on steroids and would likely plunge the economy back into recession. The difference between default and a government shutdown, sequestration, or the fiscal cliff is that even if the debt limit were subsequently raised, the damage to U.S. credit rating could not be reversed." [[Senate Testimony, 9/24/13](#)]

Jim Nussle, the former Director of the OMB under President George W. Bush: "There will be repercussions that our economy right now doesn't need, doesn't deserve, at a time when it's just trying to get back on its feet... We're really at a positive tipping point where you could get back to growth, you could get back to creating jobs, you could get back to economic development. We can't do that if there's no certainty." [[Washington Post, 9/24/13](#)]

Michael Hewson of CMC Markets: "We saw this play out in 2011 and it looks like history is repeating itself as continued political bickering over the raising of the debt ceiling is understandably making investors nervous in what is becoming a classic case of déjà vu." [[This is Money, 9/26/13](#)]