

# **Democrats Call for Balanced Approach to Pay America's Bills, Reduce the Deficit, Give the Economy Certainty**

## *Despite Warnings from Investors, Republicans Flip Flop on Short Term Debt Limit Increase*

**Yesterday, Speaker Boehner laid out a debt limit proposal that puts our economy at risk and does not give businesses and the markets certainty they need. Republicans talk about the need to give our economy certainty so that we can create jobs, but rather than move forward with a long-term plan that ensures we pay our nation's bills and reduces our deficit, Republicans are refusing to compromise and clinging to their ideological agenda.**

**Credit rating agencies and investors have warned that short-term debt limit increases may not prevent a credit rating downgrade:**

“Really interesting this afternoon, when I was talking to an investor who had met with the ratings agencies at Standard & Poor, talking about the potential of a downgrade -- which by the way could raise interest rates the same way a potential default could -- and **they said the Boehner plan probably wouldn't hit the hurdle to prevent a downgrade,**’ [CNN’s Erin Burnett] added.” [Huffington Post, [07/25/11](#)]

“**Investors also worry that the government may only come up with a short-term fix that could still trigger a credit rating downgrade...** ‘The question: Is it resolved from a standpoint of a long-term solution or a stop-gap measure?’ said Rob Lutts, president and chief investment officer of Cabot Money Management.” [AP, [07/25/11](#)]

“**Standard & Poor's has said it might still cut the United States to AA if lawmakers embrace a short-term fix** that lifts the debt ceiling but doesn't address long-term fiscal issues.” [Reuters, [07/24/11](#)]

“From the markets’ point of view, **a two-stage plan is a non-starter**... There is significant risk of a downgrade with a deal that ties further cuts to another vote only a few months down the road given the significant resistance to do the right thing now,’ [Christian Cooper, head of U.S. dollar derivatives trading in New York at Jefferies & Co] said.” [Bloomberg, [07/24/11](#)]

**And as recently as last week, House Republican leaders were calling for a long term solution to ensure we pay our nation's bills:**

Speaker John Boehner: **“I’m not really interested in a short term increase** in the debt limit,” Boehner said. “We have two challenges: We have to increase the debt limit and we have to deal with our deficit and our debt, and the sooner we do that the better off our country will be.” [ABC News, 07/22/11]

Majority Leader Eric Cantor: “House Majority Leader Eric Cantor pushed back hard Tuesday against Senate Republican suggestions of a scaled-back, short-term debt deal, saying it's ‘crunch time’ in White House budget talks and **‘if we can't make the tough decisions now, why... would [we] be making those tough decisions later. I don't see how multiple votes on a debt ceiling increase can help get us to where we want to go,’** the Virginia Republican told reporters. **‘It is my preference that we do this thing one time.... Putting off tough decisions is not what people want in this town.’**” [Politico, 6/22/11]

Majority Whip Kevin McCarthy: “McCarthy **shied away from the idea of a short-term solution** or a temporary debt ceiling increase in order to buy time on reaching an agreement on entitlement reforms.” [The Hill, 6/24/11]

Ways and Means Committee Chairman Dave Camp: “House Ways and Means Committee Chairman Dave Camp (R-Mich.) also **shot down a short-term increase. ‘It doesn’t give you certainty.** Ideally you’d like to get that settled and not have it continually a hanging-over issue.” [The Hill, 6/21]

Republican Conference Chairman Jeb Hensarling: **“I don't think the American people want tiny bites of the apple’ with short-term debt limit increases...”** [Reuters, 5/3]

Republican Study Committee Chairman Jim Jordan: “Republican Study Committee head Rep. Jim Jordan (R-Ohio) is **opposed to a short-term deal**, as are many other RSC members, because he believes it will remove pressure for deep cuts and changes to the Constitution.” [The Hill, 7/5]

**But with only a week to go before a possible default on our bills, Republicans are putting politics before our economy, holding it hostage to their ideological agenda. In order to bring certainty to our economy and avoid catastrophic consequences, we must come together on a long-term agreement so we can reduce our deficit, protect the middle class and seniors, and ensure we pay our nation's bills.**