

Will Republicans Work With Democrats to Ensure America Pays Its Bills?

“House Majority Leader Eric Cantor (R-Va.) on Monday warned of the urgent need to strike a deal to raise the debt ceiling, telling reporters that ‘we don’t want the markets to make this decision for us.’” [The Hill, [06/13/11](#)]

Yesterday, Majority Leader Cantor acknowledged the consequences of failing to raise the debt limit—a statement Democrats welcome as we continue to call on Republicans to work with us to ensure America pays its bills and set a plan to reduce the deficit. Despite months of warnings from economists, business leaders and Wall Street executives, Republicans have held our economy hostage by suggesting we may not pay our nation’s bills.

While some Republicans continued to deny the consequences of failing to increase the debt limit, all three major credit rating agencies have warned about the possibility of downgrading the government’s credit status if action is not taken soon:

In April, Standard and Poor’s issued a report stating, “If an agreement is not reached and meaningful implementation does not begin by then, this would in our view render the U.S. fiscal profile meaningfully weaker than that of peer ‘AAA’ sovereigns,” lowering the nation’s fiscal outlook to “negative” for the first time. [Bloomberg, [04/18/11](#)]

Then in early June, Moody’s Investors Service followed suit, warning “it might downgrade the United States government’s sterling credit rating if Congress did not increase the nation’s debt limit ‘in coming weeks.’” [NY Times, [06/02/11](#)]

And a week later, Fitch Ratings said “it would put U.S. debt on watch for downgrade in early August in the event that Congress failed to lift the debt ceiling before other measures aimed at avoiding default are exhausted,” which according to Fitch’s David Riley, “would imply a crisis of governance.” [WSJ, [06/09/11](#)]

And the uncertainty created by the suggestion that America may not pay its bills has put investors on edge:

“Some of Wall Street’s biggest banks are preparing to curtail use of U.S. Treasuries in August as a precaution against any turbulence that could follow if warring lawmakers fail to raise the U.S. debt ceiling soon, a senior bank chief said... ‘We’re planning to lower our reliance on the use of Treasuries in early August and have more cash on hand as a contingency measure,’ said a U.S. bank chief.” [CNBC, [06/12/11](#)]

We must take these warnings seriously. Both parties share responsibility for ensuring America pays its bills and Democrats stand ready to work together to meet our obligations and put forward a plan to reduce the deficit.