



House Republican Conference

GOP.gov | 202.225.5107 JEB HENSARLING, CHAIRMAN

Key Themes

- We have to stop spending money we don't have and sending the bill to our children and grandchildren.
- We have a debt crisis because Washington spends too much, not because Americans are taxed too little.
- After going on a two year, job destroying spending spree with congressional Democrats, the president has asked us to raise the debt limit. If the president wants our help to pay his bills, he will have to cut up his credit cards.
- The Obama Administration and congressional Democrats continue to call for a "clean" debt limit increase with no spending cuts or reforms. This vote will demonstrate to them that plan is unacceptable to the American people.
- The president's request for a debt limit hike without spending cuts is bad for our economy and bad for job creation in America.
- Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. And any cuts should be greater than the accompanying increase in debt authority the president is given.

Charge and Response

Q: If enacted, what will this bill do?

A: This bill would increase the government's ability to borrow by \$2.4 trillion, the amount that President Obama's latest (FY 2012) budget would require to fund the government through December 2012, without requiring any spending cuts or reforms. House Republicans will reject this bill because if the president wants our help to pay his bills, he is going to have to cut up his credit cards.

Q: Why are Republican leaders bringing this bill up under the "suspension of the rules" process?

A: The Treasury Secretary, and many members of the House Democrat Caucus, have asked for a clean, up-or-down vote on an increase in the debt limit. The only way to provide for such an unambiguous vote and make absolutely clear the House's position is by suspending the rules.

Q: Why are House Republicans bringing up a bill that they don't intend to support and know will fail?

A: As late as last week, the [Obama Administration](#) and [congressional Democrats](#) have repeatedly called on Congress to quickly consider a “clean” debt limit increase without any spending cuts or reforms. This vote will demonstrate to President Obama, Secretary Geithner and House Democrats that they should abandon this unreasonable position because it is so far out of step with the rest of America. Despite the fact that only [11% of Americans agree with them](#), it’s clear that Washington Democrats are dead-set on increasing the debt limit without spending cuts and reforms. Once Washington Democrats know this is not an option, they will hopefully begin serious discussions about how we can cut up President Obama’s credit cards.

Q: Won’t this vote inject uncertainty into financial markets, costing working Americans money if their investments suffer?

A: Clean debt limit increases have failed nine times in the past, and we are communicating to the financial markets that this vote is intended to show the Obama Administration and congressional Democrats that we are serious about what we’ve said: “If the president wants our help to pay his bills, he’s going to have to cut up the credit cards.” The worst thing for markets would be for a clean limit to pass without significant spending cuts and reforms. As Stanford economist [John Taylor wrote](#), “Linking the Debt Limit Hike To Spending Cuts Is Good Economics.”

Q: Aren’t Republicans playing a game of chicken with the debt limit that Chairman Bernanke warned against?

A: This vote is taking place a full two months before Secretary Geithner has said that the Treasury will exhaust its ability to avoid default. House Republicans are taking this vote to demonstrate to the Obama Administration and congressional Democrats that if they want our help to pay their bills, the president is going to have to cut up his credit card. House Republicans will not help him pay his bills unless he agrees to spending cuts and reforms to ensure that we keep cutting.

Q: Why are you bringing up this bill in the first place because the House shouldn’t even consider a debt limit increase?

A: Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. And the cuts should be greater than the accompanying increase in debt authority the president is given. The only thing more irresponsible than approving a clean debt limit increase would be increasing the debt limit without securing spending cuts greater than the amount of the increase.

Q: Will House Republicans end up increasing the debt limit by over \$2 trillion?

A: Without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. The Obama Administration has not requested a specific amount and House Republicans have not set a specific amount by which we would be willing to raise the limit. House Republicans have only said that any amount of debt limit increase should be accompanied by savings greater than the new spending authority given to the president.

Q: Some reports have indicated that House Republicans are looking for savings over a specific timeframe of 5 years or 10 years. What’s the time frame?

A: House Republicans have not advocated a specific amount of savings and have not advocated a specific timetable for savings. House Republicans have only said that any amount of debt limit increase should be accompanied by cuts greater than the borrowing authority given to the president.

Q: What specifically do you want to cut in return for a debt limit hike?

A: House Republicans want real spending cuts and real budget reforms. Everything is on the table, except for tax increases. We've put our plan on the table: the House Republican budget. Now it's time for the President and Senate Democrats to outline the specifics of their plan.

Q: Democrats, specifically Senator Schumer, are saying that Republicans are playing with fire regarding the economy and the debt limit. What is your response?

A: The greatest threat to our economy and our children's future is doing nothing. If we don't act boldly now, the markets will act for us very soon. That's the warning we got from Standard & Poor's a few weeks ago. Remember, the S&P warned several weeks ago that it may downgrade its U.S. debt rating not over the debt limit fight – but because Washington has no plan to tackle its massive debt.

Raising the debt ceiling without taking dramatic steps to reduce spending and reform the budget process would send a signal to investors and entrepreneurs everywhere that America is still not serious about dealing with our spending addiction. It would erode confidence in our economy and reduce certainty for small businesses. Businesses know that historic debt without a credible plan to reduce spending could lead to historic tax increases, and this would destroy even more American jobs.

Q: If an agreement is reached, will House Republicans fight for a Balanced Budget Amendment be included in any final negotiated package?

A: House Republicans have made clear that without significant spending cuts and reforms to reduce our debt, there will be no debt limit increase. Everything is on the table, except for tax increases.

Q: Republicans created the need to raise the debt ceiling by passing trillions of dollars in tax cuts for the rich, and now they say that they will only pay for a debt limit increase with spending cuts and not tax increases?

A: We have a debt crisis because Washington spends too much, not because Americans are taxed too little. When Republicans provided every taxpayer in the U.S. with tax relief in 2003, the amount of revenue collected by the government went up by \$700 billion over five years and the deficit went down.¹ Saddling job creators with massive tax increase now will cripple our already weak recovery. We need to encourage job creation and economic growth, which will ultimately create revenue and reduce deficits.

Q: House Republicans passed a clean debt limit in 2004 and are simply holding it hostage this time because a Democrat is president.

¹ <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2011/assets/hist01z1.xls>

A: We have to stop spending money we don't have and sending the bill to our children and grandchildren. We find ourselves in unprecedented fiscal turmoil and we're not operating on a budget because House and Senate Democrats failed to pass one last year. Gross national debt is now equal to GDP and the debt we owe to the public is 70 percent of GDP. We cannot and will not continue to blindly extend our credit limit without a real plan to change the trajectory of government spending.

Q: **Even if Treasury can keep paying our debt after we reach the ceiling, government spending would immediately have to be cut by 40 percent. Isn't that a default on the obligations that the government has made to seniors, and contractors, and men and women in the armed forces?**

A: The president needs to come forward with a plan to make significant, real spending cuts so we can avoid reaching the limit while creating a path back to fiscal sanity. What is clear is that the current path is unsustainable — the American people are demanding reform and so are the markets. If there is not a creditable plan to put America on the road to fiscal sanity, our credit rating will be downgraded, our borrowing costs will skyrocket and the price of imports will increase as well — that will cause the price of gasoline to jump causing even greater pain at the pump.

Q: **Some have said that it is OK to default, and that in the scheme of things, being in default for three or four days is not a big deal. Yet, the U.S. has never defaulted. Is your party really going to play politics with the American economy?**

A: I don't accept the notion that we can't find a solution before August 2, which is Treasury's latest estimate of when we default. There is plenty of time to get this right. However, the failure to cut spending and show both the markets and the American people we are serious about getting our house in order would likely lead to very similar results as default – a lower credit rating, higher borrowing costs and more expensive imports (primarily oil and gas, making the pain at the pump that much worse). We aren't going to default because we are going to cut spending and get serious about paying down our debt. If there is anyone playing politics with this issue, it is the Democrats who are saying that we have to increase the credit card limit even though the government can't pay its current credit card bill. That is bad for the economy and bad for job creation. We aren't going to continue on that same reckless path.

Q: **With regard to a “clean” debt limit vote, don't you think it is disingenuous to waste time and taxpayer dollars to hold a vote that you know will fail? It won't advance solutions, and it's immature and childish.**

A: The only reason we are holding this vote is because members of the President's Administration and congressional Democrats keep calling for a clean increase in the debt limit. It's important to show the President and his fellow Washington Democrats that Congress – and more importantly the American people – won't accept business as usual in Washington. Before we ask the American people to borrow more, we must show them we are serious about getting this ship turned around and headed in a better direction. That is why these spending cuts need to be at least as big as any increase in the debt limit.

Q: **If the clean vote is supposed to demonstrate that you need cuts to get the support of your colleagues and the American people, how much are you going to cut? Are you cutting \$2 trillion? \$4 trillion? How much will be enough?**

A: Treasury hasn't provided a target number, so let's see what the President actually requests before we start just picking numbers out of thin air. If there is going to be an increase, then we want spending cuts at least as large as the increase. But it's still early in this process, and we'll land on a number as discussions unfold. We understand that American families expect us to enact meaningful changes to curb out of control spending and to demonstrate to them, and the markets, that the Washington spending spree is over.

Q: I have heard from some who are very concerned that Washington won't figure this out, and America will default. They say people will feel real ramifications and won't be able to obtain loans, receive their Social Security benefits on time, etc. Some economists say this will lead to another recession. What do you tell those people?

A: First, I'd say that we hear you. America is at a crossroads, and the American Dream is at risk of being crushed by a mountain of deficit and debt spending. Rather than engage in the politics of fear and finger pointing, Washington has got to change its ways. All parties – the GOP-led House, the Senate Democrats and the Administration – have got to work together and come to a solution that works for the American people. We are just one-half of one-third of that equation, and the other parties have got to step up and bring their ideas. The American people and the American economy are counting on us to get this done, and we intend to.