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**STATEMENT BY ROBERT GREENSTEIN, PRESIDENT,  
ON SPEAKER BOEHNER'S RECENT REMARKS  
CONCERNING THE DEBT LIMIT**

No one should underestimate the significance of House Speaker John Boehner's declaration yesterday that he will block an increase in the debt limit next winter unless policymakers match each dollar of debt limit increase with at least a dollar in budget cuts, with *no* revenue increases. This standard, which key Republican leaders have said they will insist on for all future debt limit increases, would both produce extreme policies and repeat these lawmakers' hostage-taking strategy of last summer that threatened the economy and full faith and credit of the U.S. government — and raised the risks of a first-ever, potentially catastrophic, default.

Nor should the Speaker's pronouncement come as a surprise. When last summer's debt limit showdown ended with a spending-cuts only package, Republican Congressional leaders from House Budget Committee Chairman Paul Ryan to Senator Rob Portman announced that, in Ryan's words, the agreement "establish[es] a clear precedent that any future debt limit increases must be matched by an even larger cut in government spending."

Nevertheless, Speaker Boehner's pronouncement is highly significant for three reasons.

*First*, the Boehner standard would produce policies that can only be described as extremist. Consider the following:

This year's Ryan budget, which the House passed earlier this spring, would cut non-defense discretionary programs by 35 percent by 2022 (relative to 2010 funding levels adjusted for inflation), slash Medicaid by \$810 billion over ten years (on top of repealing health reform's Medicaid expansion), cut food stamps by more than \$133 billion, and sharply reduce Pell Grants to help low-income students attend college. All told, the Ryan plan contains \$5 trillion in budget cuts over the next ten years (not counting interest savings). It also envisions, according to Chairman Ryan's own numbers, having to raise the debt limit by \$5.2 trillion over this period.

As these figures indicate, the dollar-for-dollar standard would compel policymakers to pretty much swallow the Ryan budget or a close equivalent that's similarly unbalanced and draconian (given its failure to raise any revenue). Essentially, the Boehner standard represents an attempt to force into law a radical policy outcome such as the Ryan budget, which Speaker Boehner, Chairman Ryan, and their colleagues likely could not otherwise enact because of its unbalanced and radical nature. In short, the Speaker's standard represents unbalanced fiscal policy that ultimately would require dismantling many of the social advances of the past half century or more, paving the way for large increases in poverty and deprivation, as well as in inequality.

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*Second*, Speaker Boehner said yesterday that while allowing the United States to default would be irresponsible, it would be more irresponsible to raise the debt ceiling without accompanying it with new budget cuts on at least a dollar-for-dollar basis. This suggests the Speaker and his colleagues believe that ensuring the government secures no new revenue for deficit-reduction purposes — whether from letting any of President Bush’s tax cuts, which are providing an average tax cut of \$129,000 a year to people who make over \$1 million, expire or from closing costly special-interest tax loopholes — is more important than avoiding default.

*Third*, Speaker Boehner’s statement indicates that he and his colleagues feel emboldened by what they view as their success at hostage-taking last summer, when they threatened the economy and the full faith and credit of the U.S. Government to get their way. They evidently now believe they should threaten default each time policymakers must raise the debt ceiling until policymakers meet their demands for ever deeper budget cuts, with no revenue increases.

That course poses serious risks not just to the well-being of tens of millions of less fortunate Americans, but to the very functioning of American democracy itself. After last summer’s experience, Speaker Boehner and his colleagues apparently now believe a majority in one chamber of Congress may use the threat of default to bring the government to its knees in order to pursue a radical vision for the nation’s future. The will of one party in the House (or Senate) would effectively replace agreement among the President and both chambers of Congress, undermining representative government.

If we head down this path, we will become a different nation — coarser, harsher toward the vulnerable and people who experience what FDR termed the “vicissitudes of life,” unable to invest adequately in our future, and willing to tolerate levels of poverty and inequality that are present nowhere else in the Western world.

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