



**National
Urban League**

**To Be Equal#41
October 9, 2013
Don't Play Politics with the Debt Limit**

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"In the event that a debt limit impasse were to lead to a default, it could have a catastrophic effect on not just financial markets but also on job creation, consumer spending and economic growth—with many private-sector analysts believing that it would lead to events of the magnitude of late 2008 or worse, and the result then was a recession more severe than any seen since the Great Depression." US Treasury

On September 21, one week before the first government shutdown in 17 years, President Obama addressed the 43rd annual Congressional Black Caucus Legislative Conference in Washington. He told the 43 members of the Caucus and thousands of its supporters the same thing he has been telling the nation ever since, "We will not negotiate whether or not America should keep its word and meets its obligations. It's time for these folks to stop governing by crisis."

It is also time to set the record straight about the debt limit – what it is, what it does and why it should never be a political pawn in an ideological game (yes, game) of who will blink first. The Treasury department defines the debt limit as "the total amount of money that the United States government is authorized to borrow to meet its existing legal obligations, including Social Security and Medicare benefits, military salaries, interest on the national debt, tax refunds, and other payments. The debt limit does not authorize new spending commitments. It simply allows the government to finance existing legal obligations that Congresses and presidents of both parties have made in the past."

In other words, raising the debt ceiling is not a license for unchecked partisan spending. It does, however, ensure that our nation continues to pay our bills and abide by previously reached agreements.

Adding to the crisis is that as of the time of this writing, the government shutdown has entered its second week. With each passing day, new burdens are added to already hard-pressed communities across the country. Even with the recent House vote to guarantee back pay for furloughed workers, the damage to the American people and to federal employees is mounting – with almost one million federal workers furloughed and "essential" workers

reporting to work but not being paid. In addition, government agencies and organizations that provide critical services to millions of Americans – and that are still reeling from the detrimental effects of the “sequester” – have been forced to suspend needed services, putting both the economic health of the nation and the physical health of our people in jeopardy.

But, as bad as all of this may be, it pales in comparison to what could happen if Congress creates another manufactured crisis by failing to raise the debt limit by October 17.

Throughout our nation's history, our government has never defaulted on our legal obligations. In fact, the debt limit has been permanently raised, temporarily extended or has undergone a revision of its definition 78 distinct times since 1960 (49 times under a Republican president and 29 times under a Democratic president). According to the Treasury Department, if America defaults on our global financial obligations, it would likely send our economy back into a deep recession – with high interest rates, reduced investment, higher debt payments, and slow economic growth – that could last for more than a generation.

This issue is not one to manipulate for political power plays or to use as a stick to force repeals of passed legislation. With the world watching and China – our largest creditor – using this as an opportunity to remind us of “the lessons of history” from our 2011 credit rating downgrade due to Congressional deadlock, the stakes are high and the consequences of inaction are even more dire. Political grandstanding isn't worth it for anyone, and in the end, it will be the American people – not one party or political figure – who lose if we continue down this path. Let's be clear – principled, partisan fights are a part of democracy. But we must never become so irreconcilable that rigid ideology is valued above the needs of American citizens. Our message to Congress is clear: Don't play with the full faith and credit of the United States. Act now and demonstrate to our nation and the world how democracy can be – at its best.

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