Congress of the United States Washington, DC 20515

January 31, 2023

The Honorable Joseph R. Biden The White House 1600 Pennsylvania Avenue, N.W. Washington, D.C. 20500

The Honorable Kevin McCarthy U.S. House of Representatives H-232, The Capitol Washington, D.C. 20515

Dear President Biden and Speaker McCarthy:

With the deadline to increase the statutory debt limit only a few months away, we are glad to hear that conversations about raising the limit will soon begin. A default on our country's debt would be catastrophic for our economy. As such, it is our hope that these conversations result in good faith negotiations that avoid the partisan standoffs of the past. Such political brinkmanship has proven to rattle markets, damage the economy, and hurt the American people.

In 2011, Congress nearly failed to raise or suspend the debt limit, resulting in the most volatile week for U.S. markets since the 2008 financial crisis. Reacting to the chance of default, the credit rating agency Standard & Poor's Global Ratings downgraded the United States' creditworthiness for the first time in history. According to the Government Accountability Office, the delay in reaching a deal in 2011 increased U.S. borrowing costs by \$1.3 billion that year alone. We cannot allow this to happen once again.

As you know, Secretary Yellen has informed Congress that the federal government reached the statutory debt limit, and the Treasury Department is now implementing extraordinary measures to prevent the United States from defaulting on its obligations. Failure to raise the debt limit would prevent the federal government from meeting its legal obligations, including Social Security and Medicare benefits, military salaries, and tax refunds. Moreover, economists estimate that a debt limit breach would put an immediate halt to ten percent of our nation's economic activity, result in a loss of millions of jobs, significantly raise interest rates on homes, cars, and credit cards, wreak havoc on global markets, and devalue the dollar around the world.

Consumers are seeing gas and food prices go down as inflation is slowing, wages are up, the unemployment rate remains at a 50-year low, and economic growth was higher than anticipated at 2.9% in the fourth quarter of 2022. A default on our debt – or, as occurred in 2011, a political standoff – would reverse these trends and damage our economy.

With this in mind, we must work together to ensure that the country meets its financial obligations and that the good faith and credit of the United States remain intact. The Blue Dog

Coalition is ready to work with you and our colleagues to reach a timely agreement that is good for the country.

Respectfully,

Jared Golden Member of Congress

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Henry Cuellar Member of Congress



Josh Gottheimer Member of Congress

Jim Costa Member of Congress

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Vicente Gonzalez Member of Congress

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Sanford D. Bishop, Jr. Member of Congress