

**Prepared Remarks by Senator Chuck Grassley of Iowa
Ranking Member, Senate Committee on the Budget
Hearing Titled “The Default on America Act: Blackmail, Brinkmanship, and Billionaire
Backroom Deals”
May 4, 2023**

Mr. Chairman, thank you for holding today’s hearing on the House-passed Limit, Save, Grow Act. House Republicans have acted responsibly by passing a debt limit increase while also beginning to tackle our country’s unsustainable debt and deficits.

In contrast, President Biden and Senate Democrats have sat idly by, watching the clock tick down to default. By not thoughtfully engaging, they hoped to avoid any substantive debate on the serious fiscal issues facing this nation. In one last bid to avoid an honest debate on our nation’s finances, this week Senator Schumer introduced legislation to suspend the debt limit until 2025. That’s too little and too late as a growing number of Congressional Democrats are starting to call on President Biden to negotiate. It’s time for President Biden and Senate Democrats to come to the realization that their reckless and irresponsible strategy of delay has failed and begin negotiations in earnest.

No longer can Democrats ignore that over the next ten years, deficits will average \$2 trillion a year. Or that public debt as a share of our economy is set to rocket past the previous World War II-era record of 106 percent by 2028. Or that interest costs are set to triple from \$475 *billion* last year to \$1.43 *trillion* by 2033.

Our out of control debt is a bipartisan problem, but one President Biden and a Democratic Congress exacerbated through budget-busting partisan legislation and costly executive fiats. Don’t forget that the deficits CBO is currently projecting through 2031 are \$6 trillion higher than what the agency expected when Biden took office.

Given our dismal fiscal outlook, it would be irresponsible not to follow the historical practice of pairing an increase in the debt limit with fiscal controls to rein in Washington’s chronic overspending. Simply kicking the can down the road is no longer an option.

The House bill starts to improve our unsustainable fiscal trajectory by repealing the President’s unconstitutional student loan giveaway, paring back the reckless spending in Democrats’ inflation-increasing reconciliation act, and capping discretionary spending for next year at fiscal year 2022 levels—levels agreed to by a Democratic Congress and in effect as recently as December.

On that last point, it would be up to Congress, particularly the appropriators, to determine how to meet the discretionary topline. Nothing in this legislation mandates cuts to defense, veterans’ health care, border security, or other activities that Republicans have always prioritized.

Democrats contend that doing anything but rubberstamping an unconditional increase in the debt limit is irresponsible. Well, just a few years ago the very same Democrats were singing a different tune.

In 2017, Senator Schumer boasted about using the debt limit as “leverage” in negotiations with the White House. And in 2019, then-Speaker Pelosi demanded that any debt ceiling suspension be paired with an increase in discretionary budget caps. She said, “when we lift the caps, then we can talk about lifting the debt ceiling.”

DEMOCRATIC LEADERSHIP USED THE DEBT CEILING AS LEVERAGE UNDER THE TRUMP ADMINISTRATION

**What's our leverage?...
We only had one thing as
leverage at that point,
which was the debt ceiling**



CHUCK SCHUMER
2017

**When we lift the caps then we can
talk about lifting the debt ceiling -
that would have to come second or
simultaneous, but not before
lifting the caps**



NANCY PELOSI
2019



And last but not least, then-Senator Biden had this to say in 1984, shortly before he voted *against* raising the debt limit: “I cannot agree to vote for a full increase in the debt without any assurance that steps will be taken early next year to reduce the alarming increase in the deficits and the debt.”

THEN-SENATOR BIDEN BELIEVED INCREASING THE DEBT LIMIT SHOULD BE PAIRED WITH DEFICIT REDUCTION

**“I cannot agree to vote for a full increase in the debt
without any assurance that steps will be taken
early next year to reduce the alarming increase
in the deficits and the debt”**



JOE BIDEN
1984



The fact is that debt limit legislation has always been the product of negotiations between the White House and Congress. And it's long past time for President Biden to sit down with the Speaker and negotiate a deal, like the one he brokered as Vice President in 2011. It was important then, and it's important now.

Republicans aren't the only ones saying so. Even many Democrats are now telling the President he needs to sit down with congressional leaders. One Senate Democrat has said that the President's refusal to meet with the Speaker "signals a deficiency of leadership." Another Democrat in the House says the President and the Speaker "ought to get to work and get it done for the sake of the country."

DEMOCRATS ARE CALLING ON PRESIDENT BIDEN TO ENGAGE WITH SPEAKER MCCARTHY

I urge President Biden to come to the table, propose a plan for real and substantive spending cuts and deficit reduction, and negotiate now

We call on both the President and the Speaker to engage in genuine talks offering real proposals that will result in an agreement to lift the debt limit

They ought to sit down and start discussing how we ensure we raise or suspend the debt limit before the expiration date

JOE MANCHIN

JARED GOLDEN, MARY PELOTA, MARIE PEREZ

JOSH GOTTHEIMER

The House Republicans' bill is meant to start a conversation, not end it. Speaker McCarthy has said many times that he wants to negotiate with President Biden. So all the barbs and attacks on the House bill are meaningless. Everyone knows it's an opening bid. It's time for President Biden to stop playing politics and demonstrate real Presidential leadership by negotiating in good faith.

I'm glad that the President finally agreed to meet with congressional leaders next week. But a meeting is not the same thing as a negotiation. I hope when the President sits down with the Speaker next Tuesday he will bring an open mind and a serious counteroffer. Because the longer the President spends dragging his feet and putting off negotiations, the closer he brings us to the first-ever federal default in U.S. history.

