



Press Release

Testimony on: The Federal Debt Limit and its Economic and Financial Consequences

PAULINA ENCK | MARCH 7, 2023

In testimony before Senate Committee on Banking, Housing, and Urban Affairs Subcommittee on Economic Policy, AAF President Douglas Holtz-Eakin discusses issues surrounding the federal debt limit.

Key points:

- Congress should pass, and the president should sign, legislation to raise or suspend the debt limit as soon as possible.
- Failure to do so will inevitably lead to default on Treasury securities, generating global financial fallout, recession risks, and higher U.S. borrowing costs.
- The federal budget is on an unsustainable trajectory, driven in large part by entitlement spending; Congress and the president should also address this looming economic risk.

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