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Credit Agencies Say We Can’t Afford Path We’re On

The debate over the debt limit is not a debate over whether or not the government should pay its bills. The President is trying to spin this debate by saying, “We can't not pay bills that we've already incurred.” But the nation’s credit agencies have pointed out the obvious: without spending cuts, it is guaranteed that the government will be unable to pay its bills at some point. The choice is between making reasonable reforms now or postponing the day of reckoning to whenever markets decide that the U.S. government is no longer worthy of confidence. President Obama has already added nearly $6 trillion to the national debt – the time has come for spending restraint. Middle-class taxpayers – and young Americans – deserve real spending solutions and real results.

STANDARD & POOR'S RATINGS SERVICES Negative outlook **Downgraded August 2011**	MOODY'S INVESTORS SERVICE **Negative outlook**	FitchRatings **Negative outlook**
January 2013: “We believe [the fiscal cliff deal] **does little** to place the U.S.'s medium-term public finances on a more sustainable footing.”	**January 2013:** After the fiscal cliff deal, debt still “would leave the government **less able to deal with future pressures** from entitlement spending or from unforeseen shocks.”	**January 2013:** “In the absence of an agreed and credible medium-term deficit reduction plan...the current Negative Outlook on the 'AAA' rating is likely to be resolved with a **downgrade later this year**.”

A Credit Downgrade Would Exacerbate Our Problem

If we fail to deal with our spending problem and all three major rating agencies downgrade our credit, borrowing costs will rise, though the magnitude of the rise is uncertain. The U.S. government's borrowing costs are very low right now because interest rates are at historic lows. If borrowing costs return to their 20-year average, deficits over the next 10 years will increase by $4.9 trillion.

Other downgrades would soon follow: Fannie Mae and Freddie Mac would likely be downgraded, as well as states such as Maryland, Virginia, and New Mexico. Mortgage and other interest rates will rise, the stock market will take a nose dive, student loan interest rates will increase, and state and local government pension funds will be hurt.

If President Obama gets his wish and Congress raises the debt limit without accompanying spending cuts, eventually our credit will be downgraded and all Americans will feel the pain of their government's inaction.

Inaction Is a War on the Young

We owe it to future generations to straighten out our finances as soon as possible. Edmund Burke said that government is "a partnership not only between those who are living, but between those who are living, those who are dead, and those who are to be born." By passing on such a large national debt, Democrats are burdening young Americans with debts they cannot consent to in order to pay for benefits they will not see. They will never enjoy the benefits of programs like Social Security and Medicare if we do not make reforms now to ensure those programs will be there in the future.

By taking a pass on every opportunity to propose meaningful reforms to our spending and entitlement programs, President Obama is essentially declaring that he thinks it is acceptable to pass on this future debt to young Americans. For the first time in our history, we are in danger of breaking a fundamental American promise: that we should leave our children with more opportunity than we had. It is irresponsible for Democrats to sit by and do nothing when we know the enormity of the problem that is approaching.