



For Immediate Release
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**Floor Statement of Senator Max Baucus (D-Mont.)
Regarding the Debt Limit**

Mr. President, tomorrow morning, the Senate will have to vote on legislation to increase the statutory limit on United States debt. The measure before us would increase the limit by \$290 billion.

The debt limit sets a ceiling on the amount of money that the U.S. Treasury can borrow. If we pass this bill, then the Treasury can continue to borrow money until about February 11 of next year.

If we do not pass this bill, then at least two very bad things will happen.

First, the United States would default on the interest payments on its debt for the first time in the history of this country.

And second, the Federal Government would be unable to borrow the money that it will need to pay all of the Social Security benefits that beneficiaries are entitled to receive.

So the bottom line is: We have no choice. We have to approve it.

The law limits how much money the Treasury can borrow. Now you might ask: How did we reach the current limit?

The answer is simple. The financial crisis and the deep recession that the new administration inherited have resulted in record borrowing this year.

Let me be more specific:

First, the Bush Administration asked for and then used authority to spend unprecedented sums of money to help banks, auto companies, insurance firms, Fannie Mae, and Freddie Mac to weather the financial crisis. The prior administration enacted and used these authorities before the current administration even took office.

Second, the new administration inherited the Great Recession. The recession has lowered revenues. To compensate for reduced revenues, Treasury has had to borrow more.

In addition, the recession has increased the need for Federal spending on things like unemployment insurance and Medicaid costs for folks who can no longer afford health care. To compensate for these increased outlays, Treasury has had to borrow more, as well.

Finally, to keep the recession from becoming a lot worse than it has, the Obama Administration had no choice but to enact a vigorous stimulus package. And Treasury has had to borrow the money to make up for this shortfall, as well.

But without enactment of this stimulus package, the economy could well have descended into a depression. We would have been in far worse economic shape.

To cover the cost of all of these measures, the Treasury Department had to borrow record amounts of money. As a result of this unprecedented borrowing, the Treasury is about to reach the current limit.

It is clear that we have no choice but to raise the ceiling on the debt that Treasury can borrow. If we don't, the United States will default on our interest payments for the first time in the 220-year history of this country. We cannot let that happen.

And we will not be able to pay all of the monthly Social Security benefits to which people are entitled. That would be unthinkable.

To prevent these catastrophic consequences, we must increase Treasury's borrowing limit. I urge my Colleagues to vote for this legislation. There is no way around it. It is a necessity. We simply have no choice.

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