

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

March 13, 2017

The Honorable Donald Trump
President of the United States
The White House
1600 Pennsylvania Avenue, Northwest
Washington, DC 20500

Dear Mr. President:

On March 16, 2017, the current suspension of the debt limit will expire, and the Treasury Department will no longer be able to borrow to pay legal obligations of the United States Government. We urge you to work with Congress to ensure that there is no default risk.

We understand that your Administration also plans to submit a preliminary budget request this week. It is imperative that you, like all of your predecessors, send a clear message that the United States will continue to pay its debts, on time, and in full.

We need to raise the debt limit to keep promises we have already made to the American people. These promises include paying Social Security and Medicare benefits for our seniors, paying our troops in harm's way, providing health care for our veterans, paying American businesses for goods and services they have already provided, compensating federal employees for their work, and paying interest due on U.S. Treasury bonds.

You have promised the American people that you will not support Republican proposals to cut Social Security and Medicare. We would remind you that a failure to raise the debt limit would also prevent us from honoring those promises to seniors.

In past Congresses, some of our Republican colleagues have suggested that defaulting on our obligations would be acceptable as long as we continued to pay interest on privately held Treasury bonds—the majority of which are owned by investors in China and other foreign countries. We ask you to clearly disavow this reckless and harmful position and affirm your commitment to a clean bill that honors the full faith and credit of the United States.

In the past, simply entertaining the idea of default and delaying legislative action had very significant consequences for our economy and the American people. Recent debt limit crises led to a first-ever downgrade in our credit rating, reduced balances in family investment and retirement accounts, and increased borrowing costs for homeowners, small businesses, and the federal government. The Government Accountability Office has said that many businesses have

responded to the increasing frequency and seriousness of debt limit crises by developing formal policies to disinvest in Treasury bonds, which may make a future crisis even more harmful than those in the past.

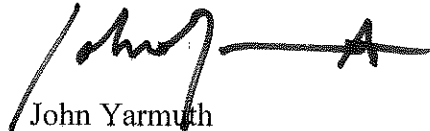
We understand that the Treasury Department is planning to use a range of legally-available "extraordinary measures" to delay default. If you are not able to persuade Republican Congressional leaders to quickly raise the limit, you must provide clear information to Congress and the financial markets not only about your plan to use extraordinary measures, but, as the previous Administration did, about how long those measures might delay a default.

Thank you for your attention to this matter. We look forward to hearing from you about your Administration's plan to safeguard our economy and keep our promises.

Sincerely,



Richard E. Neal
Ranking Member
Committee on Ways and Means



John Yarmuth
Ranking Member
Committee on the Budget