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Written Testimony
House Committee on the Budget

Hearing on
Why Congress Needs to Abolish the Debt Limit

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Chairman Yarmuth, Ranking Member Smith, members of the committee, thank you for the opportunity to testify before this committee on this important topic. It's a pleasure to testify before a committee I served on during my first term in Congress and testified before as White House Director of the Office of Management and Budget. As I can imagine it is for the majority of members on this committee, being good stewards of the tax dollars Americans entrust us with is something I took very seriously during my time in public office.

No matter how you slice it, the federal government's spending is on an unsustainable path. This month, the federal debt surpassed \$30 trillion. The Congressional Budget Office is projecting annual deficits of larger than \$1 trillion into the next decade. The interest we pay on the debt is expected to grow substantially and eat away at the revenues coming in. Truly, the nation faces a collection of financial challenges in the coming years.

When I first got to Congress in 2011, I joined with colleagues in introducing the Cut, Cap, and Balance Act, which would cut federal spending, cap future spending levels as a share of GDP, and add a balanced budget amendment to the Constitution, in exchange for raising the debt limit. While it did not become law, it showed one simple and sensible pathway to restore fiscal sanity. Ultimately, Congress passed the Budget Control Act of 2011. At the time, just eleven years ago, the national debt was \$14.3 trillion, half of what it is today. In my view, while that law was imperfect, Congress made an important commitment to the American people to impose some measure of restraint on spending, to not treat tax dollars like an unlimited resource.

The 2011 debt limit debate was not the only time Congress used raising the debt limit as an opportunity to address the growing federal debt. Starting with the Balanced Budget Act of 1985, both parties, when in control of Congress, have raised the debt limit in exchange for spending caps, sequestration, limits on discretionary spending, and pay-as-you-go requirements for new federal spending. A common theme has been a sense of obligation to the American people to have the federal government behave more like a family balancing its own budget – what you spend should not exceed what you bring in.

The fact that the Budget Committee, the committee responsible for setting spending levels for the federal government, is holding a hearing about why the debt limit should be abolished speaks volumes about the current fiscal insanity that pervades Washington. This is the Budget Committee – and with the title of this hearing alone you are implicitly saying that budgets no longer matter.

The truth we all know is that Congress often does not act without the threat of a looming deadline. A debt limit creates a natural point in time for Congress to account for how out-of-control spending has become and to, potentially, do something about that. It is seemingly the only real inflection point when Congress decides to take budgeting seriously. That's the very least the federal government owes American taxpayers.

Anyone who looks at the government's books will see that the root cause of the federal debt is spending, not revenue. In fiscal year (FY) 2021, tax revenue to the federal government increased by 18 percent, the highest rate of increase in five decades. Tax collections are on pace to set another record this year, up more than 28 percent through the first four months of the year. And

yet, the House of Representatives passed an astonishing \$7.5 trillion in new spending last year alone. There is absolutely no way taxpayers can sustain such levels of spending, nor should Congress pass that burden onto future taxpayers.

Proponents of uncontrolled federal spending often justify their actions under the guise of compassion – providing something to those in need and not letting the debt get in the way. But Congress should not just consider the recipient of government services, but also the taxpayer whose hard work has provided the resources to pay for such services. It is not compassionate or respectful to taxpayers to pass down a legacy of debt to their children and grandchildren. The debt limit forces Congress to think of today's taxpayers as well as the next generation of Americans and ask whether we want to risk jeopardizing their future success and prosperity by making poor decisions today.

Thank you for allowing me to testify before this committee and I look forward to your questions.