CED STATEMENT ON DEBT CEILING AGREEMENT
Avoiding Default Catastrophe Provides Relief,
Long-Term Solution Vital to America’s Economic Growth

WASHINGTON, D.C., August 3, 2011. Over the last few weeks, it appeared increasingly likely that the debt-limit debate would lead to an unprecedented Treasury default. Fortunately, the increase in the debt ceiling that was enacted into law on August 2 has avoided that potential catastrophe. Furthermore, if the increase does prove sufficient to last through 2012, it will keep this highly sensitive issue from becoming a part of a noisy election campaign, when considered decisions are most difficult.

Still, the nation came far too close to a short-term debt-limit and financial crisis, and the Congress should have learned the lesson to avoid any replay in the future. But in the course of these tense weeks, the nation also came to see the early consequences of the growth of our debt totally apart from the statutory limit – as ratings agencies found tarnish on what were the gilt edges of our Treasury’s securities. If the United States wants to remain the world’s unquestioned financial leader, the Congress and the Administration must dispel these doubts. The new Joint Select Committee on Deficit Reduction should report its required budget savings on time through a cooperative bipartisan process, and should build a consensus through which further needed deficit reduction will be achieved in this Congress and succeeding Congresses.

Furthermore, the Joint Select Committee and the leadership in the Congress should explain clearly to the American people why the federal government must restore its fiscal standing, and how that can be done. If leaders lead, the American people will make the right decisions, and pay the short-term price for longer-term prosperity.

-Charles EM Kolb, President, Committee for Economic Development

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