

# McCarthy Blames Biden for Debt Ceiling Impasse in Wall Street Speech

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House Speaker Kevin McCarthy, R-Calif., speaks at the New York Stock Exchange Institute. (Screen grab)

WASHINGTON — House Speaker Kevin McCarthy, R-Calif., traveled to Wall Street on Monday to both blame President Joe Biden for the ongoing impasse over raising the nation's debt ceiling and announce that the chamber's Republican Conference intends to move its own plan for preventing the nation's first-ever debt default "in the coming weeks."

"I want to talk to you about the debate that is not happening in Washington," McCarthy said in remarks before the New York

Stock Exchange Institute, the advocacy arm of the exchange founded last year to serve as a champion for U.S. capital markets and NYSE-listed companies.

“Our national debt is too high. And the problem is getting worse, not better,” he said. “We are now \$31 trillion dollars in debt. That’s more than the entire economy of America, 20% more,” the speaker said.

“Over the next 10 years, the United States will pay \$10.5 trillion just on the interest of our debt,” he said. “To put that in perspective, since 1940 through to today, we have paid \$9 trillion on the interest of our total debt ... and now we’re going to pay \$10.5 trillion in just the next 10 years.

“In our lifetimes, these interest payments are on track to crowd out and eventually eclipse vital programs like Social Security and Medicare, and far from protecting these vital programs, as the president says he will, President Biden’s extreme spending threatens to crush them with debt and economic decay.

“Without exaggeration, American debt is a ticking time bomb that will detonate unless we take serious, responsible action,” McCarthy said. “Yet how has the president reacted to this issue? He has done nothing. ... Rather than face the facts, this president has embraced a fantasy, that debt doesn’t matter. That money can always be created out of thin air. And that the solution to higher prices caused by reckless spending is just higher taxes.”

The speaker said the forthcoming Republican plan will lift the debt ceiling into next year while including provisions that will return discretionary funding to 2022 levels, effectively cap increases in spending over the next decade to 1% of annual growth, and all without “touching Social Security and Medicare.”

“Simply put, our plan puts us on a fiscally responsible path in three ways: It limits, it saves and it grows,” McCarthy said.

The second part of the plan would be to “examine Washington’s wasteful spending,” an effort that he said, among other things, would “claw back tens of billions of dollars in COVID-related funding that has never been spent.”

“The bloated, overgrown bureaucracy that has expanded under President Biden needs to be pruned,” he added. “If Washington wants to spend more, then it will have to come together to find savings elsewhere. Just like every single American household does every single day.”

Lastly, the Republicans are banking on a vague proposal to get Americans back to work, despite the fact that according to the Bureau of Labor Statistics, unemployment in the United States currently stands at a 54-year low.

“And don’t believe anyone who says our plans hurt the American safety net,” McCarthy said. “We are a very generous nation. And when people fall on tough times, we’ll help them. That will not change.

“But this is important: Assistance programs are supposed to be temporary, not permanent. They are supposed to be a hand up and not a hand out. They are supposed to be a bridge to independence, not a barrier.”

The White House hit back Monday afternoon saying McCarthy’s so-called plan was no plan at all.

“Speaker McCarthy is breaking with the bipartisan norm he followed under [former President] Trump by engaging in dangerous economic hostage taking that threatens hard-

working Americans' jobs and retirement savings," said Deputy Press Secretary Andrew Bates in a written statement.

"In 2019, Donald Trump himself said, 'I can't imagine anybody ever even thinking of using the debt ceiling as a negotiating wedge,'" Bates continued. "This morning, Speaker McCarthy did just that. Meanwhile, he again failed to clearly outline what House Republicans are proposing and will vote on, even as he referenced a vague, extreme MAGA wish list that will increase costs for hard-working families, take food assistance and health care away from millions of Americans, and yet would enlarge the deficit when combined with House Republican proposals for tax giveaways skewed to the super rich, special interests and profitable companies.

"A speech isn't a plan, but it did showcase House Republicans' priorities. Rather than ask the super wealthy to pay their fair share, they propose cutting services for veterans. Rather than cut spending to Big Pharma, they propose sending manufacturing jobs overseas to countries including China," the White House spokesman added.

Rep. Rosa DeLauro, D-Conn., the ranking member of the House Appropriations Committee, also took issue with McCarthy's remarks, releasing a four-page **summary** of how she believes the Republican proposal, however sketchy at this point, would harm millions of Americans.

"Speaker McCarthy's speech at the New York Stock Exchange risks the nation's economic security," DeLauro said. "Raising the debt ceiling is an obligation we have as members of Congress. Democrats and Republicans have acted in the public interest every time it was necessary.

“The Speaker did not express concerns when the House voted three times to raise the debt limit under President Trump,” she continued. “The proposed caps mean a cut to critical spending of 22%. This means removing more than 100,000 teachers and service providers from classrooms and undermining our children’s education.

“If implemented, 200,000 children would lose access to Head Start, and 100,000 children would lose access to child care, making it more difficult for parents to go to work. The cuts would make our communities less safe, pulling hundreds of cops off the street and forcing thousands of firefighters out of their jobs.

“This narrow, extreme partisan approach risks economic tumult, higher interest rates and increased prices. I urge the speaker to step back and pass a clean debt ceiling increase. Leave the annual appropriations process out of it,” DeLauro said.

Though McCarthy tried hard to have his appearance on Wall Street on Monday compared to that of President Ronald Reagan in March 1985, the comparisons soon came up short.

To begin with, Reagan actually spoke on the floor of the New York Stock Exchange, where, The New York Times reported, “he received an ebullient reception from traders”; McCarthy spoke in a large conference room before fewer than 100 attendees.

And while some of their themes were similar — Reagan warned listeners, on the exchange floor and later at St. John’s University campus in Queens, against letting the “size and weight” of government get out of hand, or else it could “simply flatten the economy like a steamroller” — the times and the players’ roles in them were simply different.

Reagan had been reelected just months earlier on the assertion that it was “morning in America again” and had just slain a recession; McCarthy, months after finally being voted speaker after 15 rounds of ballots — the longest contest in 164 years — has presided mostly over the passage of inevitably partisan messaging bills after the transfer of congressional power, and has seen two of the five bills the 118th Congress sent to the president’s desk in its first 100 days vetoed.

“Reagan talked about a malaise caused by the burdensome regulation of inflation ... of the government trying to run the economy ... but ruining it. That is what we’re experiencing today,” McCarthy said. “I’m here to tell you I want a responsible, sensible debt ceiling that puts us on an economic path to make America stronger, that works for every American. But that cannot happen if the president continues to ignore the problem. And he can’t continue any longer. The day is coming. I want to sit down and solve the problem together.”

Later, during a brief, moderated question-and-answer session, McCarthy acknowledged that having to go 15 rounds before being elected speaker was “tough.”

“But they made me stronger,” he said.

“And I don’t mind being underestimated. I think it’s better if I’m just hitting singles and doubles. Eventually, I’ll score more runs,” he said, adding that he’s also playing a somewhat different role in the federal government than he has in the past.

“I am now the speaker of the House and not the Republican leader,” he said. “I have responsibilities that may be a little different. I’m never going to solve big problems alone. And we have got a lot of problems to solve; we have to come together.

“I am proud of the relationship I’ve built with House Democratic Leader Hakeem Jeffries, D-N.Y., but that doesn’t mean we shouldn’t debate issues. I think our discussions should include the arguments on both sides of an issue. But at the end of the day, we should find what unites us and makes us stronger.”

What will happen next is anybody’s guess.

The Treasury Department began implementing what Treasury Secretary Janet Yellen called “extraordinary measures” to prevent a default in January, just as the national debt approached the roughly \$31.4 trillion cap set by the last, Democratically controlled Congress.

At the time, Yellen explained that it is unclear exactly when the nation will reach the so-called “X-Date” and default on its obligations, or when the Treasury might exhaust those extraordinary measures, but Congress is expected to have until sometime in the summer to raise the debt limit, or risk a default.

In the meantime, several House Republicans have said they are working behind the scenes to create a debt ceiling package that will work for the conference and be subject to a vote sometime in May.

On Monday afternoon, Senate Majority Leader Chuck Schumer, D-N.Y., weighed in during a press conference on Capitol Hill, saying “one thing is clear from this morning’s theater at the New York Stock Exchange: Democrats want to avoid defaulting on our country’s debts; meanwhile Speaker McCarthy continues to bumble our country toward a catastrophic default which would cause the economy to crash, cause monumental job loss and drastically raise costs to the American people.



“He went all the way to Wall Street and gave us no more details ... no more facts ... no new information at all,” Schumer continued. “I’ll be blunt. If Speaker McCarthy continues in this direction, we are headed to default.

“The main way we’ve avoided default in the past was to avoid and reject brinkmanship and hostage taking and instead work together in a bipartisan way,” he said. “Speaker McCarthy, in his speech, invoked President Reagan. Ronald Reagan was never as reckless as Speaker McCarthy is being. Ronald Reagan said, ‘debt ceiling brinkmanship threatens the holders of government bonds and those who rely on Social Security and veterans benefits. The United States has a special responsibility to itself and the world to meet its obligations.’

“Speaker McCarthy, you said you wanted to go to the stock exchange because Reagan did. Well, listen to what he said. And despite the speaker’s stated concerns about costs, nothing would do more to raise costs for American families than an unnecessary Republican default crisis.

“Speaker McCarthy should know that when you insist on attaching things to the debt ceiling — something President Trump never did — you risk a catastrophic default,” Schumer said. “There is a time to discuss what kind of cuts folks are looking for or taxes they want to raise — it’s called the budget. It shouldn’t be part of this conversation.

“To date, after countless requests, Speaker McCarthy has yet to produce any concrete plan as to the specific cuts he wants, and that has the support of 218 Republicans in the House,” he said. “Democrats have called on Speaker McCarthy over and over and over: ‘Show us your plan.’ Well, what we got today was not a plan. It was a recycled pile of the same things he’s been saying for months, none of which has moved the ball forward an inch.



“Amazingly enough — this one really knocks my socks off — one of the few specifics Speaker McCarthy presented today is his terrible idea to kick the can down the road for just one year and undergo the same crisis again. Why would anyone want to undergo this crisis again, and again and again?”

“President Biden and I are happy to meet with the speaker when he has something to talk about — a plan. ... If he comes there without a plan, what are we going to talk about, the furniture?

“The solution here is straightforward. Republicans should work with Democrats in good faith to avoid default together, just as we did under President Trump. Just as President Reagan talked about. No blackmail. No brinkmanship. No default,” Schumer said.

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