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H. RES. 360

Affirming the support of the House of Representatives for the preservation of the integrity of the full faith and credit of the United States of America.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 1, 1996

Mr. VENTO (for himself, Mr. SCHUMER, Mr. KANJORSKI, Mr. LAFALCE, Mr. FLAKE, Mr. KENNEDY of Massachusetts, Ms. VELÁZQUEZ, Mrs. MALONEY, Mr. GUTIERREZ, Mr. WATT of North Carolina, Mr. ACKERMAN, Mr. BARRETT of Wisconsin, Mr. BENTSEN, and Mr. FRANK of Massachusetts) submitted the following resolution; which was referred to the Committee on Ways and Means

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RESOLUTION

Affirming the support of the House of Representatives for the preservation of the integrity of the full faith and credit of the United States of America.

Whereas the United States has achieved the most secure and highest credit rating of any nation;

Whereas the denigration of the full faith and credit of the United States would have a substantial negative impact on its citizens if the United States were to default on its debt obligations;

Whereas there exist no economic impediments which inhibit the ability of the United States to honor its contractual obligations to pay the debt and interest;

Whereas the majority leadership in Congress has issued contradictory political statements regarding an orderly and rational procedure to increase the debt ceiling to honor United States debt obligations;

Whereas no legal, prudent or practical tools remain for the Secretary of the Treasury to prevent default on February 29 or March 1, 1996, unless Congress increases the debt limit;

Whereas a top credit rating agency, Moody's Investors Services has announced that it is considering downgrading the credit rating of United States Treasury medium- and long-term debt obligations because the current political threats and debate over the budget and the debt ceiling have significantly increased the risk of default on certain Treasury obligations;

Whereas if the United States were to default on its debt the Federal Government would not be able to make $30 billion of Social Security (representing 43 million Social Security beneficiaries and 4 million SSI beneficiaries) and other benefit payments;

Whereas if the United States were to default on its debt the Federal Government would not be able to make over $1.5 billion in veterans benefits payments (representing 2.2 million veterans with service-connected disabilities, more than 300,000 survivors of veterans, and nearly three-quarters of a million poor war-time veterans and survivors);

Whereas if the United States were to default on its debt the over 1,500,000 active duty military personnel of the Army, Navy, Air Force, and Marines, including our troops in Bosnia, would not be paid for their service to the United States;

Whereas if the United States were to default on its debt the cost of home mortgages, home equity loans, student loans, and all consumer debt linked to Treasury securities will permanently increase at least one-quarter to a full percentage point;

Whereas if the United States were to default on its debt the cost of an average student loan would rise by $850 over its life if rates on Treasury securities increased by one-half a percentage point;

Whereas if the United States were to default on its debt the average homeowner with a $100,000 ARM at 7.25 percent rate of interest, would pay an additional $840 per year ($70 a month) if rates on Treasury securities increased by one percent;

Whereas if the United States were to default on its debt the American taxpayers would pay an additional $90 billion in interest over seven years, and pension funds would lose $40 billion in the value of assets needed to pay retiree benefits with just a one-half percentage point increase in interest rates;

Whereas if the United States were to default on its debt the value of real estate, pension funds, and other savings will drop;

Whereas the denigration of the full faith and credit of the United States and the sanctity of United States debt instruments would create an economic shock wave and have a substantial negative impact on the domestic and international economy if the United States were to default on its debt obligations;

Whereas if the United States were to default on its debt it would result in a significant and permanent increase in Federal borrowing costs thereby increasing the Federal deficit and hindering efforts to balance the Federal budget;

Whereas if the United States were to default on its debt it would substantially increase the costs of borrowing to State and local government;

Whereas if the United States were to default on its debt (dropping its rating to at best a "C") it is uncertain when United States debt obligations would regain their "AAA" status even once debt service resumes; and

Whereas this Nation, the United States of America, throughout its two hundred year history, including the Civil War, World War I, World War II, and the Great Depression, has never once defaulted on its debt: Now, therefore, be it

Resolved, That the House of Representatives should immediately enact an increase in the debt limit free of conditions.

Be it further resolved, That the House of Representatives affirms its continued unequivocal support for the full faith and credit of the United States of America, and, that the threat of default should never be employed, issued or in any way implied in political policy debates in such a manner as would jeopardize the credit rating of the United

States of America by casting doubt on whether the United States will honor its debts.

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