

June 29, 2011

The Honorable John Boehner
United States House of Representatives
Washington, D.C.

The Honorable Nancy Pelosi
United States House of Representatives
Washington, D.C.

The Honorable Harry Reid
United States Senate
Washington, D.C.

The Honorable Mitch McConnell
United States Senate
Washington, D.C.

Dear Speaker Boehner, Minority Leader Pelosi, Majority Leader Reid, and Minority Leader McConnell,

We, the undersigned economists, urge Congress to raise the federal debt limit immediately and without attaching drastic and potentially dangerous reductions in federal spending. Not doing so promptly could have a substantial negative impact on economic growth at a time when the economy looks a bit shaky. In a worst case, it could push the United States back into recession.

The U.S. economy looks fragile at present. Economic growth has been too weak to generate sufficient new job creation. Reaching the limit on total outstanding debt could force a dramatic and sudden cut in federal spending that would destroy jobs and threaten the recovery. To remove spending from the economy at such a pivotal moment would be irresponsible.

Failure to increase the debt limit sufficiently to accommodate existing U.S. laws and obligations also could undermine trust in the full faith and credit of the United States government, with potentially grave long-term consequences. This loss of trust could translate into higher interest rates not only for the federal government, but also for U.S. businesses and consumers, causing all to pay higher prices for credit. Economic growth and jobs would suffer as a result.

Signed,

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