

March 6, 2023

President Joseph R. Biden  
The White House  
1600 Pennsylvania Avenue, NW  
Washington, DC 20500

Dear President Biden:

I write regarding the dangerous debt ceiling crisis manufactured by Republicans in Congress and to urge you to put forward a budget this week that rejects Republican calls for tax breaks for the wealthy and massive job losses for everyone else.

The Republican approach to the debt ceiling will either result in a catastrophic default and an economic recession - or massive cuts to key government programs that destroy millions of jobs. You must reject both options. Speaker Kevin McCarthy and many House Republicans have indicated they will avoid triggering a default and raise the debt ceiling only if Democrats agree to slash critical investments in families.<sup>1</sup> This week, Moody's Analytics is publishing a new analysis that shows the impact of this extremism: if Republicans trigger a default, we will plunge into a recession that will cost at least 1 million Americans their jobs, but if we give in to the Republican demands for massive cuts, that will also trigger a recession and 2.6 million jobs lost.<sup>2</sup>

I know you are committed to making important investments in American families and to making the wealthy pay their fair share, and I urge you to continue that approach in your budget and stand firm against Republicans' economy- and job-destroying debt ceiling demands. Congress can and should extend the debt ceiling immediately, cleanly, with no ifs, buts, or ands – just as Republicans did three times for President Trump.<sup>3</sup>

Instead, House Republicans are playing politics with millions of jobs, demanding massive cuts in critical government programs. These proposals would require slashing all U.S. government spending—including Social Security, Medicare, defense and VA spending—by 27 percent - or an even more staggering 78 percent if cuts to those programs are off the table,

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<sup>1</sup> Vox, "The deal that may make Kevin McCarthy speaker, explained," Andrew Prokop, January 6, 2023, <https://www.vox.com/policy-and-politics/2023/1/6/23542817/kevin-mccarthy-speaker-deal-congress-debt-ceiling>.

<sup>2</sup> Moody's Analytics, "Going Down the Debt Limit Rabbit Hole," Mark Zandi, Cristian deRitis, and Bernard Yaros, March 7, 2023, [on file with the Office of Senator Elizabeth Warren].

<sup>3</sup> The New York Times, "In Debt Limit Fight, Republicans Won't Say What Spending Cuts They Want," Alan Rappeport, January 31, 2023, <https://www.nytimes.com/2023/01/31/us/politics/republicans-spending-debt-ceiling.html>.

as some Republicans claim.<sup>4</sup> The new Moody’s analysis found that these Republican cuts would immediately plunge the U.S. economy into a recession, costing 2.6 million Americans their jobs.<sup>5</sup> And the pain would not be short-lived either. Republican-imposed austerity would mean the U.S. economy in 2033 would still be short nearly 1 million jobs and 3 percentage points of GDP growth – as if our economy stood completely still for a year.<sup>6</sup> In fact, the economic impact would be so great, that it would result in even more job losses than a short-lived debt ceiling breach, in both the short- and long-term.<sup>7</sup>

Serious conversations about reducing the national debt should start by making the richest individuals and corporations pay their fair share and reversing decades of Republican tax cuts for the wealthy and well-connected. Today, the top 0.1 percent wealthiest Americans pay just 3 percent of their wealth each year in federal income taxes – half the rate that 99 percent of Americans pay.<sup>8</sup> Meanwhile, giant corporations have lobbied their way from paying 6 percent of the cost of running our country several decades ago to just 1 percent today.<sup>9</sup>

The Biden Administration and Democrats in Congress have many ideas to unrig the tax code and raise revenue, including repealing the Trump tax cuts for the wealthy, closing loopholes that allow giant corporations to dodge taxes on overseas profits and goose CEO pay with stock buybacks, and making billionaires pay their share of taxes on their growing piles of wealth. These efforts would raise trillions of dollars in new revenue to cut the deficit and fund investments in the middle class.<sup>10</sup>

In your State of the Union address, you pledged that your forthcoming budget will lower the deficit by \$2 trillion, and make major investments in the U.S. economy like increasing access to affordable child care – not by cutting Social Security and Medicare, but “by making the wealthy and big corporations begin to pay their fair share.”<sup>11</sup>

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<sup>4</sup> Committee for a Responsible Budget, “What Would It Take to Balance the Budget? An Update,” February 24, 2023, <https://www.crfb.org/blogs/what-would-it-take-balance-budget-update>.

<sup>5</sup> Moody’s Analytics, “Going Down the Debt Limit Rabbit Hole,” Mark Zandi, Cristian deRitis, and Bernard Yaros, March 7, 2023, [on file with the Office of Senator Elizabeth Warren].

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> Letter from Emmanuel Saez and Gabriel Zucman, Professors of Economics, U.C. Berkeley, to Senator Elizabeth Warren, February 24, 2021, <https://www.warren.senate.gov/imo/media/doc/Wealth%20Tax%20Revenue%20Estimates%20by%20Saez%20and%20Zucman%20-%20Feb%2024%2020211.pdf#page=6>.

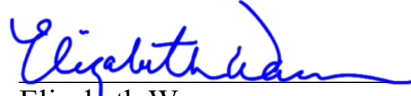
<sup>9</sup> U.S. Senate Budget Committee, Testimony of Gabriel Zucman, Associate Professor of Economics, U.C. Berkeley, Hearing on “Ending a Rigged Tax Code: The Need to Make the Wealthiest People and Largest Corporations Pay Their Fair Share of Taxes,” March 25, 2021, <https://www.budget.senate.gov/imo/media/doc/Gabriel%20Zucman%20-%20Testimony%20-%20US%20Senate%20Budget%20Committee%20Hearing.pdf#page=9>.

<sup>10</sup> The White House, “Remarks of President Joe Biden – State of the Union Address as Prepared for Delivery,” February 7, 2023, <https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/02/07/remarks-of-president-joe-biden-state-of-the-union-address-as-prepared-for-delivery/>.

<sup>11</sup> *Id.*

I urge you to stand firm in that commitment to a strong economy and tax fairness, and look forward to seeing that approach reflected in your budget and in your refusal to give in to Republican blackmail on the debt ceiling. And if House Republicans come to you claiming that they care about the national debt, tell them that you are happy to work with them to make sure billionaires and giant corporations pitch in just like everyone else.

Sincerely,



Elizabeth Warren  
United States Senator