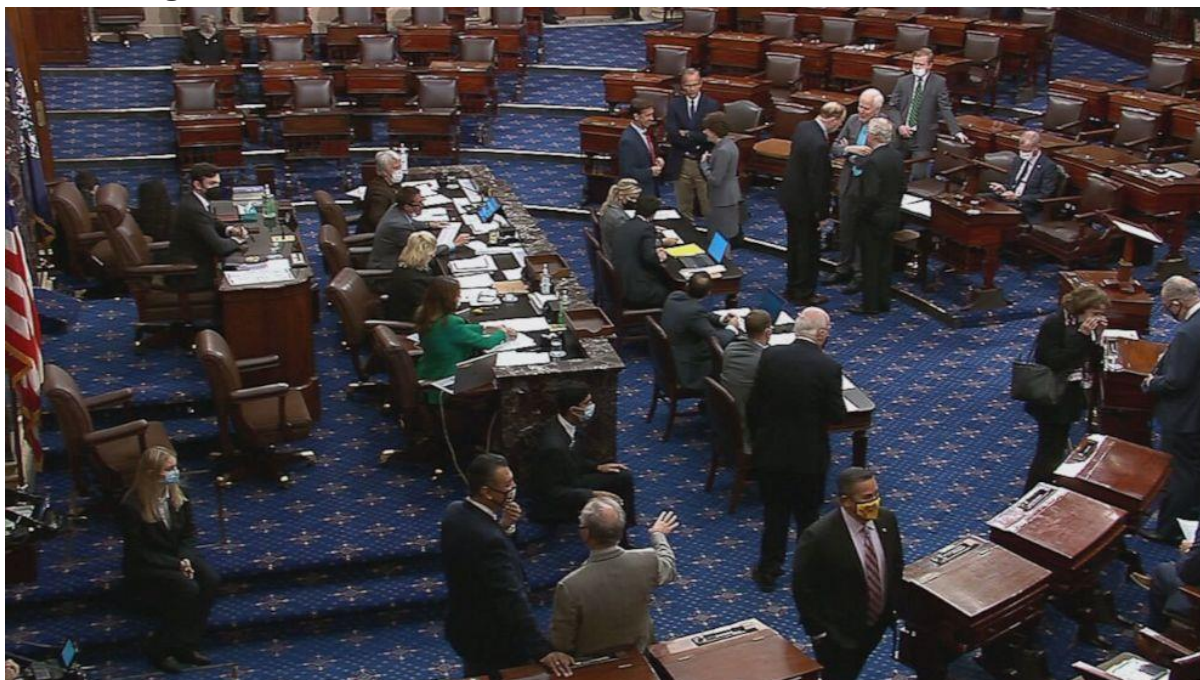


U.S. Government debt Ceiling: Biden asks for Increase

April 7, 2023

April 6, 2023: Washington DC: On January 19, 2023, USA reached its debt ceiling of \$31.4 trillion and the Treasury announced a “debt issuance suspension period” during which, under current law, it can take well-established “extraordinary measures” to borrow additional funds without breaching the debt ceiling.



The Senate votes to raise the debt ceiling, on Oct. 7, 2021, in Washington, D.C.

President Biden has already asked the House of Representatives to increase the limit without any delay. The last increase was done on December 16, 2021, when the ceiling was raised by \$2.5 trillion to a total ceiling of \$31.4 trillion.

The Republican leaders in the House have asked the President to cut government expenses, before they agree to increase the debt-ceiling. President’s office wants to have the debt-ceiling to be increased without any conditions.

The U.S. economy could plunge into another recession this fall if Congress fails to lift the debt ceiling and the nation is unable to pay its obligations, something that has never happened in the nation's history.

According to an analysis by Moody's Analytics chief economist Mark Zandi, the fallout of the default by US Government would wipe out as many as 6 million jobs. He estimated in a report that in case of a default, the nation’s

unemployment rates could approach 9% compared with its current rate of 5.2%. Zandi says that after November 1, 2023, checks for millions of Social Security recipients could be delayed and stock prices would likely plunge by one-third, sparking that \$15 trillion loss in household wealth. Failure to resolve the impasse in the House between the republicans and the democrats could unleash "chaos," Zandi warned on Tuesday, 4th April 2023. The financial hit would come at a time when many families are still struggling to recover from the economic turmoil of the pandemic, with one-quarter of Americans saying they struggled to pay their bills in the last week, according to new data from the Census.

Of the total amount of outstanding debt subject to the statutory limit, about three-quarters is debt held by the public and foreign governments; the remaining one-quarter is debt held by government accounts. The government accounts are federal government's trust funds and other federal accounts for internal transactions. Trust funds for Social Security, military retirement, civil service retirement and disability, and Medicare account for most of that debt.

By-- Dr K N Mistry

Reference:

<https://www.cbo.gov/publication/58945#:~:text=1%20On%20January%2019%2C%202023,without%20breaching%20the%20debt%20ceiling.>