

CBS Mornings

01/19/23

7:00:44 a.m. [TEASE]

15 seconds

GAYLE KING: A stark warning from the Fed as the U.S. hits the debt ceiling, how partisan fighting on Capitol Hill could destabilize the economy.

[ON-SCREEN HEADLINE: Debt Ceiling Standoff]

SENATOR CHRIS VAN HOLLEN (D-MD) [on CNN Newsroom, 01/18/23]: We cannot negotiate over whether the United States pays its bills on time. At the end of the day, we've always paid our bills.

(....)

7:02:03 a.m.

39 seconds

UNIDENTIFIED FEMALE JOURNALIST: With the federal government expected to breach the debt ceiling on Thursday, lawmakers are no closer to a deal to avert a potential financial crisis.

STEPHEN COLBERT [on CBS's *The Late Show with Stephen Colbert*, 01/18/23]: Okay, breaching the debt ceiling is a complicated topic and I don't want to get too technical, so all you need to know is Ahhh! Ahhhhh! Ahhhh!

[AD READ]

KING: That sums it up I think very nicely, Mr. Colbert, and today is Thursday.

NATE BURLESON: Yes.

TONY DOKOUPIL: Yes. Pretty much.

KING: We will see.

BURLESON: We will talk about it today.

KING: Yes, we will.

BURLESON: We will try to break it all down for you.

(....)

7:03:13 a.m.

2 minutes and 55 seconds

[ON-SCREEN HEADLINE: Showdown Over U.S. Debt Ceiling; Treasury Expected to Confirm U.S. Has Reached Debt Ceiling Limit]

DOKOUPIL: All right, but we are going to begin with the debt ceiling, that showdown in Washington. This is something that could have a major impact on your money and global markets, and here is what's going on. The Treasury is expected to confirm today that the US has reached its so-called debt ceiling. That is the nation's legal borrowing limit. Republicans want cuts before they vote to increase it. Well, Democrats are saying that that risks a government default, which would be a very bad thing, indeed. Scott MacFarlane is on Capitol Hill. He is following it for us. Scott, the more people learn about this, it seems like the more they want to shake their head. Good morning.

SCOTT MACFARLANE: Absolutely, Tony. Good morning. Emergency measures go in place today from the U.S. Treasury Department to give Congress a few months to raise the debt ceiling. But the political fight during that period could have big consequences on the U.S. economy. In Washington, a dangerous standoff is looming. Later today, the Treasury Department is expected to announce it is taking extraordinary measures to prevent America from defaulting on its debt. Those include shifting money between government accounts. The Treasury will also temporarily hold off payments to some Federal Employee Retirement plans and health funds for retired Postal workers to give Congress a few more months to raise the debt ceiling. Republicans who control the U.S. House and particularly those who demanded concessions from Kevin McCarthy before he became Speaker say they want promises Washington will cut its expenses before raising the debt limit.

SPEAKER KEVIN MCCARTHY (R-CA): Why wouldn't we sit down now, set a budget, set a path to get us to a balanced budget and let's start paying this debt off?

MACFARLANE: But the White House says it won't negotiate over such a vital thing.

KARINE JEAN-PIERRE: This is something that shouldn't be happening without conditions.

BILL HART: Five twenty nine is your total.

MACFARLANE: At his hardware store in Maryland, Bill Hart has little margin for error to remain profitable and to keep all 50 of his employees —

HART: It is a big responsibility when you're responsible for this many people's livelihoods and families.

MACFARLANE: — which means, he doesn't want the uncertainty which could be coming.

HART: Just last week, I purchased for Halloween and Christmas so — in this business, you have to plan way out especially when you're getting things shipped over from overseas.

MACFARLANE: Virginia Democrat Abigail Spanberger says just the possibility of brinksmanship could rattle the markets 401(k)s and trigger a recession.

CONGRESSWOMAN ABIGAIL SPANBERGER (D-VA): Leaders within the financial sector, economists, business owners have already begun to really explain and ring the alarm bells of why this is an issue.

MACFARLANE: The nation's debt limit is \$31.4 trillion, but without more borrowing, the government can't pay for expenses it has already incurred. The last time Congress nearly breached the debt ceiling was 2011, and it caused a downgrade of the U.S. credit rating and a shock to the stock market — Nate.

BURLESON: Scott, thank you, and will have Jill Schlesinger explaining what the debt ceiling actually means to you at home in just a bit.

(...)

8:00:48 a.m. [TEASE]
6 seconds

[ON-SCREEN HEADLINE: Debt Ceiling Impact]

DOKOUPIL: The debt ceiling, you've heard about it. We're hitting it today, and Jill Schlesinger is going to come by to explain how it could affect all of us.

(.....)

8:01:09 a.m.
14 seconds

[ON-SCREEN HEADLINE: Political Showdown]

KING: We could be heading for a political showdown with huge economic implications as the U.S. bumps up against its debt ceiling.

MACFARLANE: Emergency measures go in place today from the U.S. Treasury Department to give Congress a few months to raise the debt ceiling.

(.....)

8:14:10 a.m. [TEASE]
13 seconds

[ON-SCREEN HEADLINE: Coming Up; Debt Ceiling Impact]

BURLESON: Coming up: Dolla' dolla' Jill Schlesinger is here to explain what the often misunderstood debt ceiling debate actually means for you and your pocketbook. This is *CBS Mornings* as she gives us the thumbs down.

(.....)

8:18:02 a.m.

4 minutes and 23 seconds

[ON-SCREEN HEADLINE: Money Watch; Debt Ceiling and Your Finances; Jill Schlesinger on What Debate in Washington Could Mean for You]

BURLESON: In this morning's Money Watch, we're going to unpack what the debt ceiling means to everyday Americans, with the government expected to hit that limit today. When you hear the term "debt ceiling," you might roll your eyes and think to yourself, how does this affect me? Well, CBS News business analyst Jill Schlesinger is here to explain why it actually does. Jill, good morning. How are you doing?

JILL SCHLESINGER: Good. Good and doing well.

BURLESON: Okay, so what exactly is debt ceiling?

SCHLESINGER: So it's basically the limit, and it is an arbitrary limit of the total amount of debt that the U.S. can actually borrow. It goes back to 1917.

BURLESON: Okay.

SCHLESINGER: And because we generally spend more than we take in every year for all the various obligations we have, we run up debt. Periodically, the debt ceiling needs to be raised. It's been raised 86 times since 1960. It's usually a bipartisan nonevent administrative. But what is clear is not raising the debt ceiling can have significant consequences on the economy and on us.

KING: So I'm sitting at home, I'm watching you, I should be worried. Why?

SCHLESINGER: Well, okay. When we don't have the debt ceiling raised, the U.S. Treasury Department has a series of bad decisions to make. So right now they're starting with kind of like the medium measures that don't really impact us, but we get closer to the summer, what is likely to happen is we could start seeing a real change. What would happen? We could see furloughing of government employees. I am not talking about hundreds of thousands of people. We're talking about some of those government employees being forced to work, but not getting paid. We're also talking about things like delaying Social Security checks, maybe you won't get your tax refund on time. Maybe you won't go to a National Park. I just want to focus on one thing very particularly, when you don't have Social Security checks coming in, not only is it putting individuals at risk, it is putting the economy at risk. Those Social Security checks are spent in this economy. We are in an economy right now that is teetering on the edge of recession, so this

could cause tremendous tumult and could push us further into a recession than we would have been otherwise.

BURLESON: Talking about the ripple effect.

KING: But when you lay it out like that, Jill, you go, well, why not just raise the debt ceiling?

SCHLESINGER: Right. Good. Thank you.

KING: When you lay it out like that.

SCHLESINGER: Yes. Thank you. I exactly agree with that. Because this has become a strange battle in fighting a fight that's already been fought. And what do I mean by that? When you think about the debt ceiling, this is not running up new debt for something we haven't voted on. Congress — previous Congresses, Republicans and Democrats have voted on certain spending measures, raising the debt ceiling pays for the measures that have already been voted on.

BURLESON: Okay.

SCHLESINGER: So this has become this strange way of saying, we don't like the amount of money going out for Social Security or whatever program you care or don't care about.

KING: It was already agreed upon.

SCHLESINGER: It was already agreed upon, which makes people like me nuts.

DOKOUPIL: Republicans want to use this moment, though, to cut spending. They say, look, the debt ceiling is at \$31 trillion. That's a huge number. I mean, on the other hand, feel better about your personal credit card bills. But do they have a point in saying, hey, this is out of control?

SCHLESINGER: Well, I think they would have a point if they hadn't voted back, you know, in 2017, for tax cuts that weren't paid for or hadn't voted on a series of plans that we really did need during the pandemic. You know, everything in retrospect gets a different tint through a political lens. I'm a money person. I don't really care about politics. I care when politicians screw up the economy and actually impact ordinary Americans lives.

DOKOUPIL: That should be your like, answering machine message.

BURLESON: That's it right there.

SCHLESINGER: Yes, that's it. That's it. And you know what, to be honest with you, the people who are grandstanding around this, they do so at their own peril, because in the past, what we know is when we have these conflicts, and they go to the bitter end, just go back to 2011, the last time we hit a big impasse. The stock market went down by 14 percent over four weeks. The bond market went berserk and borrowing costs increased. We were looking at job losses, and it did

take time to recover. Again, we are already slowing down after this post pandemic recovery. This is not the moment to have a fight like this.

DOKOUPIL: Right.

KING: You're right.

DOKOUPIL: Very clear.

KING: Jill always breaks it down. Thank you, Jill.

SCHLESINGER: Thanks.