

NBC's *Today*

01/19/23

7:00:51 a.m. [TEASE]

13 seconds

[ON-SCREEN HEADLINE: Deadline]

HODA KOTB: Deadline. The U.S. is expected to reach its debt limit today, setting up a showdown on Capitol Hill. Democrats and Republicans locked in a fierce battle over a solution. We'll break it all down, including the impact on your bottom line.

(....)

7:09:44 a.m.

3 minutes and 19 seconds

[ON-SCREEN HEADLINE: Debt Ceiling Deadline Today]

SAVANNAH GUTHRIE: And now we turn to the high-stakes showdown there over the debt ceiling. The government on the brink again of hitting its borrowing limit. It's prompting the Treasury Department to use, "extraordinary measures" to continue paying the nation's bills. And, in the meantime, Republicans are demanding spending cuts before any agreement can be reached and, of course, this all impacts you and your wallet. Here to walk us through it is Brian Chung, NBC's business reporter. Brian, good morning. Stop me if you've seen this movie before. Let's go back to basics, the debt ceiling. This is not about new spending. We're not writing a blank check here to do a bunch of new spending. This is about spending that both parties have already done and now it's time to pay the bills?

BRIAN CHEUNG: Yeah. So important to make the distinction, Savannah. And good morning as well, Hoda. When we talk about the debt limit, what we're talking about is spending that's already been done. So, imagine you spent \$1,000 on your credit card — right — but you've only been authorized to use \$800 to pay off that bill. How do you plug the gap limit? That's what this debt limit is all about. And the estimate is today we hit the limit for how much we can use.

GUTHRIE: Like — it's like your credit limit.

CHEUNG: It's like your credit limit, essentially.

GUTHRIE: You already spent it but you need to increase your credit.

CHEUNG: Right, but as you mentioned, though, the Treasury, even though we hit the limit today, has these extraordinary measures they can use to hobble us through the next few months. The estimates that's only going to get us to early June.

GUTHRIE: So, that's kind of like they're just doing — moving money around.

KOTB: Essentially.

GUTHRIE: Basically, like, I'll call — I'll pay this bill but not that bill --

CHEUNG: Yep. Changing from one hand to the other.

GUTHRIE: — and that'll stretch it out for a few more months.

CHEUNG: Yep.

GUTHRIE: But what happens? Because I guess, like, chickens come home to roost in June, right?

CHEUNG: Right.

GUTHRIE: And that's when it's do or die time. You either raise the debt ceiling or what? Catastrophe. Lay it out for us.

CHEUNG: Yeah. Well, I mean, and that's the words we've heard from those inside the Treasury. It would be a full-on catastrophe. But really what we're talking here is just the consequences of potentially a lot of these social programs going bust because if the — you know, if the government cannot pay its bills on its government debt, which is U.S. Treasuries, well, then, they're going to have to start make cuts in things like Social Security. They might not be able to make Medicare payments, veterans disability payments, food stamp programs. That would be catastrophic. And it's also important for financial markets as well. The U.S. government debt is widely regarded as the safest, most — you know, best thing to have in your — in your wallet-type of thing. But if it all evaporates, that's going to really lead to a lot of catastrophe. But it's important to note. It hasn't happened. Since 1960 there have been 78 times the government has moved to raise the debt ceiling. Congress — we hope will do the same in this case as well.

GUTHRIE: Well, then, and everybody kind of shrugs it off a little bit like, oh, well, they always get it.

KOTB: Yeah.

GUTHRIE: Is there any cost to the economy and to the American consumer —

KOTB: Mmhmm.

GUTHRIE: — when you just have the threat of the debt limit not being raised looming over us for a few months?

CHEUNG: Yeah, well, certainly, the stock market looks at the elements in Washington, D.C., to see whether or not this is going to get done or not. Again, it's mostly the case that it gets done. But 401(k)s are very much hinging on what's going to happen over the next few months. And

people have said this, this is just a little crazy kabuki dance that happens over and over and over again. There have been proposals for maybe a permanent solution, like an automatic system that would just raise the debt limit and maybe you take the debate over spending to the spending bills as opposed to the debt limit. There's also been other proposals, like maybe minting a \$1 trillion coin. Won't get into the nuances of that.

GUTHRIE: Oh goodness.

CHEUNG: But, look, these are different types of proposals that have suggested maybe this debt limit exercise is something that's a bit separate from the spending bills, which maybe that's where the conversation should be negotiated over.

GUTHRIE: Yeah, fair fight over what you can spend or whether you can afford to cut taxes.

CHEUNG: Exactly.

GUTHRIE: That's not this.

CHEUNG: Before you use the credit card, maybe think about it.

GUTHRIE: Yeah.

KOTB: Alright, Brian, thank you so much.