

By Ben Weyl

House Democrats are preparing to lay out a tough opening position in the emerging battle over the federal debt ceiling.

Led by Rep. Peter Welch of Vermont, Democrats are proposing to change House rules to take the sting out of raising the debt ceiling. Although they will run into a wall of GOP opposition, the move is intended to serve as a marker that sets Democrats up as the responsible party opposed to default.

Welch is planning to introduce two resolutions on the debt limit, and he said Assistant Democratic Leader James E. Clyburn, D-S.C., will join him. One resolution would require a clean, up-or-down vote on increasing the government's borrowing authority. The second resolution would reinstate the so-called Gephardt Rule, named for former House Democratic Leader Richard A. Gephardt, which set the debt limit as consistent with the budget resolution enacted by Congress. In place from 1979 to 1995, the rule allowed lawmakers to avoid a separate, politically difficult vote on the debt limit.

"Raising the debt ceiling is about one thing: affirming that America will pay its bills. It does not authorize any new spending," Welch wrote in a letter to colleagues asking for co-sponsors for the resolutions. "As we saw in 2011, failing to honor obligations made by previous Congresses to achieve a partisan advantage in budget disputes jeopardizes the full faith and credit of the United States of America."

The federal government technically exceeded its borrowing capacity on Dec. 31, but the Treasury Department is taking what it called "extraordinary measures" to maintain debt payments and effectively extend its limit through the end of next month.

Congressional Republicans see that as a prime moment for leverage to extract spending cuts or changes to entitlement programs, particularly in light of a fiscal cliff agreement they said did not address spending. Last year, the GOP won legislation to mandate over \$2 trillion in spending cuts over a decade, but only before a destabilizing period of brinkmanship that led to a

downgrade of the country's credit rating by Standard and Poor's.

Democrats are loath to relive that experience.

"The debt ceiling should not be a hostage to get your will in a budget negotiation," Welch said in an interview. "The collateral damage to the economy is ferocious."

President Barack Obama has sternly vowed not to negotiate over raising the debt ceiling, a move Welch praised. But even as Obama has promised to "not play that game," the president has not called for a clean vote to increase the government's \$16.4 trillion debt limit.

Obama is soon set to begin negotiating over government spending, and the debt ceiling will surely be an important component. Across-the-board budget cuts that were put off for two months by the fiscal cliff deal are set to take effect March 1, roughly when the government's borrowing limit is reached. By March 27, appropriations for operating the government will lapse.

Obama's former budget director Peter R. Orszag threw some cold water on Obama's recent hard-line comments Thursday, in a television appearance flagged by GOP officials.

"I don't know that that statement actually frankly matters that much. Because they're going to have to negotiate over replacing the — you know the sequester was only delayed by two months," Orszag said on CNBC. "You're going to have to negotiate over the appropriations bill for the funding the daily operations of the government. So if you're negotiating over those things, and the debt limit's kind of thrown in, you can say you're not negotiating over the debt limit, but there will be negotiations in February and March."

Welch said he expected an increase of the debt ceiling to be included in a package to address those spending issues, but that he believes Obama will not give further concessions in any deal in return for increasing the government's borrowing capacity.

"What's important is that the president maintains his position that there is no quid pro quo," said Welch.

In a sign of how contentious the fight is likely to be, outgoing House Financial Services Chairman Spencer Bachus, R-Ala., said the nomination process for Treasury Secretary Timothy F. Geithner's replacement could get tangled in with the debt ceiling debate, although only the Senate has a say in confirming nominees to cabinet positions.

"I would think we would use any leverage we have," said Bachus.