DAVID SCHWEIKERT
6TH DISTRICT, ARIZONA

WASHINGTON, DC OFFICE:
1205 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225–2190
FAX: (202) 225–0096

ARIZONA OFFICE:
10603 NORTH HAYDEN ROAD
SUITE 108
SCOTTSDALE, AZ 85260
(480) 946–2411
FAX: (480) 946–2446

Congress of the United States
House of Representatives
Washington, DC 20515–0306

COMMITTEE ON
SMALL BUSINESS

COMMITTEE ON
SCIENCE, SPACE, AND
TECHNOLOGY

8 October 2013

The Honorable Jack Lew
Secretary of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Dear Secretary Lew,

In your letter to Congress, dated October 1, 2013, you state, "that as of [October 1st] Treasury has begun using the final extraordinary measures. There are no other legal and prudent options to extend the nation's borrowing authority." Furthermore, you project that these final extraordinary measures will completely exhausted by October 17, 2013.

This year the United States Treasury is expected to bring in a little over $3 trillion in revenue while spending is projected to top $3.6 trillion, a shortfall of about sixteen percent. According to the Congressional Budget Office, interest expense will only run about $237 billion, or about eight percent of revenue. To say that the federal government would not have enough money incoming to the treasury to cover our debt expenses is irresponsible and disingenuous.

I want to offer some potential solutions to our current situation and bring your attention to some ideas that could help soften the long term impacts that our entitlement state will ultimately bring onto the United States.

I recently introduced H.R. 3052, the Debt Ceiling Alternative Act in an effort to reframe the debate that Washington is having surrounding the Debt Ceiling. As you know, on May 9, 2013, the House of Representatives passed H.R. 807, the Full Faith and Credit Act, which would exempt interest expense from the Debt Ceiling should it be reached. The Debt Ceiling Alternative Act builds on this concept.

The country does possess a variety of options. What if the United States could reach primary balance? By combining assets sales from Fannie and Freddie, Mortgage Back Securities, Spectrum, Federal Real Property, and a sweeping of unobligated Appropriations balances, it is conceivable that we could reach primary balance in FY2014.

I also suggest two concepts for your consideration that could decrease the long term liabilities of the United States. I think it would be beneficial for the Treasury to study how these ideas could positively affect our sovereign debt beyond the ten year budget window.

The first is the concept of a 60 – 99 year Treasury Superbond. Currently, interest rates in the United States are at all time lows. It would behoove the United States to lock in as much of the national debt into these low rates as possible. We all know that over the next couple decades the United States faces demographic dilemma: "Baby Boomers" reaching retirement age. It is imperative that the United States look for creative ways to provide for stability.

Additionally, I believe that it could beneficial for the U.S. Treasury to study the possible positive effects of selling Treasury coupons tied to the Gross Domestic Product (GDP) of the United States economy. One proposal, devised by Yale Economist Dr. Robert Shiller, would set the coupon rate at one-trillionth of the US GDP. This security, which Dr. Shiller calls a "Trill," could potentially serve two purposes: first, it would help move the United States away from its addiction to debt financing, and, second, it would encourage the federal government to engage in pro-growth economic policies.

Over the next couple decades, America faces an almost incalculable explosion of debt. In order to prevent the US economy from being crushed under the weight of this debt, we in Congress and the Administration must being looking at creative ways to ensure the financial stability of future generations of Americans. I look forward to exploring these ideas further with you.

Sincerely,

David Schweikert
Member of Congress