Full Faith and Credit
Fact Sheet

This measure:

- Re-affirms that the Secretary of the Treasury has always had the full authority to prioritize payments and the responsibility to do so to maintain the public credit;
- Mandates that the Secretary do so;
- Directs the Secretary to delay paying other obligations to assure the public credit is maintained;
- Re-states the Secretary's discretion to arrange the schedule for other payments in whatever manner he deems advisable;

What about Social Security, or troops, or other priorities? This bill solely assures that the public credit is maintained even in the event of a debt-limit or sovereign debt crisis. All other priorities are left to the discretion of the Secretary.

Why not protect social security payments as well? This bill is premised on the simple principle that the public credit must be maintained. There is no end to other worthy demands on the nation's resources, and once started down this road there is no end to it. After the nation's credit is protected, everything else is up to the Treasury Secretary.

Doesn't this bill put China ahead of Grandma? More than half of the debt held by the public is held by Americans (including Grandma's pension fund) – China holds 10 percent. So the bill overwhelmingly favors American debt holders, and assures that American pension funds won't be undermined if the debt limit is reached. Many other states have similar provisions in their state constitutions.

Is there any difference between the government defaulting on its general obligations and defaulting on its debt obligations? Both eventualities are very bad and ought to be avoided. But this bill sends a powerful message to credit markets that the United States' debt is solid. Our revenues comprise about 60 percent of our spending and our debt service comprises 10 percent. So there is no excuse for a debt default. The moral of the story: if you're depending on your credit cards, you'd better be sure to make the minimum payment each month FIRST.