



U.S. Chamber of Commerce

Neil L. Bradley  
Executive Vice President  
Chief Policy Officer  
Head of Strategic Advocacy

May 19, 2023

President Joseph R. Biden  
The White House  
1600 Pennsylvania Avenue NW  
Washington, DC 20500

Dear Mr. President:

On behalf of the United States Chamber of Commerce, I write today in response to the letter you received yesterday from Senator Bernie Sanders and ten of his colleagues related to the debt limit and specifically with the suggestion that your administration prepare to exercise “your authority under the 14<sup>th</sup> Amendment of the Constitution.”

It is the Chamber’s view that attempting to invoke so-called “powers” under the 14<sup>th</sup> Amendment would be as economically calamitous as a default triggered by a failure to lift the debt limit in a timely manner.

The argument that the Executive Branch can simply issue new debt over and above the debt limit to ensure that the federal government has sufficient resources to meet its obligations is not supported by the text of the Constitution and ignores the obvious negative economic consequences that would occur if the administration attempted to issue such debt. The Constitution is clear, the power to “borrow money on the credit of the United States” is given to Congress (Article I, Section 8) and not the Executive.

This is supported by the full text of the 14<sup>th</sup> Amendment (notably the letter you received from Senator Sanders and his colleagues omitted a foundational clause replacing it with ellipsis).

Section 4 of the 14th Amendment reads in full:

“The validity of the public debt of the United States, **authorized by law**, including debts incurred for payment of pensions and bounties for services in suppressing insurrection or rebellion, shall not be questioned. But neither the United States nor any state shall assume or pay any debt or obligation incurred in aid of insurrection or rebellion against the United States, or any claim for the loss or emancipation of any slave; but all such debts, obligations and claims shall be held illegal and void.” (Emphasis added).

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Debt issued by the federal government must be issued in accordance with law. The relevant law at the moment is the statutory debt limit (31 U.S. Code § 3101). The 14<sup>th</sup> Amendment does not provide any authority or power for the Executive to issue debt beyond what has been authorized through the normal process for enacting laws.

If the Treasury Department attempted to borrow money above the statutory limit to pay obligations of the government, it would ignore the separation of powers enshrined in our Constitution and the validity of that debt would immediately be called into question. The infirmity of this path is underscored by your own acknowledgement that the validity of such debt would be subject to litigation and by Secretary Yellen's recent characterization of such a future act as "legally questionable." Notably, such debt would not be subject to the guarantee provided under the 14<sup>th</sup> Amendment because it would not have been "authorized by law."

Purchasers of U.S. treasuries, if they are even willing to purchase debt issued over and above the statutory limit, would demand a significant interest premium. This in turn would raise overall borrowing costs not only for the federal government, but also the private sector as interest rates in the private sector are often measured against the interest rates on U.S. treasuries. The legal uncertainty around this debt combined with increased interest costs would impose significant and long-term costs on the economy similar to default.

Simply put, there is no alternative to reaching a bipartisan agreement to raise the statutory debt limit. We are grateful for your engagement with Speaker McCarthy and urge you to continue your efforts to reach a successful and timely agreement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Neil L. Bradley", with a stylized flourish at the end.

Neil L. Bradley