

# **The Credit Ratings Agency Fitch Downgraded America's Credit Rating, Citing Steady Deterioration In Standards Of Government Following House Republicans Using The Debt Ceiling To Negotiate For Extreme Positions, Something House Republicans Are Attempting To Deny**

**The Credit Ratings Agency Fitch Downgraded America's Long-Term Foreign-Currency Issuer Rating, Just The Second Time In History A Major Agency Has Downgraded American Credit, Citing Among Other Factors A "Steady Deterioration In Standards Of Government."**

**On August 1, 2023, The Credit Ratings Agency Fitch Downgraded America's Long-Term Foreign-Currency Issuer Default Rating, Just The Second Time In History A Major Credit Ratings Agency Has Downgraded American Credit.**

On August 1, 2023, The Credit Ratings Agency Fitch "Downgraded The United States Of America's Long-Term Foreign-Currency Issuer Default Rating (IDR) To 'AA+' From 'AAA'." "Fitch Ratings has downgraded the United States of America's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'AA+' from 'AAA'. The Rating Watch Negative was removed and a Stable Outlook assigned. The Country Ceiling has been affirmed at 'AAA'." [Fitch, [8/1/23](#)]

Fitch Is "One Of The Three Big Independent Credit Rating Agencies Whose Takes On Countries' Creditworthiness Really Matter On The World Stage." "Fitch is one of the three big independent credit rating agencies whose takes on countries' creditworthiness really matter on the world stage. The other two are Standard & Poor's and Moody's." [Vox, [7/2/23](#)]

In 2011, "S&P Gave Its First-Ever Credit Downgrade To The US, Cutting Its Rating To AA+," And S&P "Has Still Not Restored Its Rating." "In 2011, S&P gave its first-ever credit downgrade to the US, cutting its rating to AA+. More than a decade later, that agency has still not restored its rating." [CNN, [5/25/23](#)]

**Fitch Cited "Erosion Of Governance" As A Key Ratings Driver In Its Downgrade, Stating "There Has Been A Steady Deterioration In Standards Of Governance [...]" Including On Fiscal And Debt Matters."**

Fitch Cited "Erosion Of Governance" As A Key Ratings Driver In Its Explanation Of The Downgrade. [Fitch, [8/1/23](#)]

In Its Explanation, Fitch Stated "There Has Been A Steady Deterioration In Standards Of Governance [...]" Including On Fiscal And Debt Matters." "In Fitch's view, there has been a steady deterioration in standards of governance over the last 20 years, including on fiscal and debt matters, notwithstanding the June bipartisan agreement to suspend the debt limit until January 2025." [Fitch, [8/1/23](#)]

**The Credit Downgrade "Could Ultimately Raise The Nation's Borrowing Costs, Threaten Economic Growth And Hike Interest Rates For Consumer Loans Like Credit Cards And Mortgages," And Hurt Americans By "Influencing Interest Rates That Everyone Pays."**

**Analysts Claim The Credit Downgrade “Marks A Significant Milestone” That “Could Ultimately Raise The Nation’s Borrowing Costs, Threaten Economic Growth And Hike Interest Rates For Consumer Loans Like Credit Cards And Mortgages.”** “Analysts downplayed the immediate economic effect of the rating decision but said it marks a significant milestone on a path of increasing debt that could ultimately raise the nation’s borrowing costs, threaten economic growth and hike interest rates for consumer loans like credit cards and mortgages.” [ABC News, [7/2/23](#)]

**The Downgrade Of The U.S. Government’s Credit Rating “Can Affect Household Budgets” By “Influencing Interest Rates That Everyone Pays.”** “When one of the largest credit agencies threatened to downgrade the U.S. government’s credit rating Wednesday, it underscored one of the ways the debt ceiling crisis can affect household budgets: influencing interest rates that everyone pays.” [Investopedia, [5/26/23](#)]

**House Republicans Are Using The Fitch Downgrade To Blame President Biden’s Spending And Advocate For Extreme Policies, Despite Fitch Explicitly Listing “Repeated Debt-Limit Political Standoffs,” “Tax Cuts,” And “A Complex Budgeting Process” In Its Explanation Of The Downgrade.**

**House Republicans Are Blaming President Biden And Advocating For Extreme Spending Cuts In Response To The Fitch Downgrade, Despite Fitch Explicitly Listing “Repeated Debt-Limit Political Standoffs,” “Tax Cuts,” And “A Complex Budgeting Process” That Lacks A Medium-Term Fiscal Framework In Its Explanation Of The Downgrade.**

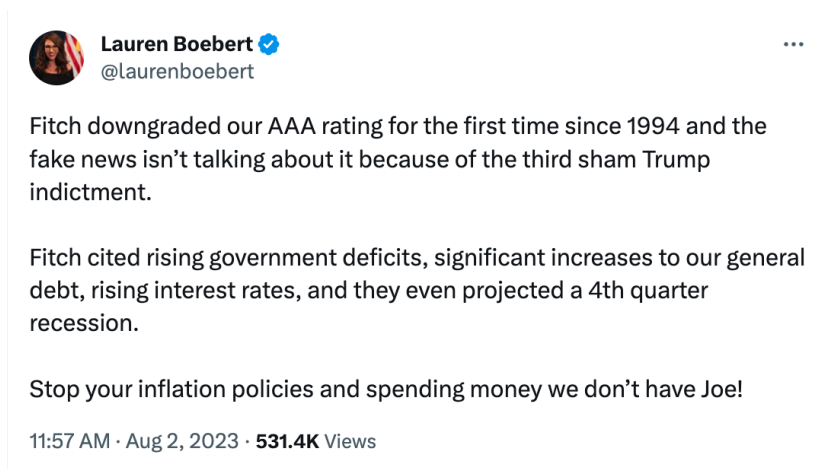
**The Fitch Credit Downgrade Listed “Repeated Debt-Limit Political Standoffs,” “Tax Cuts,” And “A Complex Budgeting Process” That Lacks A Medium-Term Fiscal Framework In Its Explanation Of Why The U.S. Government Credit Lost Its AAA Status.** “Fitch Ratings has downgraded the United States of America’s Long-Term Foreign-Currency Issuer Default Rating (IDR) to ‘AA+’ from ‘AAA’. [...] The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management. In addition, the government lacks a medium-term fiscal framework, unlike most peers, and has a complex budgeting process. These factors, along with several economic shocks as well as tax cuts and new spending initiatives, have contributed to successive debt increases over the last decade.” [Fitch, [8/1/23](#)]

**In Response To The Credit Downgrade, The House Freedom Caucus Stated, “The Biden Administration Played Politics With A Possible Government Default.”** “A rundown of Fitch’s downgrade of the United States credit rating: The Biden Administration played politics with a possible government default. The @HouseGOP did our job in April by passing Limit Save Grow but Biden waited till the last minute to negotiate.” [X (Twitter), @freedomcaucus, [8/2/23](#)]



[X (Twitter), @freedomcaucus, [8/2/23](#)]

**Rep. Lauren Boebert (R-CO) Said, “Fitch Cited Rising Government Deficits, Significant Increases To Our General Debt, Rising Interest Rates, And They Even Projected A 4th Quarter Recession. Stop Your Inflation Policies And Spending Money We Don’t Have Joe!”** “Fitch downgraded our AAA rating for the first time since 1994 and the fake news isn’t talking about it because of the third sham Trump indictment. Fitch cited rising government deficits, significant increases to our general debt, rising interest rates, and they even projected a 4th quarter recession. Stop your inflation policies and spending money we don’t have Joe!” [X (Twitter), @laurenboebert, [8/2/23](#)]



[X (Twitter), @laurenboebert, [8/2/23](#)]

**Rep. Andy Biggs Stated, “The Recent Downgrade Of The US Government’s Credit Rating Points To A Larger, More Concerning Problem. The Federal Government Recklessly Spends Money That It Doesn’t Have.”** “The recent downgrade of the US government’s credit rating points to a larger, more concerning problem. The federal government recklessly spends money that it doesn’t have. We must reign in spending and regain control of the national debt.” [X (Twitter), @RepAndyBiggsAZ, [8/2/23](#)]



[X (Twitter), @RepAndyBiggsAZ, [8/2/23](#)]

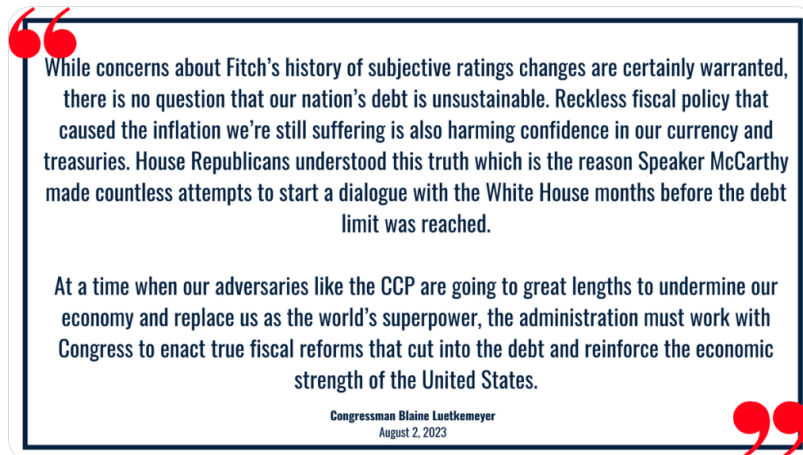
**Rep. Blaine Luetkemeyer Said In A Statement, “Reckless Fiscal Policy That Caused The Inflation We’re Still Suffering Is Also Harming Confidence In Our Currency And Treasuries.”** [X (Twitter), @RepBlaine, [8/2/23](#)]



Blaine Luetkemeyer  
@RepBlaine

...

On [#Fitch](#) downgrade:



10:56 AM · Aug 2, 2023 · 1,958 Views

[X (Twitter), @RepBlaine, [8/2/23](#)]

**MAGA House Republicans Downplayed Their Threat To Push The Country Into A Debt Default Earlier This Year If Their Extremist Demands Were Not Met, Something Fitch Highlighted In Its Credit Downgrade When It Noted “Repeated Debt-Limit Political Standoffs And Last-Minute Resolutions Have Eroded Confidence In Fiscal Management.”**

**Fitch Cited “Repeated Debt-Limit Political Standoffs And Last-Minute Resolutions Have Eroded Confidence In Fiscal Management” As A Reason Why The U.S. Credit Was Downgraded.**

Fitch Cited “Repeated Debt-Limit Political Standoffs And Last-Minute Resolutions Have Eroded Confidence In Fiscal Management” And “A Steady Deterioration In Standards Of Governance [...] Including On Fiscal And Debt Matters, Notwithstanding The June Bipartisan Agreement” As A Reason The American Government’s Credit Was Downgraded. “In Fitch’s view, there has been a steady deterioration in standards of governance over the last 20 years, including on fiscal and debt matters, notwithstanding the June bipartisan agreement to suspend the debt limit until January 2025. The repeated debt-limit political standoffs and last-minute resolutions have eroded confidence in fiscal management.” [Fitch, [8/1/23](#)]

**House Republicans Tried To Downplay Their Role In Escalating Debt Ceiling Discussions: House Speaker Kevin McCarthy (R-CA) Said The Debt Ceiling Standoff Was Not His Fault; House Majority Leader Steve Scalise (R-LA) Told President Biden To “Stop Trying To Run The Clock Out” During Negotiations; House Financial Services Chair Patrick McHenry (R-NC) Said “I Think There Was Eventually Goodwill On Both Sides To See This Thing Through And Achieve A Compromise”; And House Ways And Means Chair Jason Smith (R-MO) Said “Democrats Need To Come To The Table To Address Reckless Spending And Debt Limit” Prior To Talks.**

**In May 2023, House Speaker Kevin McCarthy (R-CA) Said “The Debt Ceiling Standoff Was ‘Not My Fault’” On The Same Day Fitch Warned The American Government It Was Facing A Credit Downgrade.** “A defiant House Speaker Kevin McCarthy said Wednesday the debt ceiling standoff was “not my fault” as he sent Republican negotiators to the White House to finish out talks, but warned the two sides need more time as they try to reach a budget deal with President Joe Biden. [...] Late in the day, Fitch Ratings agency placed the United States’ AAA credit on ‘ratings watch negative,’ warning of a possible downgrade because of what it called the brinkmanship and political partisanship over lifting the debt ceiling.” [AP, [5/24/23](#)]

**In April 2023, House Majority Leader Steve Scalise (R-LA) Made A Statement Telling President Biden “Stop Trying To Run The Clock Out,” And “Stop Hiding.”** “We’re proud to get this bill passed this week. But it’s long past time that President Biden stop hiding. Stop trying to run the clock out. It’s been over two months, since he said he would sit down with Speaker McCarthy again and meet, and yet he’s refused to do that.” [The Office of Rep. Steve Scalise, [4/26/23](#)]

**In June 2023 Following An Agreement To Lift The Debt Ceiling, House Financial Services Chair Patrick McHenry (R-NC) Called The Bill Passage “A Huge Relief,” And Stated “I Think There Was Eventually Goodwill On Both Sides To See This Thing Through And Achieve A Compromise.”** “‘Huge relief to actually see a bipartisan bill make its way through the House and Senate and get a presidential signature,’ McHenry said, ‘And honored to be a part, even a small part of this big undertaking in divided government. [...] I think there was eventually goodwill on both sides to see this thing through and achieve a compromise. But Republicans in the House, we passed a plan to raise the debt ceiling, and that was the basis of negotiations for a White House that didn’t expect Republicans to be able to produce anything, and a Democrat Senate was unable to produce a piece of legislation.’” [NY1, [6/2/23](#)]

**HEADLINE: “Smith: Democrats Need to Come to the Table to Address Reckless Spending and Debt Limit”** [Office of Rep. Jason Smith, [1/19/23](#)]

**In Early 2023, House Republicans Refused To Compromise From Extremist Positions In The Face Of A Looming Debt Default After The U.S. Hit The Debt Ceiling In January 2023.**

**In January 2023, The U.S. Hit The Debt Ceiling, Forcing Treasury Secretary Janet Yellen To Take “Extraordinary Measures,” Amid Fears That Growing “Partisan Brinkmanship” Could Cause The Nation To Default On Its Debt.**

**After The U.S. Treasury Reached Its Debt Limit In Mid-January 2023, Treasury Secretary Janet Yellen Announced The Agency Would Begin Taking “‘Extraordinary Measures’” To Maintain Funding, “Behind-The-Scenes Accounting Maneuvers That The Treasury Department Can Take To Give Congress Time To Increase Or Suspend The Limit Before The Us Has To Default On Its Debts.”** “In a letter to House Speaker Kevin McCarthy on Thursday, Treasury Secretary Janet Yellen announced that the agency will start taking ‘extraordinary measures’ now that the US has reached its \$31.4 trillion debt limit. But the nation is not yet at the debt ceiling crisis point that could tank the financial markets, suspend Social Security payments to senior citizens, hurt the economy and cause other chaos. That’s what the so-called extraordinary measures are designed to temporarily avoid. And while they might sound dire, they are mainly behind-the-scenes accounting maneuvers that the Treasury Department can take to give Congress time to increase or suspend the limit before the US has to default on its debts.” [CNN, [01/19/23](#)]

**Treasury Secretary Janet Yellen Said The Measures Would Last Through June 5 And Urged Congress “‘To Act Promptly To Protect The Full Faith And Credit Of The United States.’”** “She said the measures would last through June 5. This buys Congress some time – but how long the extraordinary measures can last is subject to ‘considerable uncertainty,’ she wrote, stressing that it’s a challenge to forecast how many financial obligations the federal government must pay and how much revenue it will take in months into the future. ‘I



respectfully urge Congress to act promptly to protect the full faith and credit of the United States,' she wrote." [CNN, [01/19/23](#)]

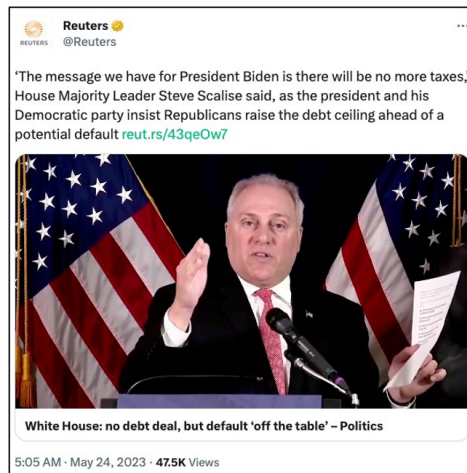
## **In May 2023, Just Days Before The Nation Defaulted On Its Debt, House Speaker Kevin McCarthy Said He Would Not Raise Taxes Or Put A Clean Debt Ceiling On The Floor, Adding Work Requirements For Social Safety Net Programs Was A "Red Line."**

**May 2023: House Speaker Kevin McCarthy Said He Would Not Consider Raising Taxes Or Passing A Clean Debt Ceiling As Part Of Negotiations With President Biden.** "There's only a couple things I will not do, Mr. President, I will not raise taxes [...] I will not put a clean debt ceiling on the floor. Why? Because we have spent more than we ever spent before and we have the highest debt we have ever had before." [C SPAN, [05/24/23](#), 07:56]

**May 2023: Speaker McCarthy Said That "Work Requirements For Public Assistance Programs Are A Nonnegotiable In Debt Ceiling Talks," Calling It A "Red Line."** "Speaker Kevin McCarthy (R-Calif.) on Tuesday said work requirements for public assistance programs are a nonnegotiable in debt ceiling talks, laying out one of his first hard stances ahead of an afternoon meeting with President Biden and other top congressional leaders. [...] Asked whether work requirements were a 'red line' for him in debt ceiling negotiations, McCarthy said: 'Yes, it is.'" [The Hill, [05/16/23](#)]

## **In A May 2023 Statement Directed At President Biden, House Majority Leader Steve Scalise Said There Would Be "No More Taxes" In Any Resolution To Debt Ceiling Negotiations, Only Cuts To Spending.**

**May 2023: House Majority Leader Steve Scalise Said In A Press Conference That He Refuses To Include "More Taxes" In Any Resolution To Debt Ceiling Negotiations.** "The message we have for President Biden is there will be no more taxes, it's the spending in Washington that is the problem and it's the spending in Washington that we have to address to solve this situation we're in with the debt ceiling":



[X (Twitter), [05/24/23](#), 00:33]

## **In May 2023, House Financial Services Committee Chair Rep. Patrick McHenry Told Reporters: "I Want To Trust The Treasury's Math," Adding A Lack Of Urgency From The President "Raises More Questions" "About How They Justify The Date."**

**May 2023: Rep. Patrick McHenry Told The Hill, "I Want To Trust The Treasury's Math," But Added If The President "Doesn't Have A Sense Of Urgency," This Raises More Questions "About How They Justify The Date."** "I want to trust the Treasury's math, but they're going to have to show their work,"

McHenry told The Hill. 'And if the White House team doesn't have a sense of urgency, if the President doesn't have a sense of urgency here, then that raises more questions — valid questions — about how they justify the date.'" [The Hill, [05/23/23](#)]

**Rep. Patrick McHenry Is The House Financial Services Chair.** "In the 118th Congress, Congressman McHenry was elected as the Chairman of the House Financial Services Committee, a committee he has served on since he was elected to Congress. As Chairman, he will continue advocating for innovative solutions that increase access to banking services and credit for American families and small businesses." [House Financial Services Committee, accessed [7/3/23](#)]

### **In September 2022, House Ways And Means Chair Rep. Jason Smith Told Axios "Republicans Should Leverage Debt Limit Negotiations To 'Reverse' The Administration's 'Radical' Policies."**

In September 2022, Future-House Ways And Means Chair Rep. Jason Smith Told Axios "Republicans Should Leverage Debt Limit Negotiations To 'Reverse' The Administration's 'Radical' Policies [...] By Sending A Bill Gutting The Democratic Agenda To President Biden's Desk And Daring Him To Reject It." "Smith told Axios in a phone interview he thinks Republicans should leverage debt limit negotiations to 'reverse' the administration's 'radical' policies — including by sending a bill gutting the Democratic agenda to President Biden's desk and daring him to reject it." [Axios, [9/28/22](#)]

- **Rep. Jason Smith Is The Current Chair Of The House Ways And Means Committee.** "In January 2023, Jason was selected to chair the historic Ways and Means Committee – the oldest committee in Congress." [The Office Of Rep. Jason Smith, accessed [7/3/23](#)]

### **In May 2023, The House Freedom Caucus Called For "No Further Discussion" On Legislation To Raise The Debt Ceiling Until The Senate Passes The House Republicans' Approved Bill In April 2023 To Severely Cut Government Spending.**

**May 2023: The House Freedom Caucus Called For "No Further Discussion" On Legislation To Raise The Debt Ceiling Until The Senate Passes The House Republicans' Approved Bill To Severely Cut Government Spending.** "The House Freedom Caucus is calling for 'no further discussion' on legislation to raise the debt ceiling until the Senate passes the bill House Republicans approved last month that would pair an increase in the borrowing limit with steep spending cuts." [The Hill, [05/18/23](#)]