



White House splits with Treasury on clean debt ceiling hike

Niv Elis

June 1, 2017

White House budget chief Mick Mulvaney is splitting from Treasury Secretary Steven Mnuchin on the debt ceiling, saying he wants spending reforms tied to an increase.

In an [interview](#) with the Washington Examiner published Wednesday evening, Mulvaney said that he would "like to see things attached to it that drive certain spending reforms and debt reforms in the future."

Mulvaney's stance is in line with that of the Freedom Caucus, which he helped found when he was still in Congress. But it is unusual for a member of the administration, particularly when contradicting the Treasury secretary.

Last week, Mnuchin told a congressional hearing that the debt ceiling deadline should be addressed sooner than expected and that he preferred a "clean" increase without any policy riders attached. While Treasury had previously estimated that the deadline would hit sometime in fall, lower-than-expected tax revenue has pushed the deadline up.

The debt ceiling caps the legal authority of the Treasury to borrow, meaning that it cannot pay its bills after a certain point. Failure to repay debt would constitute the first U.S. debt default in its history, and could send shock waves through the international financial system.

The budget director argued in the new interview that, no matter what happened with the debt ceiling, the U.S. would somehow find a way not to default on its debt.

Chris Edwards, the director of tax policy studies at the conservative Cato Institute, said that regardless of the administration's stance, the Senate's 60-vote requirement would determine the outcome.

"They'll have to bypass House and Senate conservatives, and the leadership will get substantial Democratic votes on a clean bill," he predicted.

The conservative Freedom Caucus has come out against a clean debt hike, but Congressional leadership has remained mum on what strategy they will take on the issue.

When asked last week about Mnuchin's request, House Speaker [Paul Ryan](#) (R-Wis.) said it was par for the course for a Treasury Secretary to request a clean hike.

“Every Treasury secretary says this and every Treasury secretary needs to say this. So I expect nothing less from a Treasury secretary,” Ryan said.