



# Obama's Downgrade

***One Year Ago, Obama's Lack Of Leadership Cost The United States Its Triple-A Credit Rating And He Has Done Nothing To Fix It Since***

**ONE YEAR AGO, THE NATION'S TRIPLE-A CREDIT RATING WAS DOWNGRADED FOR THE FIRST TIME IN HISTORY**

**On August 5, 2011, Standard & Poor's "Lowered The U.S. Credit Rating For The First Time, An Ignominious Legacy For Obama."** (George E. Condon Jr., "What A Week: Afghan Deaths, S&P, And Debt Limit Debate Challenge Obama," [National Journal](#), 8/6/11)

- **"The Downgrade, Hours After Markets Closed On Friday, Is A First For The United States Since It Was Granted An AAA Rating In 1917."** (Paul Wiseman, "US Downgrade Raises Anxiety, If Not Interest Rates," [The Associated Press](#), 8/6/11)

**Presiding Over Loss Of Triple-A Bond Rating "Really Haunts The Administration."** "But what really haunts the administration is the very real prospect, stoked two weeks ago by Standard & Poor's, that Barack Obama could go down in history as the president who presided over his country's loss of its gold-plated, triple-A bond rating." (Carrie Budoff Brown and Ben White, "U.S. Credit Downgrade Worries Obama, Congress More Than Default," [Politico](#), 7/27/11)

**Obama Was "Firmly Part Of The Landscape That S&P Trashed."** "But as he prepares to head out of town on Aug. 15, the bad news keeps piling up: new fears of a double-dip recession, a jumpy stock market and then Standard & Poor's downgrade on Friday of the nation's triple-A credit rating for the first time in history. S&P blamed Washington's dysfunctional political culture for its move. Knocking Washington gridlock is a favorite topic of Obama's as well, but he is now firmly part of the landscape that S&P trashed." (Carrie Budoff Brown and Glenn Thrush, "Obama's Bus Trip Could Hit Speedbumps," [Politico](#), 8/7/11)

***Obama's Response To The Downgrade Was To Call For Higher Taxes And Panic The Markets***

**In His First Speech Since The Downgrade, Obama Said Our Debt Was Still Highly Regarded; "Despite His Comments, The Main Wall Street Share Index, The Dow Jones, Extended Its Losses, Falling 4%."** "In his first public reaction to Standard & Poor's downgrading the US, President Obama said markets continued to regard US government debt as being the highest possible grade. Yet despite his comments, the main Wall Street share index, the Dow Jones, extended its losses, falling 4%. ... Prior to President Obama's speech, the Dow had only been 2.5% lower." ("Markets Fall Despite Obama Speech," [BBC](#), 8/8/11)

- **“The Dow Plunged Another 100 Points To Hover Around 500 After The President's Speech.”** “President Obama spoke this afternoon, saying the United States knew well before the S&P downgrade that it had a debt problem. ‘The U.S. will always be a triple-A country despite what rating agencies say,’ he said. He said the good news is the debt is a ‘solvable’ problem and progress is being made. Investors don't seem to agree. The Dow plunged another 100 points to hover around 500 after the president's speech.” (David Kerley, “U.S. Stocks Continue Selloff: Dow Falls More Than 500 Points,” [ABC News](#), 8/8/11)

***The New York Times: Obama's Efforts To Restore Confidence In America “Did Nothing To Reassure The Most Important Shareholders: Ordinary Americans Living From One Paycheck To Another.”***

“President Obama tried on Monday to restore the plunging confidence of investors, insisting the United States remains a triple-A country whatever Standard & Poor's might think. It didn't work with the stock markets, which sank again, and it did nothing to reassure the most important shareholders: ordinary Americans living from one paycheck to another, worried about their jobs or wondering how they will replace the one they lost.” (Editorial, “Past Time For A New Agenda,” [The New York Times](#), 8/8/11)

- **MSNBC's Chuck Todd: “You Get The Sense, WH Knew They Had To Say Something Given The News Of The Weekend But He Didn't Have Much NEW To Say.”** (Chuck Todd's [Twitter Feed](#), 8/8/11)

**Obama Had All Weekend To Prepare For His Speech And “All He Can Do Is Promise To Raise Taxes.”** “Obama had all weekend and the best he could come up with was a reiteration of his plea for a ‘balanced’ approach to deficit control. That's right. We have a tumbling stock market, over 9 percent unemployment and a flight to gold (some investment advisers say it will be at \$2,500 per ounce by year's end). All he can do is promise to raise taxes.” (Jennifer Rubin, “Obama's Horrifyingly Bad Speech,” [The Washington Post's “Right Turn”](#), 8/8/11)

***Politico's Ben White: “He Had One Good Line In There, AAA Country, And He Buried It Under A Pile Of Tired Old Partisan Garbage.”*** (Ben White's [Twitter Feed](#), 8/8/11)

- **White: “Holy Cow. Really? He's Talking About Tax Hikes Again?”** (Ben White's [Twitter Feed](#), 8/8/11)

***Rather Than Take Responsibility, Obama Tried To Blame Everyone Else***

**Obama Took To Blaming Everyone Else, “Sounding A Theme Likely To Dominate His 2012 Re-Election Campaign.”** “President Barack Obama said on Monday he inherited many of the country's problems with high debt and deficits when he entered the White House, sounding a theme likely to dominate his 2012 re-election campaign.” (Jeff Mason, “Obama Says He Inherited Economic Problems,” [Reuters](#), 8/8/11)

**Obama Claimed At A DNC Fundraiser That He's Not At Fault Because He Inherited The Problems.** OBAMA: “Look, we do have a serious problem in terms of debt and deficit, and much of it I inherited when I showed up.” (President Barack Obama, [Remarks At DNC Fundraiser](#), Washington, D.C., 8/8/11)

- **When Asked If Obama Administration Should Be Held Responsible, Treasury Secretary Timothy Geithner Said, “Absolutely Not.”** CNBC's JOHN HARWOOD: “Do you feel that you or the administration's policies are in any way responsible for this downgrade?” TIMOTHY GEITHNER: “Oh, absolutely not.” (CNBC's [“CNBC Special Report: Markets In Turmoil”](#), 8/8/11)
- **When Asked If Obama Did Not Bear Any Responsibility, White House Press Secretary Agreed: “I Couldn't Say It Better Than The Secretary Of Treasury Said It.”** QUESTION: “But last night on CNBC, Secretary Geithner was asked if the administration's policies bear any responsibility for this downgrade, and he said, ‘Absolutely not.’ So is that true? The White House

believes that its policies have no responsibility for the downgrade?" JAY CARNEY: "I couldn't say it better than the Secretary of the Treasury said it." ([White House Press Briefing](#), 8/8/11)

- **On CBS' Face The Nation, David Axelrod Denied That Obama Had Any Responsibility For The S&P Downgrade, Blaming The Tea Party Instead.** CBS' BOB SCHIEFFER: "Well, are you saying that the President bears no responsibility for this? That this was all the fault of the other side?" DAVID AXELROD: "Listen Bob, what I'm saying is review the history of what happened here. I think first of all people are less concerned about that then where we go moving forward. But let's look at the history of this. The fact of the matter is that this is essentially a tea party downgrade. ..." (CBS' "Face The Nation," 8/7/11)

## **BOWING TO POLITICAL PRESSURE, OBAMA KILLED A GRAND BARGAIN THAT COULD HAVE AVERTED THE CREDIT DOWNGRADE**

**President Obama Walked Away From The "Grand Bargain."** "Eight months after deficit talks between the nation's top two elected officials collapsed, a 4,600-word inside-the-room narrative by The Washington Post on Sunday — the first of several sweeping accounts in the works — paints the Obama administration as walking away from a nearly done agreement with Boehner. And when the president eventually came around and wanted to cut a deal, Boehner said it was too late." (Jake Sherman, "Debt Story Tally: John Boehner 1, President Obama 0," [Politico](#), 3/18/12)

**Obama Feared Backlash From The Left If He Agreed To The Grand Bargain.** "The negotiations with House Republicans were Obama's clearest opportunity to realize his 2008 campaign pledge to usher in a more productive, bipartisan era in Washington. The president has since pivoted to make a more concerted appeal to the Democratic base, blasting those he calls intransigent Republicans at every opportunity. But in the Post's version of events, Obama is portrayed as worrying he would face a backlash from the left if he pulled the trigger." (Jake Sherman, "Debt Story Tally: John Boehner 1, President Obama 0," [Politico](#), 3/18/12)

**Obama's Then-Chief Of Staff Bill Daley Confirmed That The President Lost His Nerve And Walked Away From The Deal.** "And former Obama chief of staff Bill Daley provided surprising, on-the-record support of the GOP's insistence that the president deserves blame for losing his nerve." (Jake Sherman, "Debt Story Tally: John Boehner 1, President Obama 0," [Politico](#), 3/18/12)

- **"Daley Said The White House Privately Fretted That Democrats Would Go Ballistic ..."** "Daley said the White House privately fretted that Democrats would go ballistic if the president agreed to \$800 billion in new tax revenues when some Republican senators had signaled willingness to go along with as much as \$2 trillion." (Jake Sherman, "Debt Story Tally: John Boehner 1, President Obama 0," [Politico](#), 3/18/12)
- **Obama Was Nervous About How To Sell The Deal, So He "Upped The Ante" In A Way That Killed The Deal.** "But interviews with most of the central players in those talks — some of whom were granted anonymity to speak about the secret negotiations — as well as a review of meeting notes, e-mails and the negotiating proposals that changed hands, offer a more complicated picture of the collapse. Obama, nervous about how to defend the emerging agreement to his own Democratic base, upped the ante in a way that made it more difficult for Boehner — already facing long odds — to sell it to his party. Eventually, the president tried to put the original framework back in play, but by then it was too late. The moment of making history had passed." (Peter Wallsten, Lori Montgomery, and Scott Wilson, "Obama's Evolution: Behind The Failed 'Grand Bargain' On The Debt," [The Washington Post](#), 3/17/12)

## **ONE YEAR LATER AND OBAMA STILL DOESN'T HAVE A PLAN TO RESTORE THE NATION'S CREDIT RATING AND AVOID A FISCAL CRISIS**

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**Treasury Secretary Timothy Geithner Admitted The Administration Doesn't Have A Plan To Fix The Explosion Of Federal Debt Looming In Our Future.** REP. PAUL RYAN: "Because we got 10,000 people retiring every day, and healthcare costs going up..." TREASURY SECRETARY TIMOTHY GEITHNER: "That's right. We have millions of Americans retiring every day, and that will drive substantially the rate of growth of healthcare costs. You are right to say we're not coming before you today to say we have a definitive solution to that long-term problem. What we do know is, we don't like yours." ([Committee On The Budget](#), U.S. House Of Representatives, 2/16/12)

- **In November 2011, Fitch Cut The US Credit Outlook To "Negative" And Warned Our Projected Debt Levels Are Not Consistent With AAA Rating.** "Fitch's revised fiscal projections envisage federal debt held by the public exceeding 90% of national income (GDP) and debt interest consuming more than 20% of tax revenues by the end of the decade, and including the debt of state and local governments - gross general government debt will reach 110% of GDP over the same period. In Fitch's opinion, such a level of government indebtedness would no longer be consistent with the U.S. retaining its 'AAA' status despite its underlying strengths. Such high levels of indebtedness would limit the scope for counter-cyclical fiscal policies and the U.S. government's ability to respond to future economic and financial crises." (Press Release, "Fitch Affirms United States At 'AAA'; Outlook Revised To Negative," [Fitch Ratings](#), 11/28/11)

**Since Obama Took Office, The National Debt Has Increased By Over \$5.2 Trillion, An Increase Of Over 49 Percent.** ([U.S. Treasury Department](#), Accessed 8/4/12)

**The Washington Post's Fact Checker: Obama's Spending "Has Hit Highs Not Seen Since The End Of World War II."** "In the post-war era, federal spending as a percentage of the U.S. economy has hovered around 20 percent, give or take a couple of percentage points. Under Obama, it has hit highs not seen since the end of World War II — completely the opposite of the point asserted by Carney. Part of this, of course, is a consequence of the recession, but it is also the result of a sustained higher level of spending." (Glenn Kessler, "The Facts About The Growth Of Spending Under Obama," [The Washington Post](#), 5/25/12)

- **The Washington Post's Fact Checker: Every Year In Office, Obama Has Wanted To Spend More Money Than Congress Would Allow.** "So in every case, the president wanted to spend more money than he ended up getting. Nutting suggests that federal spending flattened under Obama, but another way to look at it is that it flattened at a much higher, post-emergency level — thanks in part to the efforts of lawmakers, not Obama." (Glenn Kessler, "The Facts About The Growth Of Spending Under Obama," [The Washington Post](#), 5/25/12)

**By The End Of This Fiscal Year, Obama Will Have Racked Up Four Straight Trillion Deficits:**

- **FY2009: The Federal Budget Deficit Was \$1.413 Trillion, The Highest In U.S. History.** ("Monthly Budget Review: November 2011," [Congressional Budget Office](#), 11/7/11)
- **FY2010: The Federal Budget Deficit Was \$1.294 Trillion, The Third Highest In U.S. History.** ("Monthly Budget Review: November 2011," [Congressional Budget Office](#), 11/7/11)
- **FY2011: The Federal Budget Deficit Was \$1.299 Trillion, The Second Highest In U.S. History.** ("Monthly Budget Review: November 2011," [Congressional Budget Office](#), 11/7/11)
- **FY2012: The OMB Predicts The Deficit Will Be \$1.211 Trillion, The Fourth Highest In U.S. History.** (Office Of Management & Budget, "Mid-Session Review: FY2013," [The White House](#), 7/27/12)