

## House Republicans pass debt-ceiling hike

The U.S. House of Representatives on Wednesday narrowly passed a bill to raise the government's \$31.4 trillion debt ceiling that includes sweeping spending cuts over the next decade.

The bill isn't expected to pass the Senate, and President Joe Biden would veto it if it did - but the mostly partisan 217-215 vote represents a win for Republican House Speaker Kevin McCarthy on an issue that rattled investors and markets.

Now, McCarthy hopes to lure Biden into negotiations on cutting spending, even as the White House and congressional Democrats insist on a debt limit increase with no strings attached.

The U.S. Treasury Department could run out of ways to pay its bills in a matter of weeks if Congress fails to act, and financial markets are already flashing warning signs. A 2011 standoff led to a downgrade of the government's credit rating, which pushed borrowing costs higher and hammered investments.

"We've done our job," a victorious McCarthy told reporters just after the vote. "The Republicans have raised the debt limit. You have not. Neither has Schumer," McCarthy added, referring to Biden and top Senate Democrat Chuck Schumer.

McCarthy bridged deep divides among House Republicans to get the bill passed. Next is the far more daunting task in trying to broker a compromise with Democrats without losing the backing of some of his most conservative fellow Republicans.

McCarthy called on Biden to begin negotiations on a debt limit increase and spending-cut bill and for the Senate to either approve the House bill or to pass its own.

The House bill would increase Washington's borrowing authority by \$1.5 trillion or until March 31, whichever comes first, raising the spectre of another round of negotiations during the 2024 presidential campaign. The bill would pare spending to 2022 levels and then cap growth at 1% a year, repeal some tax incentives for renewable energy and stiffen work requirements for some antipoverty programs.

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