**A135C833\_230518U7\_C3004.mp3**

[00:00:01] **Speaker 1** I'm.

[00:00:10] **Speaker 2** So do you want me to do that thing? You just stretch out the arms.

[00:00:12] **Speaker 1** And move it over.

[00:00:14] **Unidentified** Yeah, just a little bit. Perfect. Are you ready when you are?

[00:00:21] **Speaker 2** Okay, great. Well, as you know, we're here to talk about potential default or default. Right. But when we come so close like this to the US government, going into default is just reaching the edge to its own kind of damage.

[00:00:40] **Speaker 1** It certainly does. You know, in 2011, the last time they came up to the edge of default under the Obama administration, our credit rating from the nation went from triple-A to Double-A plus, and it's never been elevated again. So if they do this again, you know, we very well could see another downgrade, which is, you know, catastrophic in many ways because, you know, first of all, it costs more then for the federal government to borrow. Secondly, the markets always test, which means that for seniors who, you know, are dependent on their 401. Keys, they get extremely worried and and usually take a dip. And so just even being close is bad enough. But if they default, then we're talking about significant problems of, you know, 16,400 jobs lost in Wisconsin, according to Moody's Analytics, a 0.55% decline in payroll. That means our withholding taxes go down, corporate taxes go down. So it would have a very deleterious effect on Wisconsin as well.

[00:01:45] **Speaker 2** Where and why are those jobs lost?

[00:01:49] **Speaker 1** Well, because what ends up happening when the markets suffer. So that's the first stage. Then investment dollars also start to dry up. So businesses that maybe we're going to expand or we're dependent on having extra capital in order to meet payroll, all of a sudden have to lay people off. And that's the other devastating thing is, you know, it's the effect is uneven, you know, affects senior citizens on fixed incomes who are depending on investment income, very young people who are usually the first ones to be laid off. So it's not even a fact. And those people are sort of middle income or lower middle income, you know, edge of society. They always get hurt the worst.

[00:02:27] **Speaker 2** And then there's kind of this this specific very instant effect, right, of people potentially not getting their Social Security checks.

[00:02:37] **Speaker 1** Well, of course. Yeah. And that's not even that's how I mean, looking at that, because if in fact they do default, then the treasury secretary secretary has to start triaging and making very difficult decisions about whether or not you're going to get Social Security checks all in on time. And, you know, whether or not people who, let's say, are just about to qualify for Medicaid or Medicare, maybe they have to do something in that regard. Of course, there's been a lot stated about veterans and their benefits and how they're in jeopardy as well. So it has an incredible ripple effect. And and the part that's so sad is it so unnecessary? You know, I mean, you know, three times in the Trump administration, they they did this. I mean, I always think of it as a family, like our credit card bill is do I don't see Will unless my family agrees to make changes to our family budget, I'm not going to pay. So then I have to pay interest and penalties. You pay your bills when they're due, and then you make decisions as part of the budget process of, you know, what's the appropriate level of spending or tax relief or whatever the case may be. So there's absolutely no reason why they need to do this at this juncture. And it's at a very, you know, perilous time because of the Fed's increase in income interest rates. I mean, we saw even for the fiscal bureau, we've seen a slight dip in terms of our projections of a surplus. And, you know, we're still in very strong shape, but you worry about the trajectory and if we're going to stay in that type of shape.

[00:04:00] **Speaker 2** So Moody's says that it's really not likely that this is going to happen. And yet Treasury Secretary Janet Yellen says, hold on, people. June one is the day she seems to really be sounding the alarm. Right. What do you think? Do you think do you think a deal will be reached and we'll just.

[00:04:20] **Speaker 1** Yeah, I mean, it's difficult to tell because, you know, obviously it took Speaker McCarthy of horribles to be elected. So you worry that even if he reaches a deal, can you convince his caucus in enough time to make the vote when it's needed? So and that's why I think the president canceled, you know, part of his trips to Asia, knowing that we don't want to get up against that last year, too, in case it takes longer to get the votes or in case something goes sour at the last minute. We're playing with fire here. We're playing with people's lives. We're paying with the play, with the economy and the effect on so many families that I just hope to goodness that they are able to do something in the next week.

[00:04:59] **Speaker 2** Speaking of McCarthy and his caucus and his members. Is it worse now this kind of up to the brink?

[00:05:11] **Speaker 1** I think it is because, you know, in the past, you know, whether Democrat or Republican, speaker or Democrat or Republican majority leader in the Senate, generally speaking, you know, the member. Trusted their leaders and they were going to vote accordingly to whatever deal was reached. But with McCarthy, who agreed as part of the deal to become Speaker that any one member could bring up a vote to remove him. You know, he's got to be all the more careful about what deal he strikes, and I'm sure he must have me on the phone continually because he has such a narrow margin of votes to begin with.

[00:05:45] **Speaker 2** Have we seen any indication yet because we are so close to that June one date in markets or anything like that?

[00:05:56] **Speaker 1** I think there's nervousness. I don't think we've seen, at least to my knowledge, I haven't seen any major impact yet. But the markets are nervous already. I mean, there's there's a great deal of uncertainty. And I you know, if they go past the week, I think you're going to see the jitters actually start to have an impact.

[00:06:15] **Speaker 2** You know, I know that Speaker McCarthy and other Republicans would like to see, for example, work requirements for people on Supplemental Nutrition Aid and Medicaid. What's your position on that?

[00:06:30] **Speaker 1** Well, look, you know, the issue is that I don't think it's having to do with whether we pay our credit card bill. I mean, that's a legitimate issue to discuss as part of the budget. And when you're, you know, bringing up your appropriations and whether or not you want to impose those type of requirements, you know, I mean, personally, back when I was the legislature, I of the Welfare Reform Conference committee, when Governor Thompson was screaming, we had workfare, but that was for benefits from monthly checks, not to just get health insurance or to get food to survive. I mean, that's a different equation altogether. That's, you know, uncharted territory to some degree, I guess, in this country was felt that, you know, people are going to get medical care. And if it's at emergency room, it's the most expensive, inefficient form of medical care. So you've got to really gauge if that's really, you know, worth taking it to that extreme.

[00:07:19] **Speaker 2** All right. Is there anything you'd like to add on this?

[00:07:21] **Speaker 1** You know, only that our economists are watching this very closely, you know, and we're very nervous ourselves. I mean, we do not want to see at a time when Wisconsin's never been stronger economically, where, you know, we do have a triple-A bond rating for the first time in 40 years. We do have the lowest number of people on unemployment ever. We've got one of the greatest growth in manufacturing jobs. This is the last thing we want to see right now.

[00:07:45] **Speaker 2** All right, Secretary Parker, thanks very much.

[00:07:47] **Speaker 1** Yeah, Thank you so much for the record. And good to see you again.

[00:07:52] **Speaker 2** Sorry. That was kind of all over the place.

[00:07:54] **Speaker 1** Yeah, that's okay.

[00:07:55] **Speaker 2** You were great.

[00:07:56] **Speaker 1** Yeah. Thank you.