

GMG survey shows area businesses not in favor of raising debt ceiling

Those surveyed also say defaulting on debts could cause economic problems

By Tim Krohn

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MANKATO — Business leaders in the Mankato area are strongly opposed to the federal government raising its debt limit and overwhelmingly say spending cuts are necessary.

While calling for no increase to the debt ceiling, they also acknowledge that if the government defaults on its debts, it would cause serious economic problems.

Jonathan Zierdt, president and CEO of Greater Mankato Growth, said he at first struggled to reconcile apparently conflicting messages from the survey.

“How does someone say the federal debt limit shouldn’t be raised, but if the government doesn’t have enough money it will default and that will be a disaster?” Zierdt said.

But he said, after talking to some members he drew a business parallel.

“It is like a business being told they will not get an extended line of credit (from their bank) and they are either going to go under or they are going to cut costs and do some things and find a way to make it work.”

A survey of GMG members showed 63 percent of respondents said the debt ceiling should not be raised.

If the debt ceiling is raised, 85 percent believe it will lead to future deficits.

But virtually everyone — 93

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percent — believe that if the government defaults on its debt, it would have serious consequences for the country’s economy.

When it came to spending cuts, 92 percent of respondents said general spending should be reduced, but they differed on where the bulk of those cuts should fall. (People could select more than one option for where they thought cuts should be made.) Defense spending cuts was selected 60 percent of the time, while around 40 percent said cuts should come by ending President Bush’s tax cuts and by reducing Medicaid and Social Security benefits.

The survey was completed by 172 people — 10 percent of the GMG membership.

GMG conducted the survey at the request of U.S. Rep. Tim Walz’s office. They also shared the results with Sen. Amy Klobuchar and Sen. Al Franken.

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