

Statement by Secretary of the Treasury Janet L. Yellen

August 1, 2023

WASHINGTON - Secretary of the Treasury Janet L. Yellen issued the following statement on the recent decision by Fitch Ratings.

“I strongly disagree with Fitch Ratings’ decision. The change by Fitch Ratings announced today is arbitrary and based on outdated data. Fitch’s quantitative ratings model declined markedly between 2018 and 2020 – and yet Fitch is announcing its change now, despite the progress that we see in many of the indicators that Fitch relies on for its decision. Many of these measures, including those related to governance, have shown improvement over the course of this Administration, with the passage of bipartisan legislation to address the debt limit, invest in infrastructure, and make other investments in America’s competitiveness.

Fitch’s decision does not change what Americans, investors, and people all around the world already know: that Treasury securities remain the world’s preeminent safe and liquid asset, and that the American economy is fundamentally strong.

Over the past few years, the United States has undergone a historically fast economic recovery from a deep recession. Today, the unemployment rate is near historic lows, inflation has come down significantly since last summer, and last week’s GDP report shows that the U.S. economy continues to grow. The American economy remains the world’s largest and most dynamic economy, with the deepest and most liquid financial markets in the world. To build on this, President Biden and I have been focused on making critical investments in our country’s core economic strength and productive capacity.

President Biden and I are committed to fiscal sustainability. The most recent debt limit legislation included over \$1 trillion in deficit reduction and improved our fiscal trajectory. Looking forward, President Biden has put forward a budget that would reduce the deficit by \$2.6 trillion over the next decade through a balanced approach that would support investments for the long-term.”

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