

US Default Could Have 'Terrible' Global Consequences

The **government shutdown** isn't the only battle facing government leaders. A more critical deadline, the raising of the U.S. debt ceiling, is Oct. 17.

If the nation's borrowing limit is not raised, the United States could default.

Christine Lagarde, head of the International Monetary Fund, warns the consequences could be terrible worldwide. It could strip the dollar of its status as the world's reserve currency.

Maury Fertig, chief investment officer of Relative Value Partners, agrees, saying a default "would be so catastrophic and such a self-inflicted wound that you can't imagine we would let it happen."

What would happen to the economy and the markets if there is no agreement to raise the debt ceiling? Seton Motley, president of Less Government, addressed that question and more, on CBN Newswatch, Oct. 4.

"But the fact is that every day we get closer to it the possibility increases, even though it's remote," he said.

Speaker of the House John Boehner's office says he would not let the government default on its debt.

But Boehner's spokesman says if the debt limit is raised, the U.S. needs a bill with cuts and reforms to get the economy moving again.