



# Debt Limit Chicken

Why Washington Plays Games with Disaster





For the last several months, Congress has been playing chicken with the U.S. debt limit.

In January, for the third time in the past 13 years, the U.S. hit the legal limit on how much the government can borrow. Without a deal between Congress and the White House to increase the debt ceiling, the United States will default on its debt sometime this summer – an unprecedented disaster that would have far-reaching and devastating effects on the American and global economies.

Just like in 2011 and 2013, Washington will hopefully find a way to avoid disaster. Whatever happens, one thing is certain: **Brinkmanship and crises aren't random accidents in our democracy – they are inevitable outcomes of an electoral system that incentivizes and rewards them.**

This report will examine the incentive structure that got us here: the winner-take-all election rules that make performative conflict easy and compromise difficult. It will also point towards a solution in proportional representation: a more functional electoral system that would disincentivize Congress from playing death-defying stunts with the full faith and credit of the U.S.

## Executive Summary

- Congress lacks the incentive structure necessary to responsibly handle crucial tasks like raising the debt limit to ensure that the U.S. avoids default.
- With 9 in 10 members of Congress coming from uncompetitive districts, few members have an electoral incentive to seek compromise with the other party.
- Of the House Republicans' five major caucuses, only the Problem Solvers Caucus has a significant number (about one third) of its members come from competitive districts.
- Single-winner congressional districts combined with increasing geographic polarization make it impossible to have many competitive districts.
- To address the broken incentive structure, Congress should flex its power under Article I, Section IV of the Constitution to allow states to elect their representatives in multi-winner districts with proportional representation.

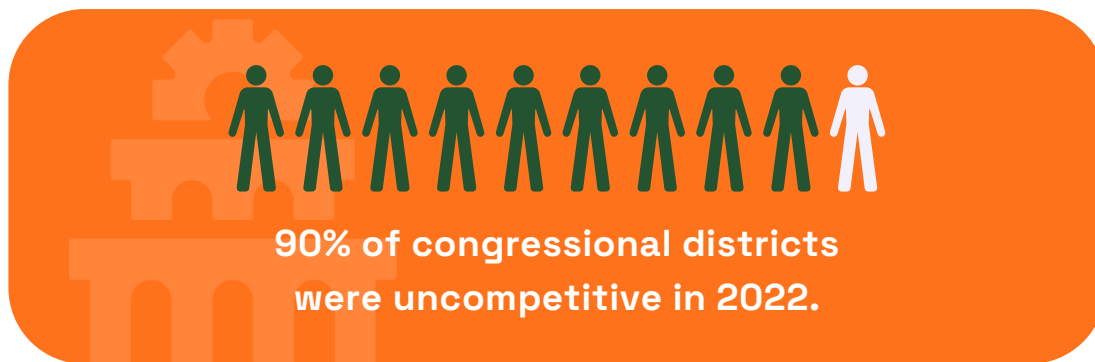
For years, politicking over the debt ceiling was considered out-of-bounds and dangerous because of the grave consequences of default. But that is clearly no longer the case. **The longer we stare down disaster, the more it feels like our leaders want us to be this close to the brink.**

The fact is, Congress is not incentivized to proactively pursue the kinds of compromise that could solve this crisis. The misdirected incentive structure is well understood in Washington: neither party wants to be caught working with the enemy. Working together may be wise and may eventually be unavoidable in order to avert disaster. Many in Congress may even want to work together. But for most representatives, our system incentivizes performative conflict, not compromise.



## Base-ic Instinct

Part of the reason that Washington is motivated to fight but not compromise is that the overwhelming majority of congressional districts are not competitive between the two parties. Fix Our House recently published a [report on the latest congressional redistricting cycle](#), finding that **90% of House elections last fall were decided by a margin greater than five percentage points**. About 83% had a margin greater than 10 points. Landslides are normal; the average margin of victory in 2022 was 27.7% for Democrats and 30.2% for Republicans.



This means most representatives are more incentivized to focus on the interests of primary voters, donors, and other stakeholders and influential voices within their party than on the interests of groups outside their party. In a safe district, primary voters have outsized importance. The most ideologically-driven partisans in the party's base are the voters most likely to turn out, and many of them are bruising for a fight with the other party. For their representative, the path of least resistance is to wage that fight and not compromise, or at least to go through the motions of fighting and prolong the game of chicken with the other side for as long as possible.

And that's what has played out since the U.S. hit the debt limit on January 19. **The clock has been ticking on the need for a deal to stave off the risk of default, but there has been no sense of urgency from Congress or the White House to meet, negotiate, and address the problem.**

From a political perspective, their logic is sound. House Republicans have little incentive to act quickly and work out a deal with the White House, when that could appear to their base like working with the enemy. But they are incentivized to take time to craft their own bill with only their own priorities in it, to prove to their voters and supporters that they are rock solid on conservative principles and are tough on the Democratic president.

And of course, the opposite is true for House Democrats, the overwhelming majority of whom also come from districts that are safe for their party. Maybe some of them have concerns about the budget or the size of the debt, or could at least find areas of compromise with Republicans. But they have no incentive to compromise when doing so would be seen by their base as giving up ground to the enemy.



## The Five Families

Much has been written recently about the “Five Families” in the Republican Party – the five major caucuses that wield power and influence in the Republican-controlled House. They are, in order of size:

**The Republican Study Committee:** More than twice the size of the other caucuses members – almost 80% of all House Republicans.

**The Republican Main Street Caucus:** Members of this group see themselves as the governing wing of their party, focusing on achieving conservative policy goals.

**The Republican Governance Group:** (the caucus formerly known as the Tuesday Group): Members of this group have a lot of crossover with the Main Street Caucus, tending to be fiscally conservative but more socially moderate.

**The Freedom Caucus:** Created by archconservatives who won in the Tea Party wave of 2010, the Freedom Caucus formally split from the Republican Study Committee in 2015 and functions as the most conservative force in the House. Many of its members held up Speaker McCarthy’s election this year to squeeze out concessions to weaken the power of the speakership.

**The Problem Solvers Caucus:** The Problem Solvers have equal numbers of Republicans and Democrats and generally aim to support legislation that can have bipartisan support.

With such a slim majority and no way for Kevin McCarthy to build a coalition beyond his party to get the votes to become Speaker, these five centers of influence have become that much more powerful in the last few months.

As with the rest of the House, the overwhelming majority of the members of the Five Families don’t face competitive general elections. The average margin of victory for the members of each major caucus was a blowout election. And the average Partisan Voting Index – a measure created by the [Cook Political Report](#) to show how much more conservative or liberal a district is than the average district – reveals a similar pattern. The average member of each of these caucuses comes from a relatively “safe” congressional district for their party.

	Study	Main Street	Governance	Freedom	Problem Solvers (R members)
Avg Margin	34.1	24.8	21.8	33.9	17.5
Avg Cook PVI	R+13	R+9	R+7	R+15	R+5



In districts like these, the potential to be primaried is a much greater concern than a general election challenge from a Democrat. Representatives from these districts are incentivized to focus on their voting base, particularly the small group of partisans that loyally turns out in primaries. Putting forth ideas that could gain popular support from a broader number of Americans – for instance, working to quickly raise the debt limit and ensure that we avoid risking the economy – isn’t necessarily politically sensible if it risks alienating the base.

When looking at the whole distribution of Republicans in each major caucus, we see how few of them are incentivized by a competitive general election to make appeals beyond their own party.





Only the Problem Solvers Caucus has a substantial percentage of its membership come from competitive districts. One third of its Republican members were elected in competitive contests – far more than the other caucuses. It's no coincidence then that they are members of a caucus that aims to work with Democrats and hash out areas of compromise. **These Problem Solvers are incentivized to build a coalition to win their general election that may include voters beyond their own party, and they are incentivized to act accordingly while in Washington.**

In an uncompetitive district, the political consequences of compromise can be career-ending, while the result of political grandstanding – even a reckless game of debt limit chicken – is likely another term in office. In a competitive district, the opposite is more likely to be true.

## Why So Blue (and Red?)

The dominant party in a state legislature often tries to gerrymander their state by drawing as many districts as possible that advantage their party and disadvantage the other. Gerrymandering is a huge problem that insults the very idea of democracy – that voters should choose their representatives and not the other way around.

**But gerrymandering is not the main reason why we have so few uncompetitive districts.** The main reason is more simple: Republicans and Democrats increasingly live in different places.

From recent analysis by the Cook Political Report: “Of the net 77 swing seats that have vanished since 1997, 58% of the decline (net -45 seats) resulted from areas trending redder or bluer from election to election, while 42% of the decline (net -32 seats) resulted from changes to district boundaries.”

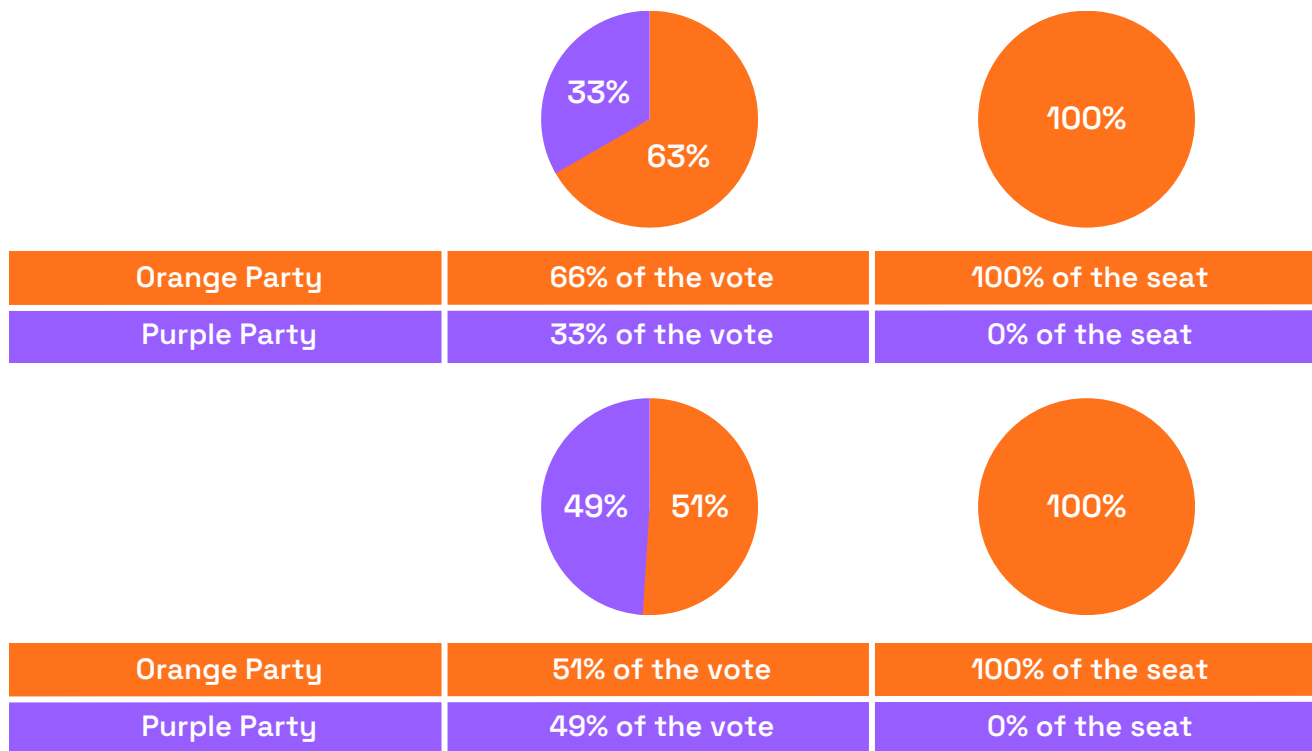
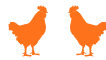
Rural voters are increasingly trending more to the right, and urban voters more to the left. left. Voters are increasingly moving to places that better reflect their ideology. **Red areas are getting redder, and blue areas are getting bluer.**

Even if the most fair-minded saints were drawing our congressional district maps, we would still have mostly uncompetitive districts. And within the current system that we use to elect Congress, nothing can be done about it.

## It's the Electoral System, Stupid

The way we currently elect the House of Representatives is breaking our politics.

Compared to most democratic countries, the United States uses single-winner districts to elect its House. Every one of our 435 congressional districts has just one representative, chosen under plurality election rules where the winner simply needs to get more votes than anyone else in order to win.



This system of single-winner districts makes it possible for most elections to be uncompetitive, because even if the minority party makes up a sizable amount of the population – say, 40% – that simply isn’t enough to win or even make for a close contest. Single-winner districts also incentivize binary us-vs-them campaign strategies. If your path to power only requires beating your opponent, you are motivated to make that opponent out to be as radical and dangerous as you can. Voters don’t even have to like you, as long as they see you as the lesser of two evils compared to your opponent.

**This dynamic can justify stubborn and reckless actions – like playing chicken with the debt limit.** It’s about beating your opponent and demonstrating that they have nothing to offer. Compromising would mean that you’re “soft” and that you don’t understand the need to fight. Maybe your primary voters will replace you with someone else who will be a better, tougher fighter.

This is how our system of electing Congress collapses our big, diverse country into just two hyper-partisan political parties caught in a doom loop of hatred and gridlock. **Us-vs-them politics creates total war between the parties, escalates the stakes for each election, and incentivizes politicians and partisan media to dangerously dehumanize “the other side.”**

And, as is the nature of a “doom loop,” this situation is only getting worse. Increasing polarization leads to dysfunction, leading to more polarization, leading to more dysfunction. As the stakes of politics get higher, the two sides see each other as a greater threat and wall themselves off from each other. Us-vs.-them thinking justifies taking more dramatic action, and each party’s base is unsatisfied with anything less. And so the parties diverge more, and the stakes get higher.



We've seen this process play out for years. Governing tasks that were once largely apolitical have been turned into weapons in an existential war between the two parties. And when norms are breached and some new institution or process or task is weaponized, there is no going back. Each side is only incentivized to escalate the situation further.

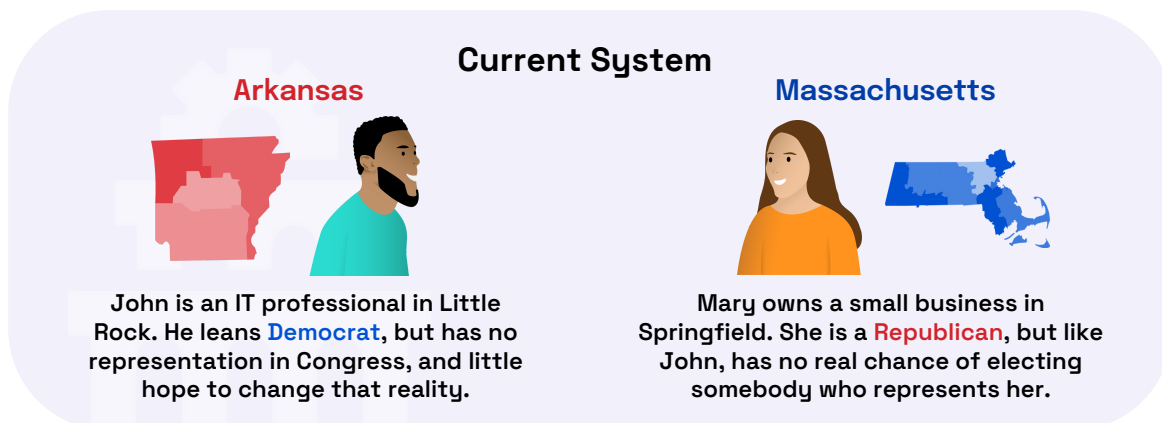
This system – unique to a two-party system with winner-take-all elections – is tailor-made for dysfunction. Fortunately, there is an alternative.

## A Saner Way

Winner-take-all single-winner districts are not inevitable, and they are not in the Constitution. In fact, Article I, Section IV of the Constitution specifically empowers Congress with the ability to change how its elections work, something Congress has done many times. The United States has it within its power to move to the system used by 80% of the world's democracies – a system that disincentivizes binary conflict and showmanship and instead incentivizes coalition-building and compromise: proportional representation.

Put simply, proportional representation is a system where a political party's share of votes in an election determines how many seats it holds in the legislature. Instead of each district electing one representative, a state divides into larger regions that each elect several representatives. The size of Congress – 435 members – can be increased, or it can remain the same.

In a proportional system, voters can support multiple candidates, and each party wins seats in proportion to its share of the votes cast. For instance, if a region elects three representatives and the vote is 65% for Republicans and 35% for Democrats, it would elect two Republicans and one Democrat.







## Proportional Representation



Both John and Mary would now live in larger districts, which would elect multiple candidates to Congress. They would both be able to support candidates who represent them and have a viable chance to win.



In terms of governing, proportional representation would make it possible for conservatives in liberal areas and liberals in conservative areas to be elected. Every election would be competitive, as there would be a real chance for both Republicans and Democrats to win seats in every contest. And the incentive to antagonize the other party as much as possible and reduce politics to us-vs-them political warfare would begin to subside. Campaigning in a multi-winner district would incentivize candidates and parties to lead with what they support rather than what they are against.

Crucially, proportional representation would also create new ways to form coalitions. With a broader range of ideologies across both parties – and across new parties that would now have a realistic chance to compete – bargaining and compromise would be more possible. The impact on an issue like the debt limit is clear: representatives lose the incentive of taking every opportunity to attack the other side, and would be newly incentivized to come together and find solutions.

Some of the most ideological representatives would still surely see the debt limit as a cause for existential battle, but there would be more opportunities to build coalitions that don't involve this contingent. **Raising the debt limit would become what it should be: a basic task of governing to be handled efficiently and moved on from. Not a political weapon to beat your opponents with.**

The easiest approach to proportional representation is reforming the Uniform Congressional District Act, a 1967 law that requires states to use single-winner districts. This law could be changed with simple legislation to allow for multi-winner districts with proportional representation, making it possible for states to begin adopting this reform themselves.





Americans are expressing growing frustration with the two-party system and a growing desire for systemic change. [Gallup](#) recently found that the number of Americans identifying as Independent is now about the same as the number of Americans identifying with either major party. And [polling](#) has shown for years that Americans hate the two-party system. Proportional representation is the pathway out of this broken system towards a more responsible, representative future for democracy in America.

But in the less proportional, less representative present, we're still dealing with chaos on Capitol Hill. While complete economic disaster will hopefully be averted, as happened in 2011 and 2013, we are still unacceptably close to a crisis that would have devastating consequences.

It may be tempting to blame individual members or to debate the merits of differing fiscal policies, **but this debt limit crisis is a predictable result of our fundamentally flawed electoral system - one that rewards toxic partisanship and punishes compromise.**

America's winner-take-all elections incentivize the us-vs-them conflict at the heart of the debt limit issue and disincentivize the cooperation it would take to solve it. Thanks to the ever-escalating doom loop of polarization and dysfunction, the problem is worse than ever and will only grow more intractable. If we want to address this systemic problem, we need to look at systemic solutions. Otherwise, we'll find our representatives playing debt limit chicken again and again - and eventually, they might run into each other.

