

# Dominoes of Default



**David Brown**

Deputy Director,  
Economic Program

[@DavidBrownDC](https://twitter.com/DavidBrownDC)



**Emily Liner**

Former Senior Policy  
Advisor, Economic  
Program

**Bill Rapp**

Former Senior Manager  
of Design and Production

This infographic depicts the likely economic consequences of a U.S. default on the public debt. For more detail, read our memo: [The Dominoes of Default](#).

*This infographic is an updated version of 2011, 2013, and 2015 infographics by the same name.*

To read this Infographic, open the attached PDF. [JPG available here.](#)

# THE DOMINOES OF DEFAULT 2017



## Treasury bond rates rise 0.5%

Terry Belton, "The Domino Effect of a US Treasury Technical Default," Research Note, J.P. Morgan, April 19, 2011, p. 5. Available at: [http://thetill.com/images/stories/docs/on\\_the\\_money/morgan.pdf](http://thetill.com/images/stories/docs/on_the_money/morgan.pdf). See also Lori Montgomery and Brady Dennis, "Treasury quietly plans for failure to raise debt ceiling," The Washington Post, April 26, 2011. Accessed September 06, 2017. Available at: [http://www.washingtonpost.com/business/economy/treasury-quietly-plans-to-raise-debt-ceiling/2011/04/21/AFmcSPtE\\_story.html](http://www.washingtonpost.com/business/economy/treasury-quietly-plans-to-raise-debt-ceiling/2011/04/21/AFmcSPtE_story.html). See also United States Government Accountability Office, "Debt Limit: Market Responses to Recent Impasses Underscore Need to Consider Alternative Approaches," Report, July 2015, p. 16. Accessed September 06, 2013. Available at: <http://www.gao.gov/assets/680/671286.pdf>.

## GDP decreases 1%

Terry Belton, "The Domino Effect of a US Treasury Technical Default," Research Note, J.P. Morgan, April 19, 2011, pgs. 5-6. Available at: [http://thetill.com/images/stories/docs/on\\_the\\_money/morgan.pdf](http://thetill.com/images/stories/docs/on_the_money/morgan.pdf).

## S&P 500 drops 17%; Mortgage rates rise 0.7%

United States Department of the Treasury, "The Potential Macroeconomic Effect of Debt Ceiling Brinkmanship," October 2013, p. 4-5. Accessed September 5, 2017. Available at: <https://www.treasury.gov/initiatives/Documents/POTENTIAL%20MACROECONOMIC%20IMPACT%20OF%20DEBT%20CEILING%20BRINKMANSHIP.pdf>.

Based on information from the Third Way Report "The Dominoes of Default, 2017" available at: <http://www.thirdway.org/report/the-dominoes-of-default-2017>. For more about Third Way, please visit our website at [www.thirdway.org](http://www.thirdway.org). Infographic by Bill Repp.

## U.S. dollar loses special status

Tanner Daniel and David Brown, "Pound, Dollar, Renminbi? What China's Push to Globalize its Currency Means for the United States," Report, Third Way, October 5, 2015. Available at: <http://www.thirdway.org/report/pound-dollar-renminbi-what-chinas-push-to-globalize-its-currency-means-for-the-united-states>.

## 800,000 jobs lost

Independent Calculation. See also United States Department of Labor, Bureau of Labor Statistics, "Table A-1. Employment status of the civilian population by sex and age," Economic News Release, September 06, 2013. Accessed on October 15, 2015. Available at: <http://www.bls.gov/news.release/empor.t11.htm>.



**third way**  
fresh thinking