**We affirm.**

**Contention One is a Conflict of Interest.**

*Right now, due to America’s rising debt, confidence in our ability to pay off the debt is waning.*

This is harmful as Michael Boskin ‘18 of the Washington Post explains that as treasury debt holders start to doubt the government’s ability to repay, the government is forced to increase interest rates, or payments to debt holders, to compensate for the increased risk.

Already, Jeff Cox ‘18 of CNBC quantifies that the rising deficit is responsible for 50 percent of this increase in interest rates.

*This creates a debt spiral* as Boskin writes that higher interest costs will have to be financed by more debt, leading to even higher interest rates, and eventually a crisis.

*Failing to prioritize debt now could lead to two harmful scenarios.*

*First is aggressive austerity.*

According to the US Chamber of Commerce ‘13, if no action is taken now, the government will eventually be forced to implement new economy-crushing taxes and painful cuts in spending. Putting off reform only worsens its impacts as the Peterson Foundation ‘18 finds that waiting just five years would cause the size of required reforms to increase by 21 percent, and the CBO ‘10 explains that larger and more abrupt changes in fiscal policy, such as substantial cuts in government benefit programs, would be more difficult for people to adjust to than more gradual changes.

Crucially, Alexia Campbell ‘18 of Vox quantifies that government benefits keep 44 million people out of poverty.

*The second harm of higher interest rates is devastating emerging markets*.

According to Investopedia ‘18, an emerging market is a country that is transitioning into a developed nation, quantifying that there are currently 23 emerging markets.

The BBC ‘18 explains that higher interest rates in America disincentivize investors from investing in bonds in emerging markets because they will gain higher return from buying American treasury bonds, contributing to a loss of capital and currency crises in such countries.

Robin Koepke ‘16 of the Institute of International Finance confirms empirically that, in years when the Fed is increasing interest rates, the probability of a banking or currency crisis in emerging market countries rose by 170 percent. The BBC furthers that higher American interest rates are already fueling currency crises in Argentina, Turkey, and Brazil, and are prompting other emerging economies to increase interest rates to compete with the US, which makes it harder for the poor to access credit.

*This is crucial*, as Ricardo Gottschalk ‘04 of the University of Sussex concludes that banking or currency crises in emerging markets lead to rapid declines in GDP, increases in poverty by up to 50 percent, and reduced access to social services, with the effects most pronounced for the elderly and poorly educated.

*This effect even comes back to bite the US*, as the BBC furthers that if turbulence persists and emerging markets are harmed, it would reduce global demand for US products and services.

**Contention Two is Responding to Recessions.**

*As debt increases, the government must devote a large share of its budget to paying interest.*

Michael Collins ‘18 of USA Today reports that interest payments on US debt could total 7 trillion dollars by 2026. This is harmful, as Nelson Schwartz ‘18 of the New York Times concludes that, with more money directed towards interest, it will become politically and economically infeasible to fund emergency moves to pull the economy out of future recessions.

*Fortunately, prioritizing the national debt gives the government the ability to stimulate the economy during recessions.*

Collins furthers that, due to lower levels of debt, the government was able to respond to the 2008 crisis by investing 830 billion dollars to boost the economy, saving 2.1 million jobs. David Romer ‘17 of UC Berkeley confirms empirically that recessions with a high debt-to-GDP ratio are more than five times worse because an indebted government lacks the necessary tools to stimulate the economy.

*Preparing for recessions is crucial*, *as* Alex Pollock ‘15 of Financial Times explains that financial crises occur about every decade, and The Brookings Institution ‘17 furthers that in any given year, there is a 20 percent chance of recession.

**Thus we affirm.**