# Strake RR AC

**We Affirm: The United States should prioritize the reducing federal debt over promoting economic growth**

## Our Sole Contention is the Wrong Approach

According to **Schneider of Reuters 2018**, US economic growth has been solid and is expanding at a favorable pace, furthering that the economy is continued to be supported by favorable consumer and business sentiment, increases in wealth, and solid growth abroad. **Amadeo of the Balance** corroborates that growth right now is between 2 to 3 percent, which is the ideal range.

On the flipside, the debt crisis has reached new heights. **Brandon of US News** reports that even the White House now admits that the federal deficit is growing much faster than expected, piling up so fast that the national debt itself will hit $33 trillion in fiscal year 2028.

 The problem stems from how the United States is currently prioritizing fiscal policy. **Long of the Washington Post** explains that now growth is healthy, unemployment is extremely low, 4.1 percent, and confidence is strong. In times like these, the U.S. government has almost always narrowed the budget deficit — or even runs a surplus, as it did from 1998 to 2001, the end of the dot-com boom. But instead of improving the government’s budget situation, Congress is going the opposite direction and adding to it. Crucially **Macguineas of CNN** finds that the crisis is purely self-imposed, resulting from irresponsible policy choices, and Washington is responding to trillion-dollar deficits by increasing them further with more plans for tax cuts and spending.

**Healy ‘18** reports that “now that the national debt has reached $21 trillion, the cost of serving that debt will grow larger with higher interest rates” - creating a vicious cycle. This is why the **CBO** shows the government’s annual interest payments on federal debt *more than doubling over the next decade* from 1.5 percent of GDP in 2018 to 3.1 percent of GDP in 2027. If the average real interest rate instead gradually rose to around 2.2 percent over the next decade, then federal interest payments could reach $1.2 trillion in 2027 meaning that the annual budget deficit would widen from $0.7 trillion in 2018 to $1.8 trillion in 2027.

Overall, **Capretta explains in 2018** while it is not necessary to achieve balance in the near term, it is necessary to slow the rate of future spending growth to prevent federal debt from spiraling out of control. If we don’t make attempts to decrease our yearly deficits, there are two major ramifications

### First, a long term decrease in economic growth

**Amadeo** finds that an ever-increasing national debt slowly dampens growth over the long term. Debt holders know in the back of their minds that it must be repaid one day. They demand larger interest payments because they want compensation for an increasing risk that they won't be repaid, which increases interest rates and slows the economy. In fact, **Boccia of the Heritage Foundation** found that debt levels between 90 percent and 120 percent of GDP correlate with slower growth of 1.2 percentage points. Salim Furth calculated, a decade of debt drag would reduce the income of the typical American family by $11,000.

### Second, Crowding out social spending

The **Peterson Foundation ‘18** reports that as the federal debt increases, the government is forced to spend more on interest costs, crowding out public investments, like social programs. This is devastating, as **MacGuineas of CNN** analyzes that because we are heading in a dangerous direction, in 2022, the Highway Trust Fund will run out of full funding. In 2026, the Medicare Hospital Insurance Trust Fund follows. In 2032, the Social Security trust fund surpluses run dry, and all beneficiaries regardless of age or income level will face a 21 percent across-the-board benefit cut. This is crucial, as **Thompson of the Atlantic** finds that 55% of all Americans receive benefits from these federal programs.

Overall, **Macguineas of CNN** explains that at the turn of the 21st century, we were on track to actually pay off the debt. Then there was a massive terror attack, two wars, tax cuts and new spending programs, a Great Recession and multiple natural disasters. During a strong economy, we should be preparing for future events such as those, not pushing the credit card to the limit. One thing is for sure -- Washington needs to grow up, which is why Kempner Hall Affirms.