R2R

We negate, resolved: the United States federal government should prioritize reducing the national debt over promoting economic growth.

Our sole contention is infrastructure investments.

The U.S. should not prioritize debt reduction, and instead focus on growing the economy through infrastructure.

There is an increasing desire among politicians to make significant improvements to America's infrastructure to grow the economy. Bailey at Brookings reports in 2018: Trump campaigned on a pledge to introduce a large program of infrastructure investment. The administration has now proposed increasing funding for infrastructure.

In addition, the midterm elections create new opportunities for a plan. Fitzsimmons at the New York Times writes in 2018: now that Democrats have won the House, infrastructure could be back on the table. The day after the midterm elections, Mr. Trump said he wanted to work with Democrats on the issue. Nancy Pelosi, the Democratic House leader, says it is one of her top priorities.

However, forcing an approach on debt will make these efforts impossible. Krugman at Princeton University explains in 2015: we need more, not less, government debt. Issuing debt is a way to pay for useful things like fixing deficiencies in roads, rails, and water systems. On the other side, driving down the debt will prevent the government from securing the needed funds to improve infrastructure.

Prioritizing infrastructure has two economic benefits.

First, roads, bridges, and tunnels.

America's conventional infrastructure is in a sorry state. According to the American Society of Civil Engineers' 2017 Infrastructure Report Card, US infrastructure gets a D+ grade. It got the same grade in 2013.

Infrastructure deterioration will ruin the economy. The ASCE continues: With deteriorating infrastructure, higher business costs will be incurred, which will lead to higher costs incurred by households for goods and services due to the rising prices passed on by businesses. For example, goods will be more expensive to produce and more expensive to transport to retail shelves for households or to business customers. As a result, by 2025, the economy is expected to lose almost $4 trillion in GDP, resulting in a loss of 2.5 million jobs in 2025.

Infrastructure investments will, in contrast, create massive benefits. Aside from making business's more efficient, it also directly creates jobs for those fixing the roads bridges and tunnels. Bivens at the Economic Policy Institute quantifies in 2017: each $100 billion in infrastructure spending would boost GDP by $150 billion. This increase in GDP would in turn boost employment by a bit over 1 million workers.

The second benefit is improving internet.

The US needs to prioritize growth to improve the internet. Turner-Lee at Brookings explains in 2018: While the U.S. has correctly identified 5G leadership as an important goal, a coordinated, comprehensive, and focused approach by Congress, state and local leaders, and the private sector will be needed.

Investment in 5g would be awesome for the economy. Claure at CNBC reports in 2017: Upgrading American wireless networks to 5G technology will have massive impacts on the U.S. economy and its competitiveness in the decades ahead. The rollout of 5G in the U.S. will create three million American jobs and drive over $500 billion U.S. GDP growth.

However, China is currently beating us to the punch. It is Crucial that we invest in 5G now due to the to get the "first mover advantage". Stratfor of Forbes explains this April:

5G networks will hold together many of the technological innovations that will define the world in the decade to come; the internet of things, outdoor autonomous robots for agriculture and industry, the smart utility grid, and autonomous vehicles and drones. And with the significance of 5G far outweighing that of any of its predecessors, nation-states are taking notice as they race to roll out their own networks to establish a first-mover advantage.

This first Mover advantage is crucial to future economic development. Chin of the wall street journal furthers in September"

the potential payoffs are immense. Companies that own patents stand to make billions of dollars in royalties. Countries with the largest and most reliable networks will have a head start in developing the technologies enabled by faster speeds. the birth of 5G standards represents a new beginning," 5G [will have] a very transformative effect on many things in our society," he said. "Consumer, media, entertainment... whole industries.

CASE CARDS

We negate, resolved: the United States federal government should prioritize reducing the national debt over promoting economic growth.

Austerity

While the debt appears like a big bogeyman, it is in reality not a threat now. Rogoff at Brookings explains in 2007: The key to U.S. debt resilience is our country's credibility in debt markets; the U.S. government's' credibility in international debt markets is so great that it is virtually impossible for any such crisis to precipitate a default.

Kenneth Rogoff, 6-26-2007, "Foreign Holdings of U.S. Debt: Is Our Economy Vulnerable?," Brookings, https://www.brookings.edu/testimonies/foreign-holdings-of-u-s-debt-is-our-economy-vulnerable/ //EH

The short answer is these more extreme risks are unlikely to materialize, but the United States continued dependence on foreign borrowing is a significant vulnerability in the event of shock, such as a collapse in U.S. housing prices, or an extreme national security breach, that might slow the inflow of new funds into the United States. In this testimony, I will first discuss why the more extreme scenarios are relatively implausible, then go on to discuss where the real vulnerabilities lie. When a Debtor Is Big Enough, it's the Banks' Problem: The United States and China As foreign wealth continues to explode in a number of transparency-challenged countries, we are likely to see some spectacular financial debacles. Governments have a long tradition of losing massive amounts of money in financial markets. This tradition is not likely to end anytime soon, which is good new for global private investors, some of whom continue to reap huge profits at governments' expense. However**, any attempt by a well-heeled foreign government to use its financial leverage to upset the U.S. economy will almost certainly backfire. The U.S. economy will not wilt, and the foreign instigator will either lose a bundle of money immediately, or get caught and be forced to forfeit the gains. The key to U.S. resilience is our country's credibility in debt markets; the U.S. governments' credibility in international debt markets is so great that it is virtually impossible for any such crisis to precipitate a default.** Absent, this risk, it is very unlikely for a foreign-instigated financial crisis to spin beyond the control of the Federal Reserve and other regulators. For example, were China to suddenly reallocate a large share of its predominantly dollar portfolio into Euros, the ensuing dollar decline would inflict a massive capital loss on the Central Bank of China. A 20 percent drop in the dollar against the Yuan would cost the C hinese Central Bank well over a hundred billion dollars. Fundamentally, when a debtor owes the bank a large enough amount, the debt becomes the bank's problem. China, whose reserves amount to 50 percent of its GDP, faces risks far to great to ever seriously consider this option. Of course, over time, one can expect China to significantly diversify out of dollar assets, but the time frame will be one that markets can easily accommodate. Risk Posed by Sovereign Wealth Funds

Indeed, on the other side, prioritizing the debt to the ignorance of the economy has tended to spell devastating results. These policies tend towards extreme austerity measures because, as Hiltzik at the LA Times explains in 2015: that pressure is always strong from powerful interests to reduce the size of government and the scale of its spending. That's because the benefits of most government programs tend to flow to the have-nots and the costs to the haves

Hiltzik 15 Michael Hiltzik, 6-9-2015, "The evidence piles up: Austerity poisons economic growth," latimes, https://www.latimes.com/business/hiltzik/la-fi-mh-austerity-destroys-economic-growth-20150609-column.html //DF

In the U.S., for instance, the federal deficit peaked in 1943 at nearly 30% of gross domestic product, and remained above 20% through 1945. But the government moved to a surplus by the end of that decade as growth picked up smartly. Almost throughout the 1950s the federal books oscillated between surplus and only a modest deficit. The public federal debt came down sharply too: from a peak of 106% of GDP in 1946 to 46.4% by 1959 and 25% by 1979. What Sen doesn't directly address is the historical reality **that pressure is always strong from powerful interests to reduce the size of government and the scale of its spending. That's because the benefits of most government programs tend to flow to the have-nots and the costs to the haves**. But even for the wealthy, this is a shortsighted policy. Crumbling roads and bridges cost business owners dearly in transport costs; underfunded educational systems raise their cost of finding or training qualified workers; poverty and unemployment cause social unrest, which leads to attacks on their property.

Simply said, when governments cut back on spending and massively hike up taxes in an attempt to fix percieved fiscal issues, they often create much larger economic problems that make paying the debt down in the future impossible. Coppola at Forbes writes in 2018: Because high public debt is believed to be so dangerous, politicians – especially in Europe - have given a higher priority to closing public deficits than restoring economies badly damaged by the worst financial crisis in living memory. The result has been a decade-long slump. Some countries in Europe still have unemployment in double digits. An entire generation has been thrown on the scrap heap in the name of "balancing the books".

Frances **Coppola**, 4-17-20**18**, "Everything You've Been Told About Government Debt Is Wrong," **Forbes**, https://www.forbes.com/sites/francescoppola/2018/04/17/everything-youve-been-told-about-government-debt-is-wrong/#34784069314f //AM

Even if default is avoided, the cost of servicing debt will be unaffordable for future generations, we are told. The moral imperative is to close deficits and cut debt, even at the expense of much needed investment, because otherwise young people will bear an unacceptable burden. Young people themselves might think investment that helps to restore economic growth would be worthwhile, especially if they face years of unemployment because the economy is in a slump. But who cares what they think. Their elders know what is good for them and will make sure they get it, even if it hurts. **Because high public debt is believed to be so dangerous, politicians – especially in Europe - have given a higher priority to closing public deficits than restoring economies badly damaged by the worst financial crisis in living memory. The result has been a decade-long slump.**

<u>Some countries in Europe still have unemployment in double digits. An entire generation has been thrown on the scrap heap in the name of "balancing the books"</u><u>. Unsurprisingly, public unrest is rising across Europe, and populist parties on both the far left and the far right are coming to power. Austerity that aimed to reduce the danger of debt default has rendered politics dangerous instead.</u> Now, a new working paper from the IMF casts serious doubt on the entire basis for the austerity mantra. Far from default being inevitable if debt rises too high, it may never happen at all. For advanced economies in good standing, the government's debt capacity appears to be infinite.

Just as one example, in Greece, Hiltzik writes: Nowhere are the consequences of austerity more visible today than in Greece, where the unrelenting austerity they've imposed on the country. It has contributed to negative economic growth every year since 2008, average family income has plunged to 2003 levels, and forty percent of Greek children now live below the poverty line.

Hiltzik 15 Michael Hiltzik, 6-9-2015, "The evidence piles up: Austerity poisons economic growth," latimes, https://www.latimes.com/business/hiltzik/la-fi-mh-austerity-destroys-economic-growth-20150609-column.html //DF

<u>Nowhere are the consequences of austerity more visible today than in Greece</u>, which is battling ferociously with its lenders and its partners in the Eurozone over **<u>the unrelenting austerity they've imposed on the country-</u>**-a program that **<u>has contributed to negative economic growth every year since 2008</u>** and led to the election of the anti-austerity Syriza party. "<u>More than half the young people in Greece have never experienced having a job</u>," Sen writes, bemoaning the squandering of human capital that follows. He could have gone on: As Anand Gopal recently reported in The New Yorker, "**<u>average family income has plunged to 2003 levels, and forty percent of Greek children now live below the poverty line</u>**." Austerity promoters promoted and then played on popular panic over rising government deficits. What they miss, Sen asserts, is that the only reliable method of deficit reduction is rapid economic growth. That comes as no surprise to anyone familiar with economic history.

<u>UQ – Entitlement Cuts</u>

Cuts to entitlement programs are the only way to prioritize debt reduction, since most of the debt is driven by spending, and entitlements are the largest area of spending

Tanner 18 Michael Tanner, 4-18-2018, "Taxes Don't Cover America's Expenses," National Review, https://www.nationalreview.com/2018/04/federal-debt-problem-entitlement-reform-only-solution/ //DF

Of course, income taxes are only one component of federal taxes, and for most Americans, it's not even the biggest part of their taxes. All in, Americans will pay $3.3 trillion in federal taxes this year. On top of that, they will pay $1.8 trillion in local and state taxes, for a total burden (local, state, and federal) of $5.2 trillion, roughly 30 percent of GDP. Americans will pay more in taxes this year than they will for food, clothing, and shelter combined. <u>Despite record tax revenue, the federal government will still run an $800 billion budget deficit this year.</u> That's because it will spend roughly $4.1 trillion this year, while taking in the aforementioned $3.3 trillion. This is not rocket science: If you spend more than you take in, you have a problem. Progressives will blame low taxes generally, and the recent GOP tax reform in particular. But the Congressional Budget Office says that <u>tax revenues as a percent of GDP will decline by just 0.7 percent this year. Spending, on the other hand, will increase by 3 percent of GDP, more than four times</u>

as much. Over the long term, the tax cuts will probably mean larger deficits. CBO estimates that forgone tax revenue will add about $1.85 trillion to the debt over a decade. Not good. On the other hand, increased spending will add around $12 trillion to the debt over ten years. Spending is expected to grow by 70 percent, meaning that even without the tax cuts, we would be drowning in red ink. Houston, we have a spending problem. Where does that spending go? Despite complaints from conservatives, domestic discretionary spending (everything from the FBI to the FDA, the Department of Commerce to the Department of Education) accounts for just 16 percent of federal spending. Traditional subjects of conservative ire, such as foreign aid, amount to less than 1 percent of spending. At the same time, despite criticism from liberals, and even after the increases that Congress just approved, defense spending will be just 15 percent of federal spending. Obviously, every dollar counts, and the $143 billion in increased domestic and defense spending that Congress just passed is not going to be helpful. Still, the big driver of federal spending remains entitlements, specifically Social Security (24 percent of federal spending), Medicare (17 percent), and Medicaid (9 percent). That's half of all federal spending for just three programs. And the cost of all three programs is accelerating. A combination of an aging population and rising health-care costs means that Medicare is expected to grow by as much as 7 percent per year, while Medicaid increases at a rate of 5.5 percent annually. Meanwhile, Social Security is expected to increase from 4.9 percent of GDP to 6 percent within a decade. The long-term unfunded liabilities of these programs approach $80 trillion or more. **Quite simply, there is no way to balance the budget or seriously reduce spending without reforming these programs**. Yet entitlements remain off-limits on a bipartisan basis. Congress's answer to all this was to rush to the floor last week with a Balanced Budget Amendment to the U.S. Constitution. Predictably, the measure failed, but it did highlight the hypocrisy of a Congress that seems to embody St. Augustine's prayer, "Oh Lord, make me chaste — but not yet."

Infrastructure

There is an increasing desire among politicians to make significant improvements to America's infrastructure to grow the economy. Baily at Brookings reports in 2018: Trump campaigned on a pledge to introduce a large program of infrastructure investment. The administration has now proposed increasing funding for infrastructure.

Martin Neil Baily, 2-16-2018, "Trump's formula for growing the U.S. economy—what will work and what won't," Brookings, https://www.brookings.edu/research/trumps-formula-for-growing-the-u-s-economy-what-will-work-and-what-wont/ (NK)

Trump campaigned on a pledge to introduce a large program of infrastructure investment. Specifics are now emerging and the proposed federal funding contribution is $200 billion over ten years. There is no question that America needs to upgrade its infrastructure. Roads, bridges, ports, the electricity grid, the water supply and other areas are in need of help. **In the administration's plan, the $200 billion would be leveraged into $1.5 trillion through private, state and local funding**. The federal funds would be divided into $20 billion for projects of "national significance," $50 billion for rural block grants and the rest would go for loan support or other likely high-leverage. The administration also wants to shorten the time for permitting and approvals. It would certainly be helpful to speed up the permitting process and shorten litigation delays, but that will be tough to do, in practice, because many of the regulations are state laws.

In addition, the midterm elections create new opportunities for a plan. Fitzsimmons at the New York Times writes in 2018: now that Democrats have won the House, infrastructure could be back on the table. The day after the midterm elections, Mr. Trump said he wanted to work with Democrats on the issue. Nancy Pelosi, the Democratic House leader, says it is one of her top priorities.

Fitzsimmons 18 Emma G. Fitzsimmons, 11-28-2018, "Without a Trump Infrastructure Plan, an Aging Ohio Bridge Is in Limbo," New York Times, https://www.nytimes.com/2018/11/28/us/brent-spence-bridge-repairs.html //DF

So far, that has not happened. The bridge is one of the many critical projects across the country that have been in limbo as President Trump's calls for a big infrastructure plan have not gone anywhere. **Now that Democrats have won the House, infrastructure could be back on the table. The day after the midterm elections, Mr. Trump said he wanted to work with Democrats on the issue. Nancy Pelosi, the Democratic House leader, says it is one of her top priorities**, and left-leaning new members like Alexandria Ocasio-Cortez and Ayanna Pressley have also called for a focus on infrastructure. "We have a lot of things in common on infrastructure," Mr. Trump said of his willingness to work with Democrats. Over the last two years, dozens of projects have been paralyzed without federal funding, including a $13 billion plan to build a train tunnel between New York and New Jersey. Both the Brent Spence Bridge and the tunnel were on a list of infrastructure priorities leaked by Trump officials last year. This week, a spokeswoman for the White House did not respond to requests for comment on replacing the bridge.

Davis 18 Dan Davis, 11-18-2018, "Could an infrastructure bill really happen?," The Fabricator, a publication of the Fabricators & Manufacturing Association, https://www.thefabricator.com/blog/could-an-infrastructure-bill-really-happen- //DF

But if you pay attention to the news, you know that the U.S. hasn't been making the type of investments needed to keep everyone safe. The American Society of Civil Engineers (ASCE) gave the U.S. a D+ in its 2017 Infrastructure Report Card. (I'm not sure it makes me feel any better, but the U.S. received a C+ in the category of bridges.) If you are stuck in traffic for more than 30 minutes per day, get claustrophobic in major airports, or even refuse to drink water out of the tap out of fear of contamination, you know the dismal infrastructure grade is one that has been earned, not given. Past presidents have talked a big game about making necessary infrastructure investments, the last one being Barack Obama who signed the American Recovery and Reinvestment Act in February 2009 to get "shovel-ready" projects going, but in reality only set aside a small percentage of the $800 billion for concrete and structural steel projects. So the news that President Donald Trump was proposing a $1.5 trillion infrastructure plan in February 2018 was pretty exciting. (However, it included only $200 billion in federal funding over 10 years, funded by unspecified cuts elsewhere in the federal budget, and it died in the Republican-controlled Congress.) Trump definitely has been a friend to the manufacturing community with his tax cuts and assault on what he sees as burdensome regulations, so it's easy to believe that Trump would want something like this to happen. **Now he has some company when it comes to support infrastructure spending. With the Democrats taking over the House of Representatives after the mid-term elections**, some Washington, D.C., **observers believe some sort of deal might be possible. Some early discussions of possible plans coming from the House range anywhere from $500 billion to $1 trillion.** With ASCE suggesting that $4.59 trillion is needed to make up for decades of neglect, that's a good start. Democrats, of course, will ask for firm funding, perhaps paid for with the first increase in the federal gas tax in 25 years. The federal gas tax has been 18.4 cents, 24.4 cents for diesel, since it was last raised in 1993.

Bloomberg 18 Bloomberg News, 12-7-2018, "Democrat to push $300B plan to fund infrastructure," Finance & Commerce, https://finance-commerce.com/2018/12/democrat-to-push-300b-plan-to-fund-infrastructure/ //DF

There have been other bond proposals targeting infrastructure in recent years, including those that would create an infrastructure bank or revive aspects of the subsidized Build America Bond program, which prodded states and local governments to raise $185 billion after the recession. Yarmuth said **there are many ideas circulating about how to fund and finance a public-works bill**. They include a proposal by Democratic Rep. Peter DeFazio of Oregon, who's in line to become chairman of the House Transportation and Infrastructure Committee, to raise federal fuel levies by no more than 1.5 cents a year to back 30-year Treasury bonds. Trump campaigned on a promise to invest more than $1 trillion to upgrade U.S. roads, bridges, and other public works. But the plan his administration released in February stalled after a few hearings, without a defined funding source. **Trump and incoming Democratic House leaders have said an infrastructure measure is something they can accomplish on a bipartisan basis in 2019, and Democrats are seeking a significant spending bill in the first six months of the yea**r, DeFazio has said. "We've got to come up with outside revenue, and it's just a question of what the most politically palatable form is,'' Yarmuth said.

Tess Bonn, 12-12-2018, "Incoming committee chairman 'hopeful' House will pass infrastructure bill early next year," The Hill, https://thehill.com/hilltv/rising/421054-dem-rep-hopeful-house-will-pass-infrastructure-plan-early-next-year //DF

The incoming chairman of the House Transportation and Infrastructure Committee said this week he's hopeful that the House will pass an infrastructure package early next year. Rep. Peter DeFazio (D-Ore.) said during an interview that aired Wednesday on Hill.TV that **a plan to overhaul the nation's infrastructure is at the top of the list for House Democrats, who will be in the majority starting in January**. "I'm hopeful that we can get a package together in the first months of this Congress," DeFazio told Hill.TV's Krystal Ball, referring to the 116th Congress. "Hopefully get it done in the first sixth months because then you're really getting into…the presidential election. So if we can move a good package out of the House, expeditiously, I think the Senate is going to be hard-pressed not to follow on." DeFazio said that while Trump has long pushed for an infrastructure measure, any real progress has been hindered by members of his own administration — namely former policy adviser D.J. Gribbin, who departed the administration in April. Gribbin led the Trump administration's push for an infrastructure proposal that was released in February and later stalled. "Unfortunately, his choice of staff stymied what I think he really wants to do," DeFazio said. He said an infrastructure overhaul that he's envisioning would improve transit options and help the U.S. control carbon emissions, citing the growing concerns around climate change. "We need to make the transportation system greener, resilient and we have to fix what we have and built out the new options," he said.

Puzzanghera 18 Jim Puzzanghera, 12-2-2018, "Rebuilding crumbling infrastructure has bipartisan support. But who gets to pay for it?," latimes, https://www.latimes.com/business/la-fi-infrastructure-congress-trump-20181202-story.html //DF

Trump's plan, unveiled in January, called for the federal spending to be offset by unspecified budget cuts. **Democrats want to raise the federal gas tax, which has not been increased since 1993. Business groups also support a modest hike in the gas tax**. Most Republicans and conservative groups have opposed any increase in the 18.4-cent-a-gallon tax. But **Trump told DeFazio and other Democrats in a meeting in February he was open to a 25-cent increase, phased in over five years.** The U.S. Chamber of Commerce has proposed such an increase, noting the tax, designed to fund highway and mass transit spending, hasn't kept up with inflation over the last 25 years. "A lot of the Congress wants infrastructure, but now we have to figure out a way to pay for it," said Ed Mortimer, the business group's vice president of transportation and infrastructure. "From a business community standpoint, we're willing to stand by these elected officials to get this done."

However, forcing an approach on debt will make these efforts impossible. Krugman at Princeton University explains in 2015: we need more, not less, government debt. Issuing debt is a way to pay for useful things like fixing deficiencies in roads, rails, and water systems. On the other side, driving down the debt will prevent the government from securing the needed funds to improve infrastructure.

Paul **Krugman**, *(He is distinguished professor in the Graduate Center Economics Ph.D. program and distinguished scholar at the Luxembourg Income Study Center at the City University of New York. In addition, he is professor emeritus of Princeton University's Woodrow Wilson School.),* 8-21-20**15**, "Opinion," **New York Times**, https://www.nytimes.com/2015/08/21/opinion/paul-krugman-debt-is-good-for-the-economy.html //AM

But the power of the deficit scolds was always a triumph of ideology over evidence, and a growing number of genuinely serious people — most recently Narayana Kocherlakota, the departing president of the Minneapolis Fed — are making the case that **we need more, not less, government debt.** Why? One answer is that **issuing debt is a way to pay for useful things,** and we should do more of that when the price is right. **The United States suffers from obvious deficiencies in roads, rails, water systems and more; meanwhile, the federal government can borrow at historically low interest rates.** So this is a very good time to be borrowing and investing in the future, and a very bad time for what has actually happened: an unprecedented decline in public construction spending adjusted for population growth and inflation. Beyond that, those very low interest rates are telling us something about what markets want. I've already mentioned that having at least some **government debt outstanding helps the economy function better.** How so? The answer, according to M.I.T.'s Ricardo Caballero and others, is that **the debt of stable, reliable governments provides "safe assets" that help investors manage risks, make transactions easier and avoid a destructive scramble for cash.** Now, in principle the private sector can also create safe assets, such as deposits in banks that are universally perceived as sound. In the years before the 2008 financial crisis Wall Street claimed to have invented whole new classes of safe assets by slicing and dicing cash flows from subprime mortgages and other sources.

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America's conventional infrastructure is in a sorry state. According to the American Society of Civil Engineers' 2017 Infrastructure Report Card, US infrastructure gets a D+ grade. It got the same grade in 2013.

Thompson 18 Cadie Thompson, 2-12-2018, "America's infrastructure is falling apart — here's a look at how bad things have gotten," Business Insider, https://www.businessinsider.com/asce-gives-us-infrastructure-a-d-2017-3 //DF

President Trump will finally reveal his $1.5 trillion plan to repair America's crumbling infrastructure on Monday. But his proposal isn't expected to include extensive federal funding to states to help rebuild failing highways, bridges, airports, and water systems. Instead, Trump wants states and local government to provide the bulk of the funding. Regardless of who pays for it, though, one thing is clear: America's infrastructure is in dire need of repairs. **According to the American Society of Civil Engineers' 2017 Infrastructure Report Card**, which is published every four years, **US infrastructure gets a D+ grade. It got the same grade in 2013.** The ASCE estimates the US needs to spend some $4.5 trillion by 2025 to improve the state of the country's roads, bridges, dams, airports, schools, and more. The report breaks down the state of infrastructure in 16 different categories. Here's a look at each category's final grade, according to the organization.

Infrastructure deterioration will ruin the economy. The ASCE continues: With deteriorating infrastructure, higher business costs will be incurred, which will lead to higher costs incurred by households for goods and services due to the rising prices passed on by businesses. For example, goods will be more expensive to produce and more expensive to transport to retail shelves for households or to business customers. As a result, by 2025, the economy is expected to lose almost $4 trillion in GDP, resulting in a loss of 2.5 million jobs in 2025.

ASCE 16 2016, "FAILURE TO ACT: CLOSING THE INFRASTRUCTURE INVESTMENT GAP FOR AMERICA'S ECONOMIC FUTURE," American Society of Civil Engineers, https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/ASCE-Failure-to-Act-2016-FINAL.pdf //DF

The cost of deteriorating infrastructure takes a toll on families' disposable household income and impacts the quality and quantity of jobs in the U.S. economy. **With deteriorating infrastructure, higher business costs will be incurred** in terms of charges for services and efficiency, **which will lead to higher costs incurred by households for goods and services due to the rising prices passed on by businesses**. For example, travel times will lengthen with inefficient roadways and congested airports and airspace, and out-of-pocket expenditures to households and business costs will rise if the electricity grid or water delivery systems fail to keep up with demand. **Goods will be more expensive to produce and more expensive to transport to retail shelves for households or to business customers.** Business-related travel, as well as commuting and personal travel, will also become more expensive and less reliable. As a consequence, U.S. businesses will be more inefficient. **As costs rise, business productivity falls, causing GDP to drop, cutting employment, and ultimately reducing personal income**. The result of these effects will be a reduction of disposable income and reduced spending for consumer goods and services, which will further exacerbate business impacts. **From 2016 to 2025, each household will lose $3,400 each year in disposable income due to infrastructure deficiencies**; **and** if not addressed, the loss **will grow to** an average of **$5,100 annually from 2026 to 2040**, resulting in cumulative losses up to almost $34,000 per household from 2016 to 2025 and almost $111,000 from 2016 to 2040 (all dollars in 2015 value). Over time, these impacts will also affect businesses' ability to provide well-paying jobs, further reducing incomes. If this investment gap is not addressed throughout the nation's infrastructure sectors **by 2025, the economy is expected to lose almost $4 trillion in GDP, resulting in a loss of 2.5 million jobs in 2025.** Moreover, workers who are employed will earn lower wages, and in the long term, many higher paying jobs in technology and other leading sectors will be replaced by jobs that fulfill needs brought on by the inefficiencies of deteriorating infrastructure.

Infrastructure investments will, in contrast, create massive benefits. Aside from making business's more efficient, it also directly creates jobs for those fixing the roads bridges and tunnels. Bivens at the Economic Policy Institute quantifies in 2017: each $100 billion in infrastructure spending would boost GDP by $150 billion. This increase in GDP would in turn boost employment by a bit over 1 million workers.

Bivens 17 Josh Bivens, 7-18-2017, "The potential macroeconomic benefits from increasing infrastructure investment," Economic Policy Institute, https://www.epi.org/publication/the-potential-macroeconomic-benefits-from-increasing-infrastructure-investment/ //DF

Table 1 provides a range of comparisons of various types of fiscal policy interventions. Many of these are taken from the research literature that existed before ARRA. Since then, most research on fiscal stimulus undertaken when monetary policy is accommodating has found even higher multipliers (most famously, perhaps, in Blanchard and Leigh 2013). But the relative ranking of various fiscal policy interventions has largely been confirmed.2 To give a quick sense of the employment consequences of infrastructure investment in the near-term, note that an output multiplier of 1.5 means that **each $100 billion in infrastructure spending would boost GDP by $150 billion. This increase in GDP would in turn boost employment by a bit over 1 million workers** (see Bivens 2011 for the relationships between output and employment). The primary virtue of infrastructure investment as fiscal stimulus is that it is spent. Tax cuts and even direct transfer payments can be saved by households. Because transfer payments tend to be directed toward low-income and hence cash-constrained households, they tend to not be saved and hence rival infrastructure investment as stimulus. But infrastructure investment is guaranteed, always and everywhere, to be spent.

The second benefit is improving internet.

The US needs to prioritize growth to improve the internet. Turner-Lee at Brookings explains in 2018: While the U.S. has correctly identified 5G leadership as an important goal, a coordinated, comprehensive, and focused approach by Congress, state and local leaders, and the private sector will be needed.

Turner-Lee 18 Nicol Turner-Lee, 7-13-2018, "Will the US be 5G ready?," Brookings, https://www.brookings.edu/blog/techtank/2018/07/13/will-the-us-be-5g-ready/ //DF

So what will it take for the U.S. to be 5G ready, and why is it important for us to beat global competitors who are on an accelerated schedule to roll out this emerging technology? THE U.S. NEEDS A "5G GAME PLAN" **While the U.S. has correctly identified 5G leadership as an important goal, a coordinated, comprehensive, and focused approach by Congress, state and local leaders, and the private sector will be needed.** Currently, municipalities, states, industry, and other government agencies in the U.S. lack a comprehensive and synchronized strategy, or what I call a "5G game plan," that harmonizes the goals of public policies, investments, and the public interest. While having a common goal should be the foundation of any proposed 5G game plan, the framework for this discussion should also prioritize the following three points.

Investment in 5g would be awesome for the economy. Claure at CNBC reports in 2017: Upgrading American wireless networks to 5G technology will have massive impacts on the U.S. economy and its competitiveness in the decades ahead. The rollout of 5G in the U.S. will create three million American jobs and drive over $500 billion U.S. GDP growth.

Claure 17 Marcelo Claure [President and Ceo Of Sprint], 6-12-2017, "Sprint CEO: America's most important infrastructure project is 5G mobile networks," CNBC, https://www.cnbc.com/2017/07/12/the-most-important-infrastructure-project-is-5g-mobile-networks-sprint-ceo-commentary.html //DF

I recently met with President Trump and other officials at the White House to discuss American leadership in emerging technology. As the President and Congress tackle the important work of reinvesting in America's aging physical infrastructure, a potentially more important infrastructure upgrade looms — the build out of next-generation wireless networks. **Upgrading American wireless networks to 5G technology will have massive impacts on the U.S. economy and its competitiveness in the decades ahead**. Accenture recently predicted that **the rollout of 5G in the U.S. will create three million American jobs and**

drive over $500 billion U.S. GDP growth. More importantly, the upgrading of these networks, which will be funded almost entirely by the private sector, will improve the lives of every American. 5G will perform up to ten times faster than the current 4G networks and enable a tremendous boost in data speed, meaning content that takes minutes to download now will be available in a matter of seconds. It will also be able to deliver ubiquitous connectivity with greater reliability and lower power consumption. The ability to connect billions of devices will drive new innovation and efficiencies, such as autonomous vehicle technology, and will lead to significant advances in the areas of health, energy and public safety. **Entire new businesses will be created based on the improved network performance** and the capabilities of Americans and their connected devices to process more and more information as they move around the country.

The US needs to roll out 5g before China, or else they'll gain advantages

Urda 18 Jakob Urda, 9-20-2018, "Hold Them Back, Run Faster – Beating the Made in China 2025 Strategy," Chicago Journal of Foreign Policy, https://thecjfp.com/2018/09/20/hold-them-back-run-faster-beating-the-made-in-china-2025-strategy/ //DF

China's push to dominate emerging technology is every bit as important as the scientific revolutions of the 20th century. The Council on Foreign Relations called the "Made in China 2025" program an "existential threat to US technological leadership." **If China were the first to roll out 5G infrastructure**, for instance, **it could force tech creators to go to China to develop and pilot new inventions. 5G is a necessary component in artificial intelligence, mass data gathering, and internet-of-things technologies.** Just as American advantages in 4G infrastructure allowed Facebook and Google to become the world's leaders for social media and the internet, next-generation technologies may be dominated by Huawei and ZTE. These emerging technologies have the potential to be just as transformative as the atom bomb—AI could revolutionize commerce and surveillance, while gene-editing could have profound social and military implications. Not only could a scientifically dominant China be in a position to coerce us by restricting trade, it would set the norms and standards for new technology. There is reason to believe that the norms set by the CCP would be significantly more illiberal than those set by Washington. The United States—while hardly perfect—encourages political reform within autocracies, understands that sovereignty does not offer unlimited protection against human rights abuses, and actively cultivates a system of international trade based on economic openness and individual freedom. When leading the rollout of the internet, America established widely held standards for user-freedom. China's attitude towards global norms is noticeably more autocratic: supporting Sudan's military in the Darfur genocide to access Sudan's natural resources, selling mass surveillance technology to Ecuador, and threatening to cut off access to the Chinese market for businesses who do not censor their content or provide them with data. Beijing's leadership encourages the naked exploitation of smaller states by larger ones, such as in the Hambantota port scandal, where China used coercive loans to seize strategic naval infrastructure from Sri Lanka. At the same time, China holds the liberties of the individual in far lower esteem than America, operating the world's largest surveillance state against its Uyghur Muslim minority and actively empowering its allies in Pakistan and North Korea to do the same. Whatever the flaws of American leadership, Chinese domination of next-generation AI, pharmaceuticals, and natural resources would be far worse. The implications of Beijing reshaping global norms in its own image would be a dramatic curtailing of the international respect for freedom.

5G leads to new businesses; must do right now in order to beat china and get all of the new jobs etc

Josh Chin, Sarah Krouse and Dan Strumpf, 12-14-2018, "The 5G Race: China and U.S. Battle to Control World's Fastest Wireless Internet," WSJ, https://www.wsj.com/articles/the-5g-race-china-and-u-s-battle-to-control-worlds-fastest-wireless-internet-1536516373 (NK)

While the economics of 5G are still being worked out, boosters say **the potential payoffs are immense**. **Companies that own patents stand to make billions of dollars in royalties. Countries with the largest and most reliable networks will have a head start in developing the technologies enabled by faster speeds**. The dominant equipment suppliers could give national intelligence agencies and militaries an advantage in spying on or disrupting rival countries' networks. "As we face the future, we know deep down that **the birth of 5G standards represents a new beginning,**" Huawei's chairman, Eric Xu, told the audience at the company event. Hans Vestberg, Verizon's chief executive officer, speaks of the technology in equally dramatic terms. "We are strong believers that 5**G [will have] a very transformative effect on many things in our society," he said. "Consumer, media, entertainment… whole industries**." By some measures, **China is ahead**. Since 2013, a government-led committee has worked with China's mobile carriers and gear-makers on testing and development. The state-led approach, combined with an enormous domestic market, ensures that Chinese companies such as Huawei will sell large quantities of 5G equipment and gain valuable experience in the process. In the U.S., where the government typically avoids mandating and coordinating efforts by the private sector, much of the experimentation has been led by companies such as AT&T Inc.,Verizon, Samsung Electronics Co. and Nokia

First Mover blah (Stratfor - Forbes)

Stratfor, April 2018, "The U.S., China And Others Race To Develop 5G Mobile Networks," Forbes, https://www.forbes.com/sites/stratfor/2018/04/03/the-u-s-china-and-others-race-to-develop-5g-mobile-networks/#3c8b97e25875 (NK)

On a wider scale, 5G networks will hold together many of the technological innovations that will define the world in the decade to come, including the **internet of things, outdoor autonomous robots for agriculture and industry, the smart utility grid, and autonomous vehicles and drones. And with the significance of 5G far outweighing that of any of its predecessors, nation-states are taking notice as they race to roll out their own networks to establish a first-mover advantage.** Unsurprisingly on account of its internal imperatives and grand strategy, China has made 5G a central plank of its overall industrial plans, including Made in China 2025 and its 13th Five-Year Plan, amid its desire to commercially deploy 5G technologies by 2020. Several Chinese companies have taken a leadership role in developing some of the technologies – a development that has not escaped Washington's attention.

FRONTLINES

Infrastructure

R/T Can Do Both

Really costly

Macri 17 Giuseppe Macri,, 7-10-2017, "Deploying 5G Will Cost at Least $130 Billion in Fiber, Study Says," Insidesources, http://www.govtech.com/network/Deploying-5G-Will-Cost-at-Least-130-Billion-in-Fiber-Study-Says.html //DF

(TNS) -- **Deploying 5G wireless speeds 10 to 100 times faster than 4G will cost $130 to $150 billion in fiber optic cabling alone over the next 5 to 7 years**. That's according to a Deloitte study that found **massive investment in fiber infrastructure will be required for the United States to reach its 5G potential**. **"5G relies heavily on fiber and will likely fall far short of its potential unless the United States significantly increases its deep fiber investments,"** the study reads. "Increased speed and capacity from 5G will rely on higher radio frequencies and greater network densification (i.e., increasing the number and concentration of cell sites and access points)." That's because 5G networks will make use of much higher frequency airwaves than current networks. New technologies including high-frequency millimeter wave bands and small cell networks will allow carriers to make use of the bands. They boast more than five times the space of lower bands used in 4G LTE. While typical low-band spectrum used in contemporary networks is 5 to 10 MHz in width, 5G blocks will be more like 200 MHz across, and provide for more and faster backhaul carrying internet data to cell towers. But those high-band signals are also weaker.

Harnessing them requires small cell networks with smaller cell sites for bouncing and capturing the high-frequency millimeter waves harnessed in the upper bands, which have a difficult time moving through objects like the walls of a building. To illustrate how crucial fiber is, Deloitte reports 90 percent of all internet traffic travels over wireline fiber, even if it ultimately terminates on a wireless device.

Infrastructure investments only come with issuing more debt

Paul **Krugman**, *(He is distinguished professor in the Graduate Center Economics Ph.D. program and distinguished scholar at the Luxembourg Income Study Center at the City University of New York. In addition, he is professor emeritus of Princeton University's Woodrow Wilson School.),* 8-21-20**15**, "Opinion," **New York Times**, https://www.nytimes.com/2015/08/21/opinion/paul-krugman-debt-is-good-for-the-economy.html //AM

But the power of the deficit scolds was always a triumph of ideology over evidence, and a growing number of genuinely serious people — most recently Narayana Kocherlakota, the departing president of the Minneapolis Fed — are making the case that **we need more, not less, government debt.** Why? One answer is that **issuing debt is a way to pay for useful things,** and we should do more of that when the price is right. **The United States suffers from obvious deficiencies in roads, rails, water systems and more; meanwhile, the federal government can borrow at historically low interest rates.** So this is a very good time to be borrowing and investing in the future, and a very bad time for what has actually happened: an unprecedented decline in public construction spending adjusted for population growth and inflation. Beyond that, those very low interest rates are telling us something about what markets want. I've already mentioned that having at least some **government debt outstanding helps the economy function better.** How so? The answer, according to M.I.T.'s Ricardo Caballero and others, is that **the debt of stable, reliable governments provides "safe assets" that help investors manage risks, make transactions easier and avoid a destructive scramble for cash.** Now, in principle the private sector can also create safe assets, such as deposits in banks that are universally perceived as sound. In the years before the 2008 financial crisis Wall Street claimed to have invented whole new classes of safe assets by slicing and dicing cash flows from subprime mortgages and other sources.

R/T Gentrification

Average incomes of black households 20% higher in gentrifying neighborhoods, and no displacement

McKinnish. Journal of Urban Economics. 2010.

The most striking finding is that **average incomes in cohorts of black householders with high school degrees increase at least 20% more in gentrifying than non-gentrifying neighborhoods.** We can- not formally test whether this is because gentrification improves the earnings of these householders, or disproportionately reduces exit of the highest earning householders in these cohorts. We do point out, however, that **we do not see any evidence of displace- ment of lower-income cohorts** in Table 7. We feel that this makes it less likely that this result is driven entirely by displacement of lower-income households within cohort. We emphasize, however, that we have no way to formally test how much of the increase in average cohort income is compositional as opposed to house- hold-level income growth.

The national Freeman study finds that gentrified neighborhoods are no less likely to have poor move out than non-gentrified neighborhoods.

Laura Sullivan. NPR. January 2014.
http://www.npr.org/2014/01/22/264528139/long-a-dirty-word-gentrification-may-be-losing-its-stigma

Lance Freeman, the director of the Urban Planning program at Columbia University, says that's what he believed was happening, too. **He launched a study, first in Harlem and then nationally, calculating how many people were pushed out of their**

homes when wealthy people moved in. "My intuition would be that people were being displaced," Freeman explains, "so they're going to be moving more quickly. I was really aiming to quantify how much displacement was occurring." Except that's not what he found. "To my surprise," Freeman says, "it seemed to suggest that people in neighborhoods classified as gentrifying were moving less frequently." **Freeman's work found that low-income residents were no more likely to move out of their homes when a neighborhood gentrifies than when it doesn't.** He says higher costs can push out renters, especially those who are elderly, disabled or without rent-stabilized apartments. But he also found that a lot of renters actually stay — especially if new parks, safer streets and better schools are paired with a job opportunity right down the block.

Gentrification causes a 20% decline in likelihood that poor households move out of neighborhood

Lance Freeman, Professor of Planning at Columbia University. "Gentrification and Displacement". Citizens Housing and Planning Council. January 2002.
http://www.chpcny.org/wp-content/uploads/2011/01/UP_Gentrification_Displacement.pdf

"Even after controlling for all of these other factors, poor households residing in one of the seven gentrifying neighborhoods were still found to be 20 percent less likely to move than poor households residing elsewhere. When we control for the factors listed above and use the lack of a four- year college degree as our measure of disadvantage, they were still 17 percent less likely to move than non-college graduates residing elsewhere. Thus, even after statistically controlling for a host of other factors, gentrification appears to dampen the likelihood of a low-income household moving. Our findings are, incidentally, similar to those recently reported by Jacob Vigdor in his study of gentrification in Boston."

Warrant for above - high income people moving in stop more people from having to move on on net

Lance Freeman, Professor of Planning at Columbia University. "Gentrification and Displacement". Citizens Housing and Planning Council. January 2002.
http://www.chpcny.org/wp-content/uploads/2011/01/UP_Gentrification_Displacement.pdf

"Our research sheds new light on the gentrification process. Although it does not prove that secondary displacement of the poor does not occur in gentrifying areas, it suggests that demographic transition is not predicated on displacement. Low-income households actually seem less likely to move from gentrifying neighborhoods than from other communities. Improving housing and neighborhood conditions appear to encourage the housing stability of low-income households to the degree that they more than offset any dislocation resulting from rising rents."

Many homes are vacant

Thomas C. Frohlich, 7-11-2014. 24/7 Wall Street.
http://247wallst.com/special-report/2014/07/11/cities-with-the-most-abandoned-homes-2/

While there are a variety of options for homeowners in foreclosure,many have chosen to cut their losses and abandon their property. The housing market has been improving across much of the nation. However, some cities still have a long recovery process ahead of them as the market deals with a glut of homes in foreclosure, which can often stay in the system for several years. Meanwhile, many of these remain vacant.

Low-status households less likely to move out of gentrified places in Boston
Jacob Vigdor. *Duke University*. Does Gentrification Harm the Poor? 2002.
http://www.jstor.org/stable/25067387
Controlling for these attributes, there is still no evidence to suggest that low-status households are more likely to move out of units in revitalizing areas. Using the exclusive definition of gentrified zones, less educated house-holders are actually significantly *more* likely to remain in their housing unit than they are elsewhere in the metropolitan area. The inclusive definition suggests a more muted effect but still supplies no evidence that low-status households face a higher probability of exit than either higher status households in the same neighborhood or low-status households in other parts of the Boston metropolitan area.
Does gentrification displace low-status households? While anecdotal evidence suggests that displacement does indeed occur, there results place the magnitude of the phenomenon in context. The exit of less educated households from units in gentrifying areas occurs no more frequently - and may indeed occur less frequently - than in other areas.

Residents were financially better off - credit scores are higher in gentrified neighborhoods-HARTLEY CONCLUDES THAT EVEN IF MOVE OUT, THEY'RE BETTER OFF.
Daniel Hartley (Research Economist) "Gentrification and Financial Health" Federal Reserve Bank of Cleveland, November 6, 2013.
http://www.clevelandfed.org/research/trends/2013/1113/01regeco.cfm

"From a financial perspective, it is better to be a resident of a low-price neighborhood that is gentrifying than one that is not. This is true whether residents of the gentrifying neighborhood own homes or do not and whether or not they move out of the neighborhood. This is interesting because one might expect renters to be hurt more by gentrification, and one might also be concerned that people who moved out of the neighborhood did so because they were financially strained."

"For the purpose of this analysis, I will say a neighborhood is gentrifying if it is located in the central city of a metropolitan area and it goes from being in the bottom half of the distribution of home prices in the metropolitan area to the top half between 2000 and 2007. Housing prices are a good measure of gentrification since they provide a summary of the various amenities in the neighborhood. Changes in neighborhood amenities such as increases in school quality or decreases in crime should be reflected in changes in neighborhood home prices."

"Gentrification is a form of neighborhood change. While it does not have a precise definition, it is commonly associated with an increase in income, rising home prices or rents, and sometimes with changes in the occupational mix and educational level of neighborhood residents."

TURN: Significant effect on decreasing gang violence
Chris M Smith, Professor of Organized Crime and Urban Development**, May 4, 2014** (Crime and Development, accessed 7/19/2014

http://cad.sagepub.com/content/60/4/569.full.pdf)
In this study, the author examines the effects of three forms of gentrification—demographic shifts, private investment, and state intervention—on gang-motivated homicides in Chicago from 1994 to 2005 using data from the U.S. Census, the Chicago Police Department, business directories, and the Chicago Housing Authority. The findings suggest that demographic shifts have a strong negative effect on gang homicide. Private investment gentrification, measured here as the proliferation of coffee shops, has a marginally significant and negative effect on gang homicide. In contrast, state-based gentrification, operationalized as the demolition of public housing, has a positive effect on gang homicide.

Gentrification is beneficial on balance (Byrne – Georgetown)
J. Peter Byrne, Georgetown University Law Center. "Two Cheers for Gentrification". 2003.
My contention here goes somewhat further: gentrification is good on balance for the poor and ethnic minorities. The most negative effect of gentrification, the reduction in affordable housing, results primarily not from gentrification itself, but from the persistent failure of government to produce or secure affordable housing more generally. Moreover, cities that attract more affluent residents are more able to aggressively finance affordable housing. Thus, gentrification is entitled to "two cheers,"4 if not three, given that it enhances the political and economic positions of all, but exacerbates the harms imposed on the poor by the failures of national affordable housing policies.

R/T Won't Cut Spending

Austerity is likely now because Republicans want to extend tax cuts, meaning that we're going to have to cut a lot of spending to reduce the debt

Schwartz 18 Nelson D. Schwartz, 9-25-2018, "As Debt Rises, the Government Will Soon Spend More on Interest Than on the Military," NYT, https://www.nytimes.com/2018/09/25/business/economy/us-government-debt-interest.html //DF

Since the beginning of the year, the yield on the 10-year Treasury note has risen by more than half a percentage point, to 3.1 percent. The Congressional Budget Office estimates that the yield will climb to 4.2 percent in 2021. Given that the total public debt of the United States stands at nearly $16 trillion, even a small uptick in rates can cost the government billions. There's no guarantee that these forecasts will prove accurate. If the economy weakens, rates might fall or rise only slightly, reducing interest payments. But rates could also overshoot the budget office forecast. **Some members of Congress want to set the stage for even more red ink. Republicans in the House want to make last year's tax cuts permanent, instead of letting some of them expire at the end of 2025. That would reduce federal revenue by an additional $631 billion over 10 years**, according to the Tax Policy Center.

R/T Interest payments harm gov't spending

This may happen in the long-term, but austerity

EXTRAS

Going crazy about the debt will just harm the economy

Wessel 15 David Wessel, 6-2-2015, "IMF Economists' Surprising Advice on Federal Debt: Don't Worry About It," WSJ, https://blogs.wsj.com/washwire/2015/06/02/imf-economists-surprising-advice-on-federal-debt-dont-worry-about-it/ //DF

Their bottom line: The wisest course for some countries--the U.S. among them--would be to do nothing at all to reduce their debt burdens. "Distorting your economy to deliberately pay down the debt only adds to the burden of the debt, rather than reducing it," they write. Yes, you read that right. Amid all the hand-wringing about the size of the U.S. government's debt, some economists at the IMF are advising: Don't worry about it. While some countries (Greece, Italy, and Japan, for instance) urgently need to reduce their high debt loads, the deputy director of the IMF's research department, Jonathan Ostry, and colleagues Atish Ghosh and Raphael Espinoza, argue that others (including the U.S., Germany, South Korea, and Australia) can and should fund themselves at today's exceptionally low interest rates and live with their debt but allow the ratio of debt to GDP to decline over time as their economies grow or revenue windfalls occur. (To be clear, that still requires some fiscal discipline to avoid big annual budget deficits that would add to the debt burden.) Now, this isn't the first time that the IMF has slapped down the austerity crowd. It has, for instance, made the case for borrowing more to finance public infrastructure. Nevertheless, this is an eyebrow-raising moment. To those who say that big public debts are bad for growth, the economists say: Yes, **the taxes needed to service debts are bad for an economy, but it doesn't follow that paying down the debt is better**. "Where countries retain ample fiscal space," they write, "**the cure would seem to be worse than the disease--the taxation needed to pay down the debt will be more harmful to growth than living with the debt**." And to those who argue that living with a large debt is risky because it may preclude borrowing in a catastrophe like the global financial crisis, they say: "This argument has considerable merit" even for strong economies like the U.S. "but it is a matter of balance. Lower debt provides larger margins for unexpected contingencies, but if it comes at the cost of investment and growth, the margin may be somewhat illusory."

Debt harms the economy in x ways.

First, austerity.

Second, interest rates.

Paul Krugman Blog, 8-14-2009, "Deficits and interest rates," NYT https://krugman.blogs.nytimes.com/2009/08/14/deficits-and-interest-rates/ //Eh

Net federal saving is, roughly, the budget surplus (so it's negative if there's a deficit.) It turns out that **there's a strong correlation between budget deficits and interest rates — namely, when deficits are high, interest rates are low.** On reflection, it's obvious why: a weak economy both drives up deficits and drives down the demand for funds, while a strong economy does the reverse. Thus the surpluses of the late Clinton years were associated with high interest rates, while the current recession has depressed both rates and revenues. And what about the bounce in interest rates over the past few months? It reflects a gradual reduction in the end-of-the-world discount: interest rates have risen along with stock prices as investors have gradually become convinced that we're avoiding a second Great Depression. Overall, Brad's point is exactly right: the US government is borrowing huge sums, but interest rates remain low by historical standards — which is exactly what you'd expect given what we learned from John Hicks, 72 years ago.

Tejvan Pettinger, 10-26-2017, "How important is the budget deficit?," Economics Help, https://www.economicshelp.org/blog/7072/economics/how-important-is-the-budget-deficit/ //EH

Reasons to be concerned about a budget deficit Need to cut spending in the future. Higher deficits are not sustainable for ever. Reducing a budget deficit can be problematic. If a country has a deficit that increases too quickly, the government may be forced to adapt policies aimed at a sharp deficit reduction. These 'austerity measures' can cause a fall in aggregate demand. For example, during 2012-16, many countries in the Eurozone sought to reduce their budget deficit to comply with EU rules. T**his deficit reduction caused lower growth, recession and unemployment.** Increasing national debt. A budget deficit increases the level of public sector debt. Large deficits will cause national debt as a % of GDP to increase. Opportunity cost of debt interest payments. A higher deficit will also lead to a higher % of national income being spent on debt interest payments. Crowding out. One way of thinking about a budget deficit is that if the government is borrowing from the private sector, the private sector has lower funds to spend and invest. The government is therefore 'crowding out' the private sector – and some economists will argue government spending is liable to be more inefficient than the private sector. Potential rise in bond yields. Countries with large deficits may struggle to attract sufficient investors to buy bonds. If this happens, bond yields will rise causing the deficit to be more expensive to finance. Potential rise in bond yields. Countries with large deficits may struggle to attract sufficient investors to buy bonds. If this happens, bond yields will rise causing the deficit to be more expensive to finance. Potential inflation. **There is a fear that budget deficits could be inflationary.** For example, if a country like the UK was struggling to attract sufficient investors to buy UK bonds, the Central Bank could effectively print money and buy bonds. However, unless the economy is in a liquidity trap, printing money will cause inflation, and reduce the value of savings, including government bonds. It is worth pointing out, that in developed economies – inflation from printing money resulting from a budget deficit is quite rare. Confidence effects. High levels of government borrowing may adversely affect confidence as consumers and firms fear future tax rises or higher interest rates.

Jeff Spross, 4-15-2016, "Why America's gigantic national debt is a good thing," The Week, https://theweek.com/articles/618419/why-americas-gigantic-national-debt-good-thing //EH

There is too much error-by-way-of-half-truth here to directly rebut. Instead, let me tell you the correct story. Let's start where Grant does, with the idea that the federal budget is like a family's budget. As Grant awkwardly half admits later, this is totally wrong. Individuals, families, and businesses are all cash-constrained. To get money, they have to go out and do something: get a job, sell goods and services, or borrow. That's not true of the federal government, since the Constitution invests it with the unique power to create money. We've divided that power up between the Federal Reserve and the Treasury Department, and we usually speak of the former as "controlling the money supply." But as Grant says, the Fed is ultimately a creation of Congress. So any government with a fiat currency system, which is what America and most advanced Western nations have now, can always just create money to pay off creditors in a pinch. That's why interest rates on U.S. debt are so low — a sign of investors' trust. It's why we've happily run a debt for almost two centuries, and why Japan's interest rates remain quite low despite a debt load far larger than ours. MORE PERSPECTIVES SHIKHA DALMIA GM vs. Tariff Man EDWARD MORRISSEY Democrats need an outsider savior That does not mean investors are somehow getting hoodwinked. A government with a fiat currency is simply a one-of-a-kind thing in the economy. **Its bonds are distinct from those of a corporation or even a state. They're a uniquely safe investment, and the people buying them know this**. Which actually tells us something about the national (and global) economy, and what they need right now. In a sense, Grant is correct that super-low interest rates on U.S. debt are bad. But they're bad because of what they signal, not because of what they do. They signal **the economy is sick and sluggish. Investors are voluntarily looking for a safe place to park their money, and can't find anything else in the economy they want to invest in.** More than that, super-low interest rates are effectively a demandfrom the financial markets for more U.S. debt. Which is a signal the government needs to use its powers to step in and do something about the economy. It's true, as Grant says, that printing money is not wealth creation. But it can enable wealth creation. The government can hire people to build roads and bridges, to clean up public spaces and parks; to provide education and health care. All that is real economic production made possible by the government's power to borrow and create money. Similarly, while simply giving money to the poor doesn't create wealth, it does give them the initial resources they may need to re-enter the economy — and thus begin creating wealth again. Grant mocks the idea of stimulus, saying we doubled the size of the federal debt after the Great Recession and got only a sluggish recovery for our efforts. But plenty of economists looked at the economic hole left by the 2008 financial crisis, and concluded the stimulus policies on the table weren't nearly big enough to fill it. The size of the hole is all that matters. Whatever level of deficit spending is required to fill it is the right level of deficit spending. In fact, as the government has moved away from the things Grant pines for — like balanced budgets and "sound money" — the economy has become less volatile, and periods of mass unemployment far more rare.