We affirm.

Our sole contention is sustainability.

We both agree: fiscal policy – spending on things like infrastructure, education, and healthcare – is an important tool for governments to improve people's lives. Yet, in order to ensure that such spending is sustainable, Vox Editor-in-Chief Ezra Klein explains that "the idea behind Keynesian economics is that the government balances the budget [or runs a low deficit] in the good times so it has the room to borrow and spend during the bad times."

Unfortunately, US policy in recent years has broken with this trend. As the CBO finds this year, the recent $1.5 trillion Trump tax cut and 2018 budget will result in a $1 trillion deficit in the near future, and as debt held by the public rises, the debt-to-GDP ratio will skyrocket 96% of GDP, or $29 trillion, by 2028. That figure would be the largest since 1946 and over twice the average of the past five decades.

Importantly, in the years following 2008, such an increase in debt was acceptable because the US, much like the rest of the world, was forced to explode its deficit in order to expedite the recovery and reduce unemployment. Yet now that the world economy has fully recovered, the continuation of debt levels marks a significant break from the global trend. Indeed, as Gwynn Gilford of Quartz Magazine writes, the IMF projects the US to be the only advanced economy with an increasing debt ratio over the next five years, while the G20, Eurozone, and others all bring debts down significantly as the recovery closes off.

The problem is that setting the US apart raises questions about our ability to pay debt down. Bloomberg '18 writes that while we used to fall back on our position as the global reserve currency, a spiraling debt/GDP ratio has caused foreign creditors to look to China as a safer market for the first time in history, gaining higher returns from China than the US. An increased risk to invest in the US has directly resulted in higher interest payments. The consequences have already manifested as Schwartz of NYT '18 explains that interests payments are projected to only increase, eventually on path to dwarf our entire discretionary spending budget. He writes that even if the rates themselves don't change, the larger debt value will increase the amount paid and take away from our budget.

There are two implications to an increasing ratio.

First, cuts to necessary programs.

The CBO in 2018 says that the US could use a modest combination of spending cuts and tax increases to stabilize debt and prevent a debt crisis, costing only 1.9% of GDP in spending now. However, if the US does not make the cuts now, the exponential growth in payments will cause these cuts to be 50% larger by 2030, crowding out space for necessary discretionary spending.

Nobel-Prize Economist Paul Krugman explains that the only alternative is going further into debt, and when we reach the point where we use debt to cover interest payments, the US would be rendered insolvent. When the US prints money to solve for this, it will lead to levels of hyperinflation never seen before, devastating the American economy.

Second, destroying fiscal stimulus.

The US needs the economic flexibility to run a large deficit in a recession – because in a recession the US spends a lot more to revive the economy, a concept called "fiscal space".

However as high interest payments consume the budget, it directly trades off with the amount the US can go into deficit to

promote stimulus. Even if it's theoretically possible to run a massive deficit, political pressure prevents massive stimulus when debt levels are high. Semen of the National Association for Business Economics writes that the largest congressional obstacle to passing a stimulus during times of recession is the national debt, and it directly prevented the expansion of the '08 stimulus that would have ended the recession years earlier.

As a result, Romer of UC Berkeley writes that countries with higher debt have recessions last 10 years instead of 2 years on average, with the New York Times concluding that deficits created the very vulnerability in the government that fueled both the 2008 global financial crisis and the 2010 european crisis.

The impact of each recession is global.

The International Labor Organization finds that if the US were to experience a recession to this extent the entire world would face the consequences. They forecast that developing country growth as a whole will slow from 4.5 and 3.3 per cent along with 100 million more people pushed into poverty.

Empirically – countries with higher debt levels had higher political and economic resistance to stimulus and could not pass as big of a stimulus. High debt countries' recessions last 10 years instead of 2 years on average

Last recession was prevented from dipping into a great depression due to stimulus

Recession coming by 2020, and is likely to come every 8-10 years because of the business cycle. Need to prioritize debt now so we can spend later

Terminal impact – recessions go global, set back global development by years, put 10s of millions into poverty and cut off access to food water medicine

Seidman, "Keynesian Fiscal Stimulus: What Have We Learned from the Great Recession? on JSTOR", National Association for Business Economics, 1-3-2019, 2012, https://www.jstor.org/stable/23491767?seq=1#page_scan_tab_contents
Ever since early Keynesians prescribed fiscal stimulus for a recession, others have objected because of concerns about its impact on the national debt. That concern is as strong as ever today. In Congress and among the citizenry, concern about the national debt is perhaps the major obstacle to enacting sufficient fiscal stimulus to combat a severe recession. This concern was an important reason why Congress kept the fiscal stimulus package of February 2009 under $800 billion despite estimates from Keynesian macro-econometric models that a much larger fiscal stimulus would be needed to bring unemployment down to normal by the end of 2010. Concern about debt has kept Congress from enacting another substantial fiscal stimulus package

Deficits create vulnerability and fueled 2008 and 2010 financial crises bc hamper tools for dealing with recessions like interest rates which are really low rn (Irwin 2018) Neil Irwin.
:If the World Economy is Looking so Great, Why Are Global Policymakers so GloomyÇ: New York Times. April 19 2018. Global policymakers are worried about more than conflict over trade. They also see an emerging series of financial imbalances and risks that could cause, or worsen, the next downturn. For years, for example, some countries — Germany, Japan and China prominent among them — have persistently run current account surpluses, meaning they export more than they import and essentially export capital to the rest of the world. Others, including the United States and Britain, have run persistent current account deficits. Over time, these patterns can create vulnerability to financial shocks; they helped fuel both the 2008 global financial crisis and the 2010 eurozone crisis. And the I.M.F. projects that they will worsen in the next couple of years, despite steady economic growth. That dependency on debt means that whenever the next economic downturn arrives, governments may have less leeway to deal with it by opening the floodgates of public spending. And with interest rates still low across the entire advanced world, one of the normal tools for dealing with a recession still has limited power. For example, the Federal Reserve entered the last downturn with its short-term interest rate at 5.25 percent, before cutting to nearly zero by December 2008. Currently, that target rate is between 1.5 percent and 1.75 percent. The European Central Bank has even less room to maneuver, with its policy rates still near zero. In effect, a decade after the financial crisis, if another recession were to arise, both central banks and fiscal authorities may find themselves short of ammunition to fight it.

Satyajit Das, "Could the Fed Set Off a Debt Bomb?", Bloomberg, 12-14-2018, 4-12-2018
https://www.bloomberg.com/opinion/articles/2018-04-12/u-s-federal-reserve-rate-hikes-could-trigger-a-debt-bomb
Finally, and perhaps most importantly, **higher rates will restrict the ability of governments to deploy fiscal stimulus to extend and solidify the recovery.** The U.S. is headed for trillion-dollar annual budget deficits from 2020, driven by tax cuts and higher public spending. **Higher rates and rising deficits will sharply increase the amount needed for debt service as a percentage of expenditure. According to the Congressional Budget Office, net interest payments would rise to 3.1 percent of GDP in 2028, up from 1.6 percent in 2018.** The problem will be compounded if growth slows because of higher rates, as well as other factors such as trade disputes and geopolitical stresses.

Ola Sholarin, "Why rising interest rates are bad news for emerging markets", Conversation, 12-14-2018, 12-15-2015
https://theconversation.com/why-rising-interest-rates-are-bad-news-for-emerging-markets-51431
Even a small percentage increase in interest rates is likely to cause shock waves across developing countries. It is a challenging time for emerging markets right now, with commodities in a prolonged slump, and with both China and the eurozone (other key investors) facing economic slowdown.

With an interest rate hike marking the end of cheap credit, this will cause a gaping hole in developing economies' capital markets. The outflow of capital from their markets will in turn cause their currencies to depreciate further, while the US dollar will strengthen as money flows in. This could lead to even more serious and prolonged debt-servicing problems.

Katie Allen, "US interest rate rise to deepen debt crisis in developing world", Guardian, 12-14-2018, 3-13-2017
https://www.theguardian.com/business/2017/mar/13/us-interest-rate-rise-to-worsen-developing-countries-debt-crisis
US interest rate rise to deepen debt crisis in developing world
Poorest countries hit hardest as lower commodity prices and strong dollar raises repayment bills, campaigners warn

Developing countries are struggling with steep rises in their debt payments after being hit by a double whammy of lower commodity prices and a stronger dollar, with more pain to come once the US central bank raises interest rates this week, campaigners warn.

The Jubilee Debt Campaign said that some of **the world's poorest countries have seen the cost of repaying their debts – as a proportion of government revenue – hit the highest level for a decade. Government coffers have been depleted by lower revenues from commodity exports and the size of dollar-denominated debts has risen as the US currency has strengthened.**

Brookings Institute found that when the federal Debt to GDP ratio rises to obscene amounts, like projected, the debt competes with the private sector for demands of capita. They conclude that because of this interest rates for all borrowers increase, leading to a period of slower economic growth and a decrease in GDP.

Unfortunately, they conclude that when the GDP decreases the Debt to GDP ratio continues to rise, perpetuating a vicious cycle of increasing federal debt.

> As debt rises, minimums paid on foreign interest rises, forces domestic interest rates to increase and tax hikes. This decreases consumer demand/spending leading to less GDP, exacerbates debt/GDP ratio, vicious cycle.

Second, she finds that when left ignored, the most common American response to increasing debt when it reaches the brightline forcing action would be to inflating the money supply to extremes. By creating more money the government devalues the principal of the remaining debt in the short term but in turn also destabilizes the economy, disincentivizing investments as the economy becomes increasingly uncertain. In times of recession, this hyperinflation further displaces millions on fixed incomes and has the potential to increase interest rates.

Nelson D. Schwartz, "As Debt Rises, the Government Will Soon Spend More on Interest Than on the Military", No Publication, 12-14-2018, 9-25-2018
https://www.nytimes.com/2018/09/25/business/economy/us-government-debt-interest.html

Aside from wartime or a deep downturn like the 1930s or 2008-9, “this sort of aggressive fiscal stimulus is unprecedented in U.S. history,” said Jeffrey Frankel, an economist at Harvard.

Pouring gasoline on an already hot economy has resulted in faster growth — the economy expanded at an annualized rate of 4.2 percent in the second quarter. But Mr. Frankel warns that when the economy weakens, the government will find it more difficult to cut taxes or increase spending.

Lawmakers might, in fact, feel compelled to cut spending as tax revenue falls, further depressing the economy. “There will eventually be another recession, and this increases the chances we will have to slam on the brakes when the car is already going too slowly,” Mr. Frankel said.

Paul A. Volcker and Peter G. Peterson, "Opinion", No Publication, 12-14-2018, 10-21-2016
https://www.nytimes.com/2016/10/22/opinion/ignoring-the-debt-problem.html
Long-term, that continued growth, driven by our tax and spending policies, will create the most significant fiscal challenge facing our country. The widely respected Congressional Budget Office has estimated that by midcentury **our debt will rise to 140 percent of G.D.P.,** far above that in any previous era, even in times of war.

Teresa Ghilarducci, "Why We Should Control The Federal Debt Before The Next Recession", Forbes, 12-12-2018, xx-xx-xxxx
https://www.forbes.com/sites/teresaghilarducci/2018/09/23/why-we-should-control-the-federal-debt-before-the-next-recession/#219c7938d33b
And high debt levels can leave little room to maneuver. **The IMF predicts that among rich nations, only the U.S. will increase its debt-to-GDP ratio in the next five years, the wrong direction during an economic expansion.** During an expansion, especially the current nearly record-setting long one, debt should be falling, not rising.

Shawn Tully, "How Debt Could Blow Up the Trump Economy", Fortune, 12-12-2018, 3-15-2018
http://fortune.com/2018/03/15/us-national-debt-trump-tax-cuts/
In a decade, federal debt will reach an overwhelming $33 trillion, the equivalent of 113% of GDP—and $6 trillion higher than the CBO had forecast before the Trump agenda passed. Interest on U.S. borrowings would become the fastest-growing item in the federal budget, more than tripling to almost **$1.1 trillion annually.**

Maya Macguineas October 23, 2017, "Trump Tax Cuts Could Cost Your Kids $2.2 Trillion", Time, 12-12-2018, 10-23-2017
http://time.com/4993389/tax-cuts-your-children/
But the cost is even higher than that. Debt not only suppresses economic growth, it suppresses future wages. For example, based on estimates from the nonpartisan Congressional Budget Office, **average income in 30 years will be $5,000 less a year if the national debt continues to grow on its current trajectory** rather than being put on a downward path. And this is based on what our debt is already projected to do under current law, before trillions more are added in debt-financed tax cuts.

William A. Galston and Maya Macguineas, "The Future Is Now: A Balanced Plan to Stabilize Public Debt and Promote Economic Growth", Brookings, 12-12-2018, 9-30-2010
https://www.brookings.edu/research/the-future-is-now-a-balanced-plan-to-stabilize-public-debt-and-promote-economic-growth/
Some downplay deficits and debt as a green-eyeshade concern disconnected from the real economy. We disagree. As we read the evidence, excessive levels of public debt harm the economy in multiple ways.

As the economy recovers**, excessive public debt competes with private sector demands for capital, raising interest rates for all borrowers, including the government, and leading to slower economic growth.**
As debt accumulates and interest rates rise back to historical levels (or beyond), interest payments on the federal debt will soar, competing with other important priorities.
Because so much U.S. public debt is held by non-American individuals and institutions, **interest payments on that debt represent a substantial transfer of income and wealth out of the American economy.**
Excessively high debt levels lead to increased risk of a fiscal crisis in which investor concerns lead to abrupt spikes in interest rates and a vicious debt spiral. By the same token, such **debt levels reduce the federal government's ability to respond fully and flexibly to severe crises.**

Teresa Ghilarducci, "Why We Should Control The Federal Debt Before The Next Recession", Forbes, 12-12-2018, xx-xx-xxxx
https://www.forbes.com/sites/teresaghilarducci/2018/09/23/why-we-should-control-the-federal-debt-before-the-next-recession/#219c7938d33b
Government deficits before a recession are even more dangerous. **Fueling a large federal deficit** before a recession is a big mistake. **If the economic downturn hit now the government would have less ammo to fight it.** Interest payments alone will take up an ever-higher share of the budget as the debt ratio grows. And as the Federal Reserve continues to raise interest rates, **the interest share will grow even faster, again leaving little room to increase spending when the next recession comes.**

Romina Boccia, "How the United States' High Debt Will Weaken the Economy and Hurt Americans", Heritage Foundation, 12-12-2018, xx-xx-xxxx
https://www.heritage.org/budget-and-spending/report/how-the-united-states-high-debt-will-weaken-the-economy-and-hurt#_ftn2
U.S. federal spending in 2013, combined with depressed receipts from a weak economy, is on track to result in a deficit of $850 billion. Publicly held debt in the United States will exceed 76 percent of gross domestic product (GDP) in 2013, and chronic deficits are projected to push U.S. debt to 87 percent of the economy in 10 years.[1] Debt is projected to grow even more rapidly after 2023. Recent economic research, especially the work of Carmen Reinhart, Vincent Reinhart, and Kenneth Rogoff, confirms that **federal debt at such high levels puts the United States at risk for a number of harmful economic consequences, including slower economic growth, a weakened ability to respond to unexpected challenges, and quite possibly a debt-driven financial crisis**

Romina Boccia, "How the United States' High Debt Will Weaken the Economy and Hurt Americans", Heritage Foundation, 12-12-2018, xx-xx-xxxx
https://www.heritage.org/budget-and-spending/report/how-the-united-states-high-debt-will-weaken-the-economy-and-hurt#_ftn2
The economists follow a descriptive approach, comparing economic variables for different countries as averages for debt-to-GDP ratios below and above 90 percent of GDP. Measures of comparison include averages for real GDP growth, real (inflation-adjusted) short-term interest rates, and real long-term interest rates. Public debt overhang episodes are analyzed for the causes of the debt, whether from specific wars, financial crises and economic depression, domestic turmoil, or other factors. **The researchers refer to sustained periods of gross country debt persisting above 90 percent of GDP for five years or more as "public debt overhang episodes."** Identifying 26 such episodes, of which 20 lasted for more than a decade, the research shows that even if such episodes begin with short-lived dramatic events, such as war or a financial crisis, **the negative impact from high debt on growth lasts far beyond such events.**

The authors' results should serve as a sobering wake-up call for policymakers. Reinhart, Reinhart, and Rogoff discovered that **the average growth rate in countries experiencing public debt overhang is 1.2 percentage points lower than in periods with debt below 90 percent of GDP.[13] These public debt overhang episodes last an average of about 23 years. Thus, the cumulative effect of lower growth by one percentage point or more means that national income at the end of the period**

would be lower by roughly one-fourth. The growth rate of countries with exceptionally high levels of debt—more than 120 percent of the economy—drops even lower, by an average of 2.3 percentage points, which is roughly two-thirds.

Shawn Tully, "How Debt Could Blow Up the Trump Economy", Fortune, 12-12-2018, 3-15-2018
http://fortune.com/2018/03/15/us-national-debt-trump-tax-cuts/
In the absence of decisive, quick action to tackle this slow-motion crisis, the best-case scenario for the next few years is that America becomes a much riskier place to do business. **A high debt load will limit our flexibility to keep the economy on an even course.** "Countries with high debt don't respond aggressively to downturns," says Harvard economist Kenneth Rogoff. **If the U.S. slips into recession, we'll lack the option of lowering taxes or increasing spending on infrastructure,** for example, as tools to revive growth. And **as the debt load grows, efforts by the Federal Reserve to stimulate the economy with lower rates would be more likely to feed runaway inflation.** "Then, investors will dump Treasuries," says John Cochrane, an economist at the Hoover Institution. "That will **drive rates far higher,** and make the budget picture even worse."

Michael J. Boskin -March 27
https://www.washingtonpost.com/opinions/the-debt-crisis-is-on-our-doorstep/2018/03/27/fd28318c-27d3-11e8-bc72-077aa4dab9ef_story.html?noredirect=on&utm_term=.e6f9c90ac6a7
President Trump's recently released budget is a wake-up call. It projects that this year, a year of relatively strong economic growth, low unemployment and continued historically low interest rates, **the deficit will reach $870 billion, 30 percent greater than last year**….. If Congress waits for a crisis — which may come when the United States needs suddenly to borrow significantly to address a financial meltdown, recession or war — **the result will be fiscal and economic chaos, as well as painfully sharp cuts to programs that people rely on.**

Fred Hutch ,"Fred Hutch Says Breakthrough Studies In Jeopardy." KIRO. N. p., 2013. Web. 14 Dec. 2018
https://www.kiro7.com/news/fred-hutch-says-breakthrough-studies-jeopardy/246478595
The world-renowned Fred Hutchinson Cancer Research Center says because of the federal budget crisis, some of its breakthrough treatments may be put on hold."There are several areas of cancer research that are no longer happening **because of sequestration**," said Dr. Larry Corey, president of the Hutch.Across the country, the **National Institutes of Health cut $1.5 billion in funding for research. At the Hutch, it will take $18 million out of a $275 million budget.** "They're delaying clinical trials. We're seeing delays in novel ways of screening and developing new compounds."

A recession, combined with tax cuts in 2001 and 2003 championed by President George W. Bush, severely crimped revenue. At the same time, spending surged both on military outlays after Sept. 11 and on domestic programs such as an expensive prescription-drug benefit for senior citizens. As a result. US borrowing shot higher to finance the Bush Administration's efforts to stabilize the banking system as the economy teetered on the brink in 2008. Total government debt available to be traded publicly rose from **$3.41 trillion in December 2000 to $5.80 trillion in December 2008, an increase of 70%; the debt-to-GDP ratio went up from 34.7% in 2000 to 40.5% in 2008.**