We affirm.

C1 Is a Debt Disaster

The Peterson Foundation 18 quantifies due to the debt to GDP ratio now sitting at 107%, the cost of debt reform will be 21% higher in 4 years and 50% higher in 10. **Boccia of the Heritage Foundation** furthers if the debt is left unaddressed, the economy will shrink 10 trillion dollars by 2046.

Debt reduction now is crucial as it only gets worse in the future. Absent reduction now, adverse effects will materialize in two areas.

Subpoint A Is Interest Payments

As debt grows, so does the interest the government must pay each year. **Collins of USA Today 18** writes payments are expected to total 7 trillion dollars in 6 years, and by 2048, will be the single largest government expenditure.

The impact is constraining stimulus.
Ghilarducci of Forbes 18 writes, high interest payments constrict fiscal flexibility in times of financial downturn. Already, **Aaron of The Brookings Institution 18** explains the rising debt has preemptively ensured this recession will be more severe than past ones. Overall, stimulus is key, as **Zandi of UPenn** confirms its use to combat the 08 recession cut the length of it in half and saved 17 million jobs.

Subpoint B is A Bond Crisis

Due to the high debt, international investor confidence is plummeting, as **Davis** finds lending has dropped 17 percent, from 20 to 3 percent since 2000 specifically due to the debt. As a result, the government is forced to increase yield rates to incentivize investment.

Fortunately, prioritizing debt reduction would end this in three ways.

First is by decreasing the supply of bonds.

Hicks of US News 18 writes, as the US government issues more treasury securities to cover its budget deficit, the supply of bonds increases. In order to incentivize investors to buy the now more plentiful bonds, **Barnes of Bryn Mawr 18** concludes the government if forced to make bonds more profitable thus increasing yield rates.

Second is ending the fear of a default.
Amadeo of Balance 18 writes as debt increases, lenders worry whether or not they'll be repaid, causing mass sell off and forcing an increase in yield rates. Other countries are already losing confidence in the US as **Egan of CNN 19** finds Russia dumped 84% of its American debt in three months and **Mason '18**

furthers Eurozone investors became net sellers of treasury bonds in 2017. To bring these investors back they increase yield rates.

Third is fear of inflation. Pettinger of Oxford University 18 writes, as the debt grows, investors increasingly fear the government will inflate their way out of it, decreasing the value of their bonds. Empirically, **Mason of Seeking Alpha 18** concludes inflationary expectations specifically pushed rates up to 2.5.%.

Moreover, **The CRFB 18** furthers for every 1 percent increase in the deficit, the government is forced to raise yields by 0.2%, leading **Monica of CNN** to find rates have already hit a 7-year high in October and **The CBO** projects rates to rise to 4% by the end of 2019.

Even worse, **Samuelson of MarketWatch 18** explains as yields increase, interest rates do as well.

There are two impacts.

First is recessions.
Kashkari of Minneapolis Fed 18 writes rapidly increasing interest rates increases the risk and frequency of recession in both the short and long term.

Second is deflating emerging markets.
McGuire of the BIS 15 writes 80% of developing countries' debt is in US dollars. Problematically, **Abruzzese of The Economist 18** finds "rising interest rates go hand-in-hand" with an overpowering dollar, making it more difficult for these countries to repay debt. **Eckert of The Gulf Times** furthers that "if the value of the dollar continues to rise, it could lead to a wave of bankruptcies." **Amadeo '19 of the Balance** furthers that a 1% increase in debt in emerging markets slows growth by 2%.
As a result, **The JDC 14** concludes rising burdens in Africa were responsible for reversing two decades of economic development and throwing 125 million people into poverty.

C2 Is A Corporate Tradeoff

Roberts of Wharton 15 explains as the government increases its borrowing, banks are forced to take on more of the government's debt. This trades off with their holdings of corporate debt. Ultimately, he concludes every 1% increase in government debt causes commercial banks to reduce corporate lending by 0.12%.

Problematically, this effect is already being felt. **McCarthy of Fundera 17** concludes there has been a 20% decline in small businesses lending. Since **Carbajo of the BCIC 17** finds, 75% of businesses get their initial funding from loans, 27% currently cannot grow due to a lack of capital.

As a result, the **US Census Bureau 18** reports after experiencing a 30% drop during the recession, new business formation remains at historic lows in comparison to pre-recession levels. Overall, the **SBE**

Council explains due to government deficit spending, there are 5 million missing businesses that would've been formed, stagnating the US economy.

Reducing the debt and bringing back these businesses is key as **Slivinski of the Goldwater Institute 12** quantifies a 1% increase in firms reduces poverty by 2%. Even further, **Meyer of Harvard 18** concludes small businesses add resiliency to an economy making them essential for recession recovery.

For these reasons we affirm.