We affirm Resolved: The United States federal government should prioritize reducing the federal debt over promoting economic growth.

Our sole contention is a necessary restructuring.

McBride of the Council on Foreign Relations in 2018 explains that the American government's borrowing has skyrocketed in the past decade, totaling more than $15 trillion.

This trend exemplifies the government's fiscal irresponsibility, as policymakers across the aisle continue to prioritize winning votes today over economic prosperity tomorrow.

Fortunately, present economic conditions provide an opportunity to stop the downward spiral and rectify past mistakes. The Chicago Tribune's Editorial Board in 2018 contextualizes that economic growth is at 4.1%, paychecks are up 2.7%, and the unemployment rate is at 3.9%, indicating that our economy is the strongest its **been** for years. Thus, Furman of the Washington Post in 2018 writes that the government must focus on reducing deficits during strong economic periods like today.

The Congressional Budget Office in 2018 further explains that if policymakers wanted the debt to decrease, right now, they would need to employ a modest mix of tax increases and spending cuts that total 1.9% of GDP per year. Unfortunately, the longer the government waits, the larger policy changes need to be made.

Continuing to let our deficit grow will crowd out investment, and thus prevent long-term economic expansion in two ways.

1. Stealing away capital. Samuelson of MIT explains that in order to finance the national debt, the government must acquire capital from lenders by selling bonds. However, in doing so, he continues that federal debt displaces private investment, as the money spent on government bonds can no longer be invested into private corporations to expand production. This process inhibits companies from growing and prevents long-term expansion in favor of short-term debt financing.
2. Driving up borrowing costs. Mitchell of George Mason University in 2010 describes that when the **government** borrows more money through deficit spending, it competes with private entities who are also borrowing to finance their own companies. He continues that when the government borrows, lenders raise interest rates on corporate loans, because they need a higher return to compete with the safer government treasuries. Indeed, Laubach of the Federal Reserve in 2003 quantifies that every 1% of GDP increase of government deficit spending prompts overall interest rates to rise by 0.25%. That's

problematic, as now it is more expensive for companies to borrow so they can expand, reducing the amount of investment on a whole.

As a result of these two reasons, Sousa of the International Monetary Fund in 2011 quantifies that for every 1% increase in government spending, the amount of private investment decreases by 1.8% after 4 years, ultimately indicating that the country actually suffers economically with higher levels of spending. This shortage of investment greatly limits our economy's capacity for expansion long term, as the necessary capital for building new factories and research and development capacity is pushed out.

Over the long term, Dubay of the Heritage Foundation in 2011 writes that our debt will cost the country a million lost jobs every year. Thus, Boccia of the Heritage Foundation in 2013 corroborates that in a decade, the federal debt will reduce the incomes of the average family by $11,000.

By prioritizing reducing the federal debt, America has the chance to restructure our economy to ensure prosperity for the decades to come. Driessan of the Congressional Research Service in 2017 writes that reducing the national debt when the economy is operating near full potential can help prevent the economy from overheating and avoid crowding out of private investment, thus dramatically improving long-term growth and improving the lives of millions of Americans.

This is especially crucial as Labonte of the CRS in 2018 writes that the each recession since World War II has been preceded by an overheated economy. And if a recession does hit? High debt makes the fiscal stimulus package passed to solve it weaker. Horsey of the LA Times in 2014 explains that in 2008, Obama's stimulus was too small, making the recovery weaker, thanks to Republican opposition, such as Paul Ryan labeling the stimulus as debt-inducing.

Due to the interconnectedness of our global economic system, every recession leaves millions devastated. For example, the World Bank in 2010 quantifies that the 2008 crisis plunged 64 million people into extreme poverty within the first two years of the depression.

Cards

McBride '18 – debt coming close to the size of the entire U.S. economy

McBride, James. "The National Debt Dilemma." Council on Foreign Relations. Dec. 2018. https://www.cfr.org/backgrounder/national-debt-dilemma//RJ

The U.S. national debt is once again raising alarm bells. **Federal borrowing from outside investors expanded rapidly over the past decade, totaling more than $15 trillion in 2018, and it is projected to grow even faster over the next ten years under current law**. **Major budget legislation**signed by President Donald J. Trump, along with continued growth in entitlements and higher interest rates, **will see the debtnearly double by 2028**[PDF],**coming close to the size of the entire U.S. economy.**

Horowitz, Evan. "The Economy is Soaring, and Now So is the Deficit. That's A Bad Combination." Five Thirty-Eight. Feb. 2018.https://fivethirtyeight.com/features/the-economy-is-soaring-and-now-so-is-the-deficit-thats-a-bad-combination///RJ

Betweencostly tax cutsand last week's heftyspending bill, Congress is generating deficits that aren't just large, they're also unprecedented and potentially ominous. And even with some optimistic assumptions, President **Trump's latest budget proposalwouldn't eliminatethese deficits**— in fact, the president is still angling to add a potentially costly infrastructure plan on top of current spending. **But when the economy is this strong, deficits are usually small and shrinking, not ballooning back toward $1 trillion.We are following a path that the country hasn't traveled since World War II, with green economic pastures alongside rivers of red deficit ink**. And **that combination carries unique risks**— not because the numbers are especially large (during the early years of the Obama administration, the deficit regularly exceeded $1 trillion) but **because these deficitsprovide unneeded stimulus**, **which canoverheat an economyalready operating near full capacity**. And **in the process, they drain away funding that might be better reserved forfighting off the next recession.Congress's don't-tax-but-spend approach is a root cause of the sizable deficit.**Less than two months after Republicans passed a tax plan expected to cost the Treasury roughly $1.5 trillion, members of both parties agreed to raise spending by as much as $300 billion over two years, not including the new infrastructure and other spending increases in Trump's budget proposal. Resistance to these moves has been inconsistent, with just two members of the entire Republican caucus voting against both the tax cuts and the spending bill despite the fact that deficit reduction has been a GOP rallying cry for decades. Even famously deficit-averse House Speaker Paul Ryan signed on. But in plum times, **deficits this big carry real risks**. To start with, **financing these deficits will require the government toborrow more moneyvia the bond market**. **Andto attract enough investors, they may have to pay higher interest rates, in the form of higher bond yields**. **But that only makes the budget situation even worse, forcing the government to pay back its debt at higher rates.**Private businesses would feel the squeeze, too. **If the government starts paying higher interest on its bonds, companies will have to do the same for corporate bonds**. **That'll make it costlier for them to raise money, reducing investment and even dampening overall productivity.**This was less of a problem during the Great Recession and its aftermath because bond yields were held down by the Federal Reserve. Among other things, the Fed engaged in a massive bond-purchasing enterprise called quantitative easing, which created a kind of backstop to ensure that the government could find buyers without having to raise payouts. But the situation has now reversed. **The Fed israising interest rates,selling off bondsand generally trying to restrain an economy that's growing at a pace the regulatory body fearsmay be unsustainable.**And that means there is no backstop, just an environment where deficits could make it much more expensive for both government and private companies to borrow money. And this is just one potential issue. **Perhaps the greater risk of rising deficits is that they make it harder for the U.S.**

tofight off the next recession, whenever it comes. **Combating a recession generally requires a twofold approach: Rapid interest-rate cuts at the Federal Reserveto encourage borrowingand stimulus spending from Congress, both of whichinject cash into the economy**. But **the Fed is in a weak position now. It can't cut rates by 4 or 5 percentage points**, as it has in recent recessions, **because interest rates aren't that far above zero right now**— **andthe Fed's own projections suggest theywon't get much higher, even over the long run.**Congressional action is thus especially important, but here's where deficits get in the way. When Congress passed stimulative tax cuts during the recession of 2001 and boosted direct spending with the American Recovery and Reinvestment Act in 2009, they were starting from a position of relative comfort, as pre-recession budget deficits were either small or nonexistent. **This time around, the U.S. is liable to enter its next recession with a substantial deficit, inflaming concerns that even necessary stimulus would be just too dangerous.**

Chicago Tribune – economy growing at 4.1%, paychecks up 2.7%, and unemployment rate is 3.9%

Chicago Tribune Editorial Board. "This is what a booming economy feels like." The Chicago Tribune. Aug. 2018. https://www.chicagotribune.com/news/opinion/editorials/ct-edit-economy-trump-growth-jobs-20180803-story.html//RJ

While pessimism comes naturally to economists, and journalists, we're inspired to revel in the positives and root to keep this momentum going. **The economy is growing at a solid 4.1 percent. Paychecks are up 2.7 percent over the past year, and should continue to rise after a long period of mediocre wage growth.**Best of all, people are finding work. **The unemployment rate is 3.9 percent**. It's at a record low for Hispanics and near a record for African-Americans. Jobs mean everything to the nation's sense of well-being. Opportunity offers fulfillment; paychecks create prosperity. Do you feel better about your prospects? You should. The economy is booming.

Timiraos '18 – deficit spending increases risks of overheating because it puts upward pressure on inflation and interest rates

Timiraos, Nick. "Sizing Up the Trumponomics Gamble on Deficit Spending and Inflation." Wall Street Journal. Feb. 2018. https://www.wsj.com/articles/sizing-up-the-trumponomics-gamble-on-deficit-spending-1518374037//RJ

By adding to deficits, Mr. Trump has undertaken a fiscal policy experiment with little precedent for a peacetime U.S. economy, and one with risks. **Fiscal largess risks putting added upward pressure on inflation and interest rates that could boomerang and undercut the growth the Trump administration has set out to achieve**, hurting stock and real-estate values in the process. A related risk for Mr. Trump's experiment: **It could be for naught if it prompts the Federal Reserve to raise short-term interest rates even faster because officials worry the economy will overheat**. The Fed is already raising rates and gradually winding down a large portfolio of Treasury and mortgage bonds to prevent overheating. It could act more aggressively if officials fear fiscal stimulus goes too far. The unemployment rate is at 4.1%, a 17-year low, and economists at J.P. Morgan project it will fall to 3.2% next year, a level not seen since the Korean War. **Such a low unemployment rate is likely to make the Fed nervous about unsustainable price pressures or financial markets overheating.During the recession, there was a large gap between the economy's output and its potential given available workers and productivity**. The Congressional Budget Office estimates **that gap has now closedand the economy is expanding at a pace that exceeds its potential.**That's

a combination that could cause overheating. "**It is a mistake to add on tremendous stimulus when the output gap has already closed**," said David Rosenberg, chief economist at Gluskin Sheff + Associates in Toronto. He estimates around three quarters of the fiscal stimulus could be offset by the higher interest rates corporate and government borrowers may have to pay and lost wealth from resulting stock market declines.

Furman '18 – need smaller deficit during strong economic periods to offset larger deficits needed in recessions

Furman, Jason. "A Debt Crisis is coming. But don't blame entitlements." Washington Post. Apr. 2018. https://www.washingtonpost.com/opinions/a-debt-crisis-is-coming-but-dont-blame-entitlements/2018/04/08/968df5c2-38fb-11e8-9c0a-85d477d9a226_story.html?noredirect=on&utm_term=.f18005e40b8d//RJ

As we focus on the long-run fiscal situation, our goal should be **to put the debt on a declining path as a share of the economy**. That **will require running smaller deficits in strong economic periods — such as the present** — **to offset the larger deficits that are needed in recessions**to restore demand and avoid deeper crises. Last year's Tax Cuts and Jobs Act turned that economic logic on its head. The economy was already at or close to full employment and did not need a boost. This year's bipartisan spending agreement contributed further to the ill-timed stimulus. The Federal Reserve will have to act to make sure the economy does not overheat.

Samuelson – government debt crowds out other resources because people invest in government debt instead of in private assets

Samuelson, Paul. "Economics 19e." Founder of MIT's Economics Department. N.d. PDF. //RJ

The effect of government debt is that people will accumulate government debt instead of private capital, and the nation's private capital stock willbe displaced by public debt. To illustrate this point, suppose that people desire to hold exactly 1000 units of wealth for retirement and other purposes. **As the government debt increases, people's holdings of other assets will be reduced dollar for dollar**. This occurs **because as the government sells its bonds, other assets must be reduced, since total desired wealth holdings are fixed**. **But these other assets ultimately represent the stock of private capital; stocks, bonds, and mortgages are the counterparts of factories, equipment, and houses.**In this example, if the government debt goes up 100 units, we would see that people's holdings of capital and other private assets fall by 100 units. This is the case of 100 percent displacement (which is the long-run analog of 100 percent crowding out).

Mitchell '10 – government deficit spending competes with private entrepreneurs who need the loans and drives up interest rates, which makes firms less profitable to expand

Mitchell, Matthew. "In the Long Run, We're All Crowded Out." George Mason University. Sept. 2010. https://www.mercatus.org/publication/long-run-we-re-all-crowded-out#end24//RJ

When government borrows to finance its spending, it competes with private entrepreneurs who are borrowing to finance their own activities. Capital used by the government is capital that cannot be used by private businesses. Moreover, **when government borrows, competition in the market for loanable funds increases, raising the price of borrowing, or the interest rate, for private investors. For firms, this means an increase in the cost of doing business.**Companies and projects that would have otherwise been

profitable are no longer able to be so at the higher interest rate.[13] Lastly, **borrowing may have longer-term effects on the nation's capital stock**, and through that, on its future national income. **This can happen when increased borrowing is financed in part or in whole by international capital inflows**(foreign lending). In this case, domestic production may not decline in the short run and interest rates may not increase in the short run. But **because the nation must eventually repay its foreign debts, future national income is less than it otherwise would be**.[14]

Mitchell '10 – crowding out has empirically verifiable harms; government spending results in a net 5% contraction in GDP in the long-term and crowding out reduces inflation-adjusted GDP per capita by 15% in the next 15 years

Mitchell, Matthew. "In the Long Run, We're All Crowded Out." George Mason University. Sept. 2010. https://www.mercatus.org/publication/long-run-we-re-all-crowded-out#end24//RJ

John Maynard Keynes famously remarked that, "in the long run, we are all dead." More than a pithy comment on human mortality, this is an accurate description of Keynesian sentiment. Even if deficit- spending will eventually catch-up to us, the thinking goes, we shouldn't worry about it today. But one generation's long-run is the next-generation's present. And **the long-run effects of deficit spending are costly**. In a review of the literature on deficit spending, William Gale concluded: Keynesian economics has turned the politicians loose; it has destroyed the effective constraint on politicians' ordinary appetites. Armed with the Keynesian message, politicians can spend and spend without the apparent necessity to tax.22Andrew Mountford and Harold Uhlig provide a quantitative estimate of these costs. They calculate that **a 2 percent increase in government spending will—under the best scenario—lead to a less than 2 percent increase in GDP in the short-run.Eventually, however, the tax increases needed to finance this spending will result in a more than 7 percent contraction in GDP.**24**The direct effect of the increase in government borrowing is to reduce national saving and raise long-term interest rates, often by empirically sizable amounts**... the results suggest that the sustained deficits facing the nation will impose significant economic costs.23The CBO has also estimated the cost of crowding out over the long run (see figure 2). **By their estimate, crowding out will reduce inflation-adjusted gross domestic product per person by 6 percent in 2025 and by 15 percent in 2035**.[25]**For the economy at large, this means an economic cost of $1.2 trillion in real lost economic activity in the year 2025**, more than the cost of the wars in Iraq and Afghanistan combined. **For individuals, this will mean lower incomes and less opportunity.**

Laubach – each 1% point increase in the deficit/GDP ratio raises interest rates by .25%

Laubach, Thomas. "New Evidence on the Interest Rate Effects of Budget Deficits and Debt." Board of Governors of the Federal Reserve System. May 2003. https://www.federalreserve.gov/pubs/feds/2003/200312/200312pap.pdf//RJ

Estimating the effects of government debt and deficits on Treasury yields is complicated by the need to isolate the effects of fiscal policy from other influences. To abstract from the effects of the business cycle, and associated monetary policy actions, on debt, deficits, and interest rates, this paper studies the relationship between long-horizon expected government debt and deficits, measured by CBO and OMB projections, and expected future long-term interest rates. The estimated effects of government debt and deficits on interest rates are statistically and economically significant: **a one percentage point increase in the projected deficit-to-GDP ratio is estimated to raise long-term interest ratesby roughly 25 basis points**. Under plausible assumptions these estimates are shown to be consistent with predictions of the neoclassical growth model.

Sousa '11 – a 1% increase in govt spending reduces total consumption by 1.2% immediately, and by 1.9% in the long term

Sousa, Ricardo. "The impact of government spending on the private sector: Crowding-out versus Crowding-in effects." International Monetary Fund. 2011. https://repositorium.sdum.uminho.pt/bitstream/1822/13098/6/DF_RMS%20-%20Kyklos_revised_20110619.pdf//RJ

Starting with the analysis of the effect of government consumption on private consumption (Panel A), we can immediately see that it is negative and statistically significant. The results also suggest that not only contemporaneous changes in the government consumption-GDP ratio matter, but also its past lags (specifically, the 2 nd and 3 rd ones). In particular, the cumulative effect of government spending on private consumption is about 1.9 %, of which about 1.2% captured by contemporaneous changes in the government consumption-GDP ratio and 0.7 % by its lags. This result can be interpreted as follows: **an increase of government consumption by 1 % of real GDP immediately reduces consumption by approximately 1.2%, with the decline continuing for about four years when the cumulative decrease in consumption has reached approximately 1.9 %.** The result is broadly robust to both country and time effects, and both to Fixed and Random effects specification

Sousa, Ricardo. "The impact of government spending on the private sector: Crowding-out versus Crowding-in effects." International Monetary Fund. 2011. https://repositorium.sdum.uminho.pt/bitstream/1822/13098/6/DF_RMS%20-%20Kyklos_revised_20110619.pdf//RJ

We find that the cumulative effect of government spending on private consumption (investment) is about 1.9 % (1.8 %), of which about 1.2 % (0.6 %) is captured by the contemporaneous change in the government consumption-GDP ratio and 0.7% (1.2%) by its lags. This result is interpreted as follows: **an increase of government consumption by 1% of real GDP immediately reduces consumption(investment) by approximately** 1.2% (**0.6%**), **with the decline continuing for about four years when the cumulative decrease in consumption has reached approximately** 1.9% (**1.8%**). The result is broadly robust to both country and time effects, and different econometric specifications

Dubay '11 – if our debt-to-GDP ratio stays constant we'll lose 1 million jobs every year

Dubay, Curtis. "**Deficit Reduction Over Job Creation**." The Heritage Foundation. Nov. 2011. https://www.heritage.org/budget-and-spending/commentary/deficit-reduction-over-job-creation//RJ

Cutting spending is the most important way to reduce the debt, but we won't be fully able to fix the problem without renewed economic growth. Growth will mean more jobs and higher wages. This will translate into more revenue for the federal government and get us back to the traditional level of revenue more quickly. It will also mean fewer families depending on government, which will reduce spending. **Our total national debt is approaching 100% of our economy.** Research has shown that countries with debt-to-GDP ratios greater than 90% see their economic growth slowed by at least 1%age point a year. **If the current ratio of GDP-to-jobs holds steady, that could mean more than 1 million lost jobs every year.** Congress needs to cut spending soon; otherwise, international credit markets will require an abrupt and unpleasant correction like they have recently with other debt-laden nations. If that happens, and Congress still refuses to cut spending, it will have to raise taxes to the point that it cripples the economy. We can avoid that harrowing future, but time to act is running short. The way to encourage growth isn't through more government action, but through loosening the government-created ties that bind the economy. Tax reform would lift the burden of the current tax code, and a regulation overhaul would help, too.

Boccia '13 – each family has $11000 less after a decade of debt drag

Boccia, Romina. "Cutting the U.S. Budget Would Help the Economy Grow." The Heritage Foundation. Nov. 2013. https://www.heritage.org/budget-and-spending/report/cutting-the-us-budget-would-help-the-economy-grow#_ftn11//RJ

Academic research shows that **economic growth slows significantly at high levelsof public debt**.The Congressional Budget Office (CBO) estimates in its alternative fiscal scenario that **publicly held debt will rise to 87 percent within the decade, assuming only moderate increases in net interest costs**.[6]According to the CBO, "**Such a large amount of federal debt will reduce the nation's output and income below what would occur if the debt was smaller, and it raises the risk of a fiscal crisis (in which the government would lose the ability to borrow money at affordable interest rates)**."[7]Spending on interest on the debt is already the sixth-largest budget item at today's historically low interest rates, and interest payments are projected to double in only five years. If interest rates rise higher or sooner, U.S. federal debt will reach economically damaging levels even faster. Academic research by a number of economists finds that **countries with high debt levels experience lower economic growth**. Carmen M. Reinhart, Vincent R. Reinhart, and Kenneth S. Rogoff found that **debt levels between 90 percent and 120 percent of GDP correlate with slower growth of 1.2 percentage points**.[8]Similarly, Manmohan S. Kumar and Jaejoon Woo report that **advanced economies with high levels of debt grew 1.3 percentage points slower annually than their low-debt (below 30 percent) counterparts**. Kumar and Woo additionally emphasize that the negative effects of debt increase as debt grows from 30 percent to 90 percent.[9]Finally, Stephen Cecchetti, Madhusudan Mohanty, and Fabrizio Zampolli identified 84 percent of GDP as the point at which high debt becomes most harmful.[10]The U.S. is on track to exceed this level before the end of the decade. **Slower growth directly affects American families.**As Heritage Foundation economist Salim Furth calculated, **a decade of debt drag would reduce the income of the typical American family by $11,000.**[11]Moreover, **lower growth means fewer available jobs and fewer opportunities for Americans to improve their economic circumstances**.[12]

Driessen '17 – deficit reduction when the economy is at full potential helps prevent the economy from overheating and checks back on crowding out of private investment. In the long-run, deficit reduction is important for creating future economic productivity

Driessen, Grant. "Deficits and Debt: Economic Effects and Other Issues." Congressional Research Service. Nov. 2017. https://fas.org/sgp/crs/misc/R44383.pdf?fbclid=IwAR2s-qyOm2i75H0eUEsRLF9sVkBMxWrAwnS4x57ZDeru_njA3mv3CUjEVF0//RJ

The government may choose to generate short-run budget deficits for a few reasons. Deficit financing, or payment for federal government activity at least partly through debt increases, increases the total level of spending in the economy. Most economists believe that the implementation of deficit financing can be used to generate a short-term stimulus effect, either for a particular industry or for the entire economy. In this view, increases in expenditures and tax reductions can be used to generate employment opportunities and consumer spending and reduce the intensity of stagnant economic periods. Deficit financing is a less effective countercyclical strategy when it leads to "crowding out." Crowding out occurs when government financing merely replaces private sector funding instead of inducing new economic activity, and is more likely to occur in periods of robust economic growth. **Deficit reduction when the economy is operating near or at full potential can help prevent the economy from overheating and avoid "crowding out" of private investment, which could have positive implications for intergenerational equity and long-term growth. Deficit financing may also be used as part of a structurally balanced budget strategy, which alters government tax and spending levels to smooth the effect of business cycles.**Smoothing budgetary changes may reduce the economic shocks deficits induce among businesses and households. Governments may also use federal deficits or surpluses to spread the payment burden of longterm projects across generations. This sort of intergenerational redistribution is one justification for the creation of long-run trust funds, such as those devoted to Social Security. Although there are some cases where deficit financing may be advisable, **the long-run generation of consistent deficits causes publicly held debt accumulation that may inhibit economic growth.Deficit financing tends to crowd out greater levels of**

private investmentin better economic conditions. **Increases in real debt may also generate crowding out that could reduce future economic productivity**. In extreme cases, large or rapidly increasing debt levels may also have unintended macroeconomic effects. If potential buyers of U.S. debt issuances lose confidence in the ability of the federal government to repay its debt, ensuing increases in the supply of money through debt financing (known as debt monetization) may lead to rising interest costs or price inflation. Such a scenario could harm economic output and increase the chances of a recession. The concept of "fiscal space" refers to the amount of room available for additional government borrowing. Persistent deficits face a long-term binding constraint—the willingness of investors to finance them. If deficits are too large, publicly held debt would grow more quickly than the economy. At some point, debt would become so large that investors would no longer be willing to finance deficits and such fiscal space would be exhausted. There is great uncertainty about when investors would stop financing federal borrowing. The amount of fiscal space available is a function of both the current size of the debt and how fast it is increasing relative to GDP, which depends on the size of deficits, the government's borrowing rate, and how quickly the economy is growing. Because the reaction of investors to future increases in the debt is unknown, it is difficult to estimate when fiscal space will run out—although for the federal government it is likely not imminent, given the presence of relatively low interest rates. Recent international experiences speak to the complexity of fiscal space. Both Greece and Japan experienced rapid growth in government debt in the past decade. Organization for Economic CoOperation and Development data on general government debt (including municipal government debt) indicate that Greek debt rose from 115% of GDP in 2006 to 182% of GDP in 2015, while Japanese debt rose from 180% of GDP to 234% of GDP over the same time period. A loss in market confidence in Greek debt led to a severe recession, with GDP contracting by 9 percentage points in 2011 and long-term interest rates reaching 22% in 2012. Japanese borrowing was viewed to be more sustainable despite being higher, with relatively flat GDP levels and long-term interest rates close to zero in recent years. Among 31 OECD countries, the United States had the 6 th -largest level of general government debt (126% of GDP, including debt from state and local governments) in 2015, the most recent year for which full data are available.

Boccia '13 – government spending changes composition of demand from investment to consumption

Boccia, Romina. "Cutting the U.S. Budget Would Help the Economy Grow." Director of Grover M. Hermann Center. Nov. 2013. https://www.heritage.org/budget-and-spending/report/cutting-the-us-budget-would-help-the-economy-grow#_ftn11//RJ

Lawmakers face a choice of either confronting the nation's spending crisis head-on by reforming entitlement and other structural spending or continuing to operate with their heads in the sand, waiting for a spending and debt tsunami to wash over the nation and drown economic growth. Research shows that reductions in government spending free resources in the economy for investment and job creation, thus spurring economic growth. For example, the CBO assessed three different deficit scenarios and their impact on the economy: a $2 trillion increase in primary deficits, a $2 trillion decrease in primary deficits, and a $4 trillion decrease in primary deficits. The CBO's results show that any short-term boost in gross national product (GNP)[13]from higher deficit spending in the short term would be more than offset by the long-term reduction in economic growth from higher interest rates and a crowding-out effect of private investment. Equally, any short-term dip in GNP from additional deficit reduction would be followed by stronger economic growth over the long term.[14]**Government spending changes the composition of total demand, such as by increasing consumption at the expense of investment**. **Poorly targeted deficit spending would boost GNP in the short term, but leave less available for productive investments in the future**. Deficit spending shifts economic resources from the future to the present, leaving younger generations with a larger tax burden and fewer resources to invest. In reverse, **lower government spending frees economic resources for investment in the private sector, which improves consumer wealth.**In sum, additional government spending today harms economic growth in the long term, while budget cuts today would enable the economy to grow much faster tomorrow.

Labonte '18

Recessions can be caused by an overheated economy, in which demand outstrips supply, expanding past full employment and the maximum capacity of the nation's resources. Overheating can be sustained temporarily, but eventually spending will fall in order for supply to catch up to demand. **A classic**

overheating economy has two key characteristics—rising inflation and unemployment below its "natural" rate. As shown in Figure 2, each recession since World War II has featured a run-up in inflation before the recession began, except for the 1953-1954 recession. Some of these increases were larger than others, however. The last three recessions were preceded by increases in the inflation rate of under 3 percentage points, while five of the eight before then featured an increase in inflation of at least 3 percentage points. (The largest increase was the 8 percentage point increase before the 1980 recession.)

World Bank '10 – recession of 2008/2009 pushed 64 million people into extreme poverty by 2010

The World Bank. "Global Economic Prospects: Crisis, Finance, and Growth." 2010. http://pubdocs.worldbank.org/en/308811443469733024/Global-Economic-Prospects-January-2010-Crisis-finance-and-growth.pdf//RJ

The financial crisis has taken its tollon achieving the 2015 poverty Millennium Development Goal (MDG). Newly updated World Bank estimates suggest that **the crisis will leave an additional 50 million people in extreme poverty in 2009 and some 64 million by the end of 2010** relative to a no-crisis scenario.6 These depressing statistics notwithstanding, the relatively rapid rebound in developing countries, their future medium term prospects as described in the first part of this chapter combined with the significant progress in most regions since 1990, the poverty MDG is likely to be met at the global level.

Far., 6-26-2018, "The 2018 Long-Term Budget Outlook," No Publication, https://www.cbo.gov/publication/53919

How Large Would Changes in Spending or Revenues Need to Be to Reach Certain Goals for Federal Debt?

CBO estimated the size of changes that would be needed to achieve a chosen goal for federal debt. For example, if lawmakers wanted to reduce the amount of debt in 2048 to 41 percent of GDP (its average over the past 50 years), they might cut noninterest spending, increase revenues, or take a combination of both approaches to make changes that equaled 3.0 percent of GDP each year starting in 2019. (In dollar terms, that amount would total about $630 billion in 2019.) If, instead, policymakers wanted debt in 2048 to equal its current share of GDP (78 percent), the necessary changes would be smaller (although still substantial), totaling 1.9 percent of GDP per year (or about $400 billion in 2019). The longer lawmakers waited to act, the larger the policy changes would need to be to reach any particular goal for federal debt.

Paul Ryan - Jim Tankersley, 2-6-2018, "The Republican Fiscal Stimulus Could Be Bigger Than Obama's," No Publication, https://www.nytimes.com/2018/02/06/us/politics/republican-fiscal-stimulus-deficits-inflation.html

The 2009 stimulus package was passed when the unemployment rate was almost twice as high as it is today, and the national debt was half what it is now. At that time, Republicans called it a dangerous borrowing spree. "This bill sends us on a worldwide borrowing binge," Representative Paul D. Ryan of Wisconsin, now the House speaker, said in a floor debate in 2009. "We're going to go out and borrow four times as much money this year than we ever have in the history of this country in a single year. This is not just a road to stagnation, it is a road to stagflation."

David Horsey, 2-20-2014, "Economic stimulus was too small from the start, thanks to GOP," latimes, https://www.latimes.com/opinion/topoftheticket/la-na-tt-economic-stimulus-20140219-story.html

One key point being ignored by both sides is that the recovery might have been much more robust had the initial stimulus scheme been followed up by even more stimulus spending. That did not happen because Republican opposition limited the size of the recovery act and guaranteed that it would not have a sequel.

Five years ago, many mainstream economists warned that the stimulus plan was not bold enough and that, as a result, recovery would be slow and long. It certainly appears they have been proved correct, but White House officials are not eager to talk about how much better it could have been if they had fought harder against GOP intransigence, while the Republicans gleefully point fingers at a limping economy that they themselves helped cripple.