# Emory NC ’19

**We Negate resolved: The United States should prioritize reducing federal debt over economic growth**

## Contention One is Worthless Worries

Debt doesn’t matter for two reasons

### First is a Fear of Crisis

According to **Hendricks in 2018[[1]](#footnote-1),** if the United States were to default on its debt, it would cause a global economic crisis due to the influence that American currency has on the global market. This is why **Annie Louge ‘16[[2]](#footnote-2)** finds that other countries who hold majority of U.S. bonds are desperate to keep the United States debt.

### Second is the Broken Ceiling

**Amadeo of The Balance in 2018[[3]](#footnote-3)** finds that debt has accumulated because Congress sets a limit on debt but always raises the ceiling. In fact, according to a **CRS[[4]](#footnote-4)** report in 2015, Congress has increased the debt ceiling 14 times since 2001. In fact, **Slifer of NumberNomics[[5]](#footnote-5)** notes that the debt ceiling is a unecessary piece of legislation that chews up endless days of negotiation and wasted time. In the end the debt limit is raised, and will be raised again year by year.

This is why **Obrien of the Atlantic ‘13[[6]](#footnote-6)** finds that the United States can borrow forever without the financial burden ever going up.

However, Economic growth can naturally stabilize the GDP to Debt Ratio. The **CRFB ‘13[[7]](#footnote-7)** finds that fast growth can solve any debt woes, as just a 0.1 percent increase in growth will reduce deficit spending by 315 billion dollars over a decade.

## Contention Two is Bob the Builder

The **American Society of Civil Engineers’ 2017[[8]](#footnote-8)** report gave the nation's infrastructure a “D” rating - exhibiting a strong risk of failure, and estimating an infrastructure spending gap of $1.5 trillion. For example, **David Schaper of NPR[[9]](#footnote-9)** explains that 2.1 trillion gallons of water, about one sixth of America’s water supply, are lost each year because of aging and broken water infrastructure. **The National Economic Council[[10]](#footnote-10)** furthers that 65 percent of America’s roads are in poor condition, disproportionately in low-income areas.

Thankfully, **Schaper of NPR[[11]](#footnote-11)** explains that infrastructure investment to rebuild the nation’s crumbling roads, bridges, and transit is one of the few issues that Trump, Republicans, and Democrats can agree. **Yglesias ‘18[[12]](#footnote-12)** furthers that Democrats want to claim success in taking back the House, and Trump wants to regain his reputation as a dealmaker. In fact, **Zanona of the Hill[[13]](#footnote-13)** cites Representative Cheri Bustos co-chairwoman of the House Democratic Policy and Communications Committee, who says that **Democrats** are serious about getting the job done, willing to work with Republicans. Even more so, Trump prefers direct, massive spending -- the approach favored by Democrats.

However, it’s going to cost us. According to **Politico Magazine[[14]](#footnote-14)**, Trump’s infrastructure plan is a 1.5 trillion dollar job and will significantly add to the deficit. This is why in the affirmative world, if policy makers take action to prioritize reduction of federal debt, these costly infrastructure developments will never happen. It is a lot better to prioritize economic growth through infrastructure now, because **Tyson ‘11[[15]](#footnote-15)** furthers that because the cost to repair infrastructure rises over time, a project that costs $5 million to repair now can cost more than $30 million in two years.

### The Impact is Productivity

Already, **Liner ‘17[[16]](#footnote-16)** finds that because poor infrastructure diminishes overall productivity of the economy, it costs the average U.S household $3,400 annually and will reduce GDP by $4 trillion in under 10 years. Overall, **Galbraith ‘18[[17]](#footnote-17)** finds that every $1 spent on infrastructure investment adds $3 to GDP growth.

## Contention Three is Sequestration

**Amadeo of the Balance in 2018** explains that in 2011, “Republicans and Democrats couldn't agree on the best way to lower the deficit, [so] they used the threat of sequester to force themselves to reach an agreement. When they couldn't agree, the sequester kicked in.”

**Amadeo** continues that “[in] 2011, Congress passed the Budget Control Act to reduce spending through sequestration. [As a result,] The 2013 budget was never approved. Instead, Congress passed two resolutions [that] incorporated sequestration.”

**Ball of the Atlantic[[18]](#footnote-18)** cites the differences in the ways that both democrats and republicans want to cut spending, with democrats wanting to increase taxes and republicans wanting cuts on programs like welfare. since neither side wants to give in to the other’s proposal, they resort to sequestrations to force the other side to acquiesce.

This is bad, as **Martin of the Center for American Progress** writes in 2015 that “In 2013, sequestration made sudden across-the-board cuts that did not distinguish between critical programs and wasteful spending.”

These cuts are devastating. **Berg of the Daily Beast ’13[[19]](#footnote-19)** breports that the sequester would do even greater harm to the tens of millions of Americans already suffering from poverty, hunger, and food insecurity. 70,000 low income children would be kicked off early childhood education, , 125 thousan dfamilies would list losing housing. And 1000 thousand formerly homeless people would be removed from programs to prevent them from returning to the streets. morever [**vallas of the venter for american progress**](https://www.americanprogress.org/issues/poverty/news/2014/09/17/97287/the-top-10-solutions-to-cut-poverty-and-grow-the-middle-class/) **finds** in 0213 that sequestration cost the us economy as many as 1.6 million jobs.

1. Scotty Hendricks, xx-xx-xxxx, "What would happen if America defaulted on its debt?," Big Think, https://bigthink.com/politics-current-affairs/what-if-the-government-defaults [↑](#footnote-ref-1)
2. How We Get To Next, 3-29-2016, "U.S. Debt Is Massive and Other Countries Are Desperate to Keep It That Way," https://howwegettonext.com/here-s-why-other-countries-are-desperate-to-add-to-the-u-s-government-s-massive-debt-7d4ae66397cd

   [↑](#footnote-ref-2)
3. #### Laundry List – The Balance

   **Kimberly Amadeo**, 11-7-20**18**, "5 Reasons Why America Is in So Much Debt," Balance, <https://www.thebalance.com/the-u-s-debt-and-how-it-got-so-big-3305778>

   **There are five significant causes of** the size of the **national debt**. **First, the debt is an accumulation of federal budget deficits.** Each new program and tax cut adds to the debt. These show up in budget deficits by president. The largest deficit goes to President Obama. He added the ​American Recovery and Reinvestment Act stimulus package, the Obama tax cuts, and $800 billion a year in military spending. These initiatives halted the 2008 financial crisis. Although the national debt under Obama grew the most, dollar-wise, it wasn't the biggest percentage increase. That honor goes to Franklin D. Roosevelt. He only added $236 billion, but it was a 1,048 percent increase. He did this to fight the Great Depression and prepare the United States to enter World War II. President Bush had the second largest deficit. He also fought the financial crisis with the $700 billion bailouts. Bush added the Economic Growth and Tax Relief Reconciliation Act and the Jobs Growth and Tax Relief Reconciliation Act tax cuts to end the 2001 recession. He responded to the 9/11 attacks with the War on Terror. President Reagan cut taxes, increased defense spending, and expanded Medicare. All these presidents also suffered from lower tax receipts resulting from recessions. **Second, every president borrows from the Social Security Trust Fund.** The Fund took in more revenue than it needed through payroll taxes leveraged on baby boomers. Ideally, this money should have been invested to be available when the boomers retire. Instead, the Fund was "loaned" to the government to finance increased spending. This interest-free loan helped keep Treasury Bond interest rates low, allowing more debt financing. But it must be repaid by increased taxes when the boomers do retire. **Third, countries like China and Japan buy Treasuries to keep their currencies low relative to the dollar.** They are happy to lend to America, their largest customer, so it will keep buying their exports. Even though China warns the United States to lower its debt, it continues to buy Treasuries. But China has lowered its holdings of U.S. debt. **Fourth, the U.S. government has benefited from low interest rates.** It couldn't keep running budget deficits if interest rates skyrocketed like they did in Greece. Why have interest rates remained low? [because] Purchasers of Treasury bills are confident that America has the economic power to pay them back. During the recession, foreign countries increased their holdings of Treasury bonds as a safe haven investment. These holdings went from 13 percent in 1988 to 31 percent in 2011. **Fifth, Congress raises the debt ceiling.** Congress sets a limit on the debt but still increases it. That didn't happen between 2011 through 2013, though. That was because the debt crisis resulted in a government shutdown and budget sequestration. In 2015, Congress suspended the ceiling until after the 2016 presidential elections. In 2017, it raised the debt ceiling until December 8, 2017. [↑](#footnote-ref-3)
4. https://www.senate.gov/CRSpubs/d2c8f833-9796-4b3e-9462-6b1755ef463d.pdf [↑](#footnote-ref-4)
5. http://www.numbernomics.com/nomicsnotes/?p=21833 [↑](#footnote-ref-5)
6. Matthew O'Brien, xx-xx-xxxx, "Why the U.S. Government Never, Ever Has to Pay Back All Its Debt," Atlantic, https://www.theatlantic.com/business/archive/2013/02/why-the-us-government-never-ever-has-to-pay-back-all-its-debt/272747/ [↑](#footnote-ref-6)
7. http://www.crfb.org/blogs/could-faster-growth-solve-our-debt-woes [↑](#footnote-ref-7)
8. Robert Galbraith, 1-12-2018, "The State of U.S. Infrastructure," Council on Foreign Relations, <https://www.cfr.org/backgrounder/state-us-infrastructure>

   The American Society of Civil Engineers (ASCE) has compiled regular “report cards” on the state of U.S. infrastructure since the 1980s. **In its** [**2017 report**](https://www.infrastructurereportcard.org/)**, the ASCE finds that the nation’s infrastructure averages a “D,” meaning that conditions are** “mostly below standard,” **exhibiting “significant deterioration,” with a “strong risk of failure.**” **The group estimates that there is a total “infrastructure gap” of nearly $1.5 trillion needed by 2025.**  [↑](#footnote-ref-8)
9. David Schaper, 10-29-2014, "As Infrastructure Crumbles, Trillions Of Gallons Of Water Lost," NPR.org, <https://www.npr.org/2014/10/29/359875321/as-infrastructure-crumbles-trillions-of-gallons-of-water-lost>

   Nationwide, **the amount of water that is lost each year is estimated to top 2 trillion gallons, according to the** American Water Works Association. **That's about 14 to 18 percent (or one-sixth) of the water the nation treats.** And it's not just water that's going down the drain, but billions of dollars in revenue too because utilities can't charge customers for water that is lost before it gets to them. But fixing the nation's water systems isn't going to be cheap. [↑](#footnote-ref-9)
10. <https://scholarship.claremont.edu/cgi/viewcontent.cgi?referer=https://www.google.com/&httpsredir=1&article=2857&context=cmc_theses>

    The current state of American infrastructure is lacking and thoroughly undeveloped. According to the National Economic Council and the Council of Economic Advisors (2014), “there are more than 4 million miles of road, 600,000 bridges, and 3,000 transit providers in the United States. And yet, over the past 20 years, total federal, state, and local investment in transportation has fallen as a share of GDP – while population, congestion, and maintenance backlogs have increased.” **A stunning 65 percent of all major American roads are in bad conditions** and 25 percent of bridges require repair in order to just keep up with today’s traffic (National Economic Council and the President’s Council of Economic Advisers 2014). [↑](#footnote-ref-10)
11. David Schaper, 11-12-2018, "Bridging The Partisan Divide: Can Infrastructure Unite Democrats And Republicans?," NPR.org, <https://www.npr.org/2018/11/12/666971627/bridging-the-partisan-divide-can-infrastructure-unite-democrats-and-republicans>

    **It's one of the few issues on which President Trump and Democrats in Congress might be able to agree. Both sides say they're willing to work together on a plan to rebuild the nation's roads, bridges, transit and water systems.**

    **"It really could be a beautiful bipartisan type of situation,**" Trump said in his news conference last Wednesday. While he was combative on a lot of issues, this wasn't one of them: "**We have a lot of things in common on infrastructure**," he added.

    **DeFazio says whatever the number ends up being, he is willing to work with the president on coming up with a variety of different funding sources**. But, he says, "my bottom line is it has to be real. We can't pretend. There has to real money, real investment and it needs to be done soon." [↑](#footnote-ref-11)
12. Matthew Yglesias@Mattyglesiasmatt@Vox, 11-9-2018, "House Democrats must resist Trump’s infrastructure trap," Vox, <https://www.vox.com/policy-and-politics/2018/11/9/18075086/house-democrats-trump-infrastructure-deal-trap>

    But **with Democrats now running the House of Representatives, infrastructure is back**. And Trumpworld figures, looking at the polls, maybe **Trump and the Democrats should come together around a random debt-financed increase in infrastructure spending that lets Trump regain his reputation as a dealmaker and lets Democrats say they accomplished something.**

    Robert Galbraith, 1-12-2018, "The State of U.S. Infrastructure," Council on Foreign Relations, <https://www.cfr.org/backgrounder/state-us-infrastructure>

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    [↑](#footnote-ref-12)
13. Melanie Zanona, 10-4-2018, "Hopes for infrastructure deal with Trump rise if Dems win House," TheHill, https://thehill.com/policy/transportation/infrastructure/409809-hopes-for-infrastructure-deal-with-trump-rise-if-dems [↑](#footnote-ref-13)
14. Brianna Gurciullo, 2-11-2018, "Trump launches $1.5 trillion sales pitch," POLITICO, https://www.politico.com/story/2018/02/11/trump-infrastructure-plan-transportation-trillion-403248 [↑](#footnote-ref-14)
15. Laura D'Andrea Tyson, 10-21-2011, "The Infrastructure Twofer: Jobs Now and Future Growth," Economix Blog, <https://economix.blogs.nytimes.com/2011/10/21/the-infrastructure-two-fer-jobs-now-and-future-growth/?mtrref=www.google.com&amp;gwh=9D003CBE58D245338BCD0AD0890A611B&amp;gwt=pay>

    The foundation report makes a related argument, noting that deteriorating infrastructure is subject to “cost acceleration,” as repair and replacement costs rise over time. **A project that costs $5 million to repair now may cost more than $30 million to repair two years from now. Deferred maintenance on essential infrastructure is not fiscally wise but fiscally irresponsible**. That’s why many of the infrastructure investments in the American Jobs Act focus on rebuilding and repairing roads, bridges and schools. [↑](#footnote-ref-15)
16. Emily Liner, 2-27-2017, "Six Reasons Why Congress Needs to Pass a Real, Comprehensive Infrastructure Package – Third Way," No Publication, <https://www.thirdway.org/memo/six-reasons-why-congress-needs-to-pass-a-real-comprehensive-infrastructure-package>

    One of the best things we can do to restore balance to the labor market is invest in our nation’s infrastructure. The Council of Economic Advisers (CEA) estimates that every $1 billion in federal dollars spent on transportation infrastructure improvements supports 13,000 jobs a year.11 **These jobs also tend to have fewer educational barriers to employment and pay around $7,000 more per year than the average job for lower-income, non-college educated workers**.12 Investing in infrastructure also has huge long-term benefits. It drives economic growth by supporting exports, attracting new businesses, and making goods and workers more mobile. This means not only more short-term jobs on construction projects, but also millions of new jobs in other sectors in the coming decades.13 This is the virtuous cycle that public investment spending can launch, with the goal being an investment package large enough and of sufficient duration to get companies to consider building new plants here in the United States.

    All in, the American Society for Civil Engineers estimates that, **without additional investment, our aging infrastructure will cost us $18 trillion in gross domestic product (GDP) by 2040, and $4 trillion in just the next 10 years.36**

    These costs add up for American families. The more it costs to ship a good, the more that good will cost for consumers as costs get passed on. Crumbling water infrastructure means families pay more for this necessity. And an unreliable electric grid affects consumer goods production and consumers themselves. **All in all, households will lose $3,400 a year in disposable income if we keep putting off our infrastructure maintenance.4**0 [↑](#footnote-ref-16)
17. Robert Galbraith, 1-12-2018, "The State of U.S. Infrastructure," Council on Foreign Relations, <https://www.cfr.org/backgrounder/state-us-infrastructure>

    A 2014 University of Maryland study [found that **infrastructure investments added as much as $3**](http://www.nam.org/Issues/Infrastructure/Surface-Infrastructure/Infrastructure-Full-Report-2014.pdf) **[PDF] to GDP growth for every dollar spent,** with a bigger effect during a recession. [↑](#footnote-ref-17)
18. <https://www.theatlantic.com/politics/archive/2013/02/heres-who-is-really-to-blame-for-sequestration/273587/>

    Republicans wouldn't raise taxes, and Democrats wouldn't cut entitlements.  [↑](#footnote-ref-18)
19. Joel Berg, 3-1-2013, "Washington’s Hunger Games: Sequester’s Cuts to Food Assistance Programs," Daily Beast, https://www.thedailybeast.com/washingtons-hunger-games-sequesters-cuts-to-food-assistance-programs [↑](#footnote-ref-19)