We *affirm.*

Our sole contention is *Defaulting the Developing World.*

Patel '18 of the Financial Times writes that in order to fund the rapidly increasing deficit, the American government has to issue over $1 trillion of government bonds in a single year, flooding the global bond market with American treasuries.

Unfortunately, this sudden influx of government debt is dramatically destabilizing developing nations in two ways.

First, by reversing investment flows.

Because US bonds are seen as the safest profitable investment, Capretta '18 of the American Enterprise Institute writes that the rapidly growing American debt and the ensuing flood of U.S. Treasury bonds has prompted a massive diversion of global capital away from developing economies and into the purchase of American bonds, thereby reducing the supply of lenders for the debt of developing countries. Indeed, Patel '18 of the Financial Times continues that already, dollar funding for emerging market debt is dissipating, with emerging economies losing over $5 billion a week due to the high levels of U.S. debt. Problematically, Edwards '18 of Business Insider writes that as the global supply of capital shifts to the U.S. and away from developing nations, it becomes more and more difficult for these countries to find enough lenders to finance their debt, pushing countries to the brink of default.

Second, by amplifying dollar-denominated debt.

Hicks '18 of US News writes that when the government issues more bonds to pay for the federal debt, interest rates rise because the United States uses higher interest rates to attract investors to buy US bonds. Indeed, Cebula '14 of Jacksonville University quantifies that in America from 1971 to 2012, a 1% increase in the U.S. deficit has resulted in a 0.24% increase in interest rates. That's why Pesek '18 of the South China Morning Post writes that our interest rates on bonds are at the highest rate in the past 7 years.

When interest rates rise in America, they directly affect the debt of developing nations in a catastrophic way. Bartenstein '18 of Bloomberg writes that over two-thirds of debt held by developing nations is dollar-denominated, meaning that these countries are borrowing in dollars, and not their own currencies. Thus, Setser '18 of the Foreign Affairs Magazine writes that when US interest rates rise, developing nations have to offer higher interest rates in an attempt to attract investors to lend money to them, instead of buying safer US treasuries. By increasing these interests rates, countries increase the amounts they must eventually pay back to lenders. Thus, when U.S. interest rates rise, it becomes significantly more expensive for countries to pay off their dollar-denominated debt.

Overall, Forni '11 of the International Monetary Fund quantifies that a 1% increase in the debt-to-GDP ratio in the U.S. results in a 0.1% increase in interest rates in developing nations.

Higher interest rates would be devastating for these economies; Richter '18 of Business Insider writes that through 2025, developing nations will face $2.7 trillion in U.S. denominated debt that has to be paid off, which is why he concludes that higher American interest rates now would make it significantly harder for countries to pay off its debt and heighten the risks that these countries will default.

Because of these two reasons, we already see signs of a crisis about to unfold. Moehr '18 of the Atlantic Council writes that both Turkey and Argentina are set to experience a recession and if no action is taken, these two countries could default on their debt, triggering widespread investor panic. Zumbrun '18 of the Wall Street Journal writes that the risks of a global crisis are rapidly rising; over 45% of low-income countries are at high risk of default, compared with just 25% from 5 years ago. Nerb '14 of the Leibniz Institute for Economic Research articulates that when a similar crisis broke out in 1997, the living standards of millions plummeted and countries lost entire years of economic development.

However, affirming can end the crisis. Buchanan of George Washington University explains, the issuing US treasuries adds to the US debt so the US must stop issuing treasury bonds to reduce the debt. Thus, by prioritizing the reduction of the federal debt, America can remove the need for sudden influxes of Treasury bonds and drive down interest rates, ending the debt crisis plaguing developing nations.

Thus, **we *affirm***.