

TOP 10 REASONS LONG-TERM DEBT SHOULD BE ON THE 2017 AGENDA

1

THE NATIONAL DEBT IS A BIPARTISAN PRIORITY FOR AMERICANS.

Nearly three-quarters of voters (74%) agree the national debt should be a top-three priority for the country, including two-thirds (67%) of Democrats and 87 percent of Republicans.

2

DEFICITS WILL GROW SIGNIFICANTLY IN COMING YEARS.

CBO projects that the budget deficit will climb from \$559 billion in 2017 to \$1.4 trillion in 2027, resulting in a cumulative 10-year deficit of \$9.4 trillion.

3

INTEREST COSTS ARE GROWING RAPIDLY.

Interest costs are projected to climb to \$768 billion by 2027 and total \$5.2 trillion over the next 10 years. In just over a decade, interest will become the third-largest category of the budget. With our many important budget priorities, none of us wants interest to become the third-largest government “program.”

4

KEY INVESTMENTS IN OUR FUTURE ARE AT RISK.

Higher interest costs could crowd out important public investments that can fuel economic growth—priority areas like education, R&D, and infrastructure. In addition, growing federal debt reduces the amount of private capital for investments, which hurts economic growth and wages. A nation saddled with debt will have less to invest in its own future.

5

RISING DEBT MEANS LOWER INCOMES.

CBO projects that our debt would reduce the income of a 4-person family, on average, by \$16,000 in 2047. We are all concerned about stagnating wages and the growing disparities in income and wealth. At the very least, the federal government should not let its own budget imbalances contribute to these harmful trends.

6

LESS FLEXIBILITY TO RESPOND TO CRISES.

On our current path, we are at greater risk of a fiscal crisis, and high debt leaves policymakers with much less flexibility to deal with unexpected events. If we face another major recession like that of 2009, it will be harder to work our way out.

7

PROTECTING THE ESSENTIAL SAFETY NET.

Our unsustainable fiscal path threatens the safety net and the most vulnerable in our society. If our government does not have sufficient resources, these essential programs, and those who need them most, could be put in jeopardy. We can't let that happen.

8

A SOLID FISCAL FOUNDATION LEADS TO ECONOMIC GROWTH.

A strong fiscal outlook provides a foundation for a growing, thriving economy. Putting our nation on a sustainable fiscal path creates a positive environment for growth, opportunity, and prosperity. With a strong fiscal foundation, the nation will have increased access to capital, more resources for private and public investments, improved consumer and business confidence, and a stronger safety net.

9

MANY SOLUTIONS EXIST!

The good news is that there are plenty of solutions to choose from. The Peterson Foundation's Solutions Initiative brought together policy organizations from across the political spectrum to develop long-term fiscal plans. Each of these organizations developed specific proposals that successfully stabilize debt as a share of the economy over the long term.

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THE SOONER WE ACT, THE EASIER THE PATH.

It makes sense to get started soon. According to CBO, we need spending cuts or revenue increases (or both) totaling 1.9 percent of GDP in order to stabilize our debt. If we wait five years, that amount grows by 21 percent. If we wait ten years, it grows by 53 percent. Like any debt problem, the sooner you start to address it, the easier it is to solve.