# TOP 10 REASONS WHY THE NATIONAL DEBT MATTERS IN THE 2016 ELECTION

## 1 THE NATIONAL DEBT IS A TOP ISSUE FOR VOTERS FROM BOTH PARTIES IN THIS YEAR'S PRESIDENTIAL ELECTION.

Voters widely agree (79%) that a candidate for president from their party should make the national debt one of the top three priorities of his or her campaign, including overwhelming majorities of Democrats (71%) and Republicans (92%).

## 2 THE ERA OF DECLINING DEFICITS IS OVER.

Deficits had been declining sharply since the Great Recession in 2009, but unfortunately that good news has come to an end. CBO projects that the 2016 deficit will be $534 billion — $95 billion higher than last year's deficit of $438 billion.[1] By 2026, deficits will reach $1.3 trillion, resulting in a cumulative 10-year deficit of $9.3 trillion.

## 3 INTEREST COSTS ARE GROWING RAPIDLY.

Interest costs are projected to climb to $839 billion by 2026 and total $5.8 trillion over the next 10 years. They will become the third-largest category of the budget in 2023, the second-largest category in 2032, and the single-largest category by 2040 (according to CBO's alternative fiscal scenario). With our many important budget priorities, none of us wants interest to become the single-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 could reduce incomes by $6,000 per person in 2040. 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 very 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 2008, 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.

## 10 THE SOONER WE ACT, THE EASIER THE PATH.

It makes sense to get started soon. Under CBO's alternative fiscal scenario, we need spending cuts or revenue increases (or both) totaling 3.2% of GDP in order to stabilize our debt. If we wait until 2021, that amount grows to 4.0% of GDP. If we wait until 2026, it climbs to 5.4% of GDP. Like any debt problem, the sooner you start to address it, the easier it is to solve.

[1] Numbers do not add due to rounding.