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# A Nation in Debt

## How Can We Pay the Bills?



Updated 2022

# One Way to Hold a Deliberative Forum

**1.**

Review the ground rules. Introduce the issue to be deliberated.

**2.**

Ask people to describe how the issue has affected them or their families.

**3.**

Consider each option one at a time. Allow equal time for each. What is attractive? What about the drawbacks?

**4.**

Review the conversation as a group. What areas of common ground were apparent? Just as important: What tensions and trade-offs were most difficult?

## Ground Rules for a Forum

- Focus on the options.
- All options should be considered fairly.
- No one or two individuals should dominate.
- Maintain an open and respectful atmosphere.
- Everyone is encouraged to participate.
- Listen to one another.

# About This Issue Guide

Our nation's debt has never been larger, and it has the potential to affect not only each of us, but future generations. This issue guide is designed to support people deliberating together about how we should approach the issue. There is no perfect solution, but by considering three different approaches to dealing with the debt, we can try to understand the viewpoints of others and reflect on what is most important to us. Each option sees the debt from a different perspective, and not all options address reducing the national debt equally.

There are difficult questions we need to think about—questions without easy answers:

- Should all of us have to tighten our belts, or should we ask more from larger corporations or wealthier citizens?
- Should we take drastic action to shrink the debt, or would that upend the economy?
- What's the right direction for tax rates to go—up, to cover our spending, or down, to encourage investment and growth that might expand the economy?
- Are we willing to live with a much smaller federal government—and if so, what benefits and services are we willing to live without?

Some of the worst problems with the debt lie in the future, so it's easy to procrastinate. But the effects are becoming visible now. By 2030, given current trends, we'll spend more on *interest* on the national debt than on the Department of Defense.

The research involved in developing this guide included conversations with Americans from various backgrounds, surveys of nonpartisan public opinion research, consideration of many people's ideas and thoughts on the best solutions, and reviews by people who know this topic well.



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# A Nation in Debt

## How Can We Pay the Bills?



IT IS NOT UNUSUAL—and not necessarily a problem—for a government to have at least some debt. But how much is too much? Many Americans think the US national debt is too large and want to try to shrink it.

### How large is the national debt?

By late 2022, the US government owed \$31.1 trillion (\$24.3 trillion in public debt and \$6.8 trillion in intragovernmental debt—money that is owed by one part of the government to another part). It was \$16 trillion 10 years ago and is expected to rise to \$45 trillion in a decade.

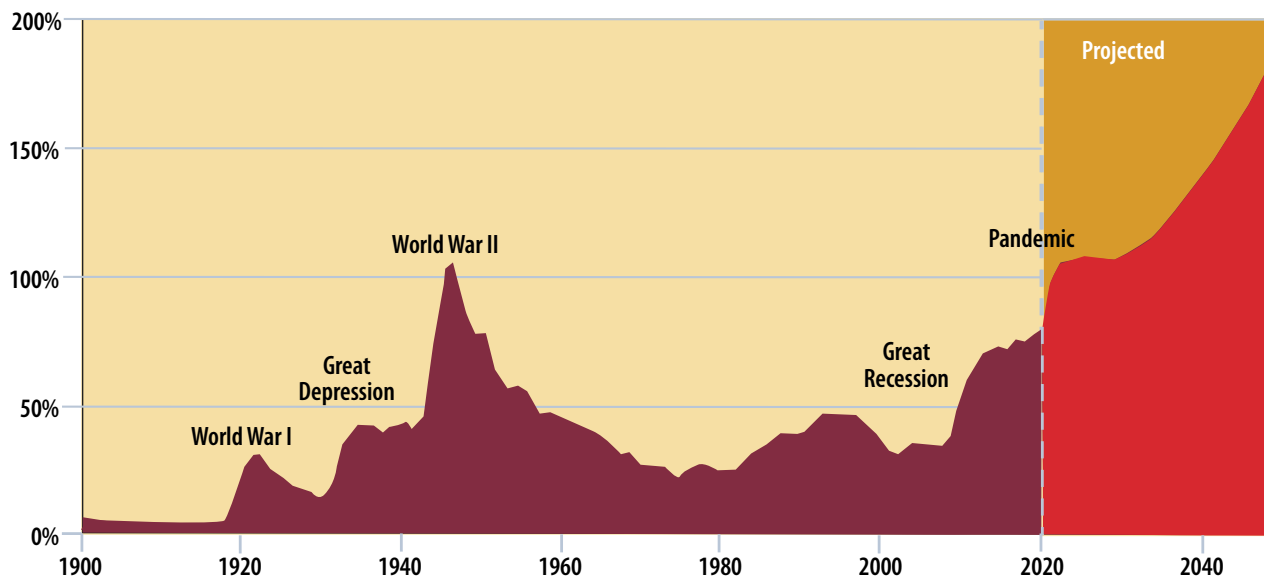
In the past three years, government spending to offset the effects of the COVID-19 pandemic and lockdown on the economy added more than \$5 trillion to the debt. The urgency of the pandemic ended, at least temporarily, battles in Congress over raising the legal limit on the federal debt, the “debt ceiling.”

### What’s the difference between the national *debt* and the national *deficit*?

*National deficit* and *national debt* are not the same. When our government spends more than it earns in taxes, the shortfall is referred to as the deficit. Most years, the US government runs a

## Federal Debt Held by the Public, 1900 to 2050

Percentage of Gross Domestic Product



Source: US Treasury Data Lab

deficit. In 2021, during the height of spending on the pandemic, the deficit rose to \$2.8 trillion, then dropped to \$1 trillion in 2022. It is projected to stay more than \$1 trillion per year in the near future.

When there is a deficit, the country must borrow money to make up the difference, adding to the national *debt*.

### How does the US government borrow money?

The US cannot just take out a bank loan when it needs to borrow money. Instead, it issues Treasury bonds—basically IOUs that are purchased by individuals, organizations, and other governments. When these bonds mature, the government pays back the money plus interest. US bonds are considered extremely safe investments and will continue to be—as long as investors believe there is no way the US government would default and fail to pay them back.

Anyone who wants to can buy Treasury bonds, so

people and companies around the world hold US debt.

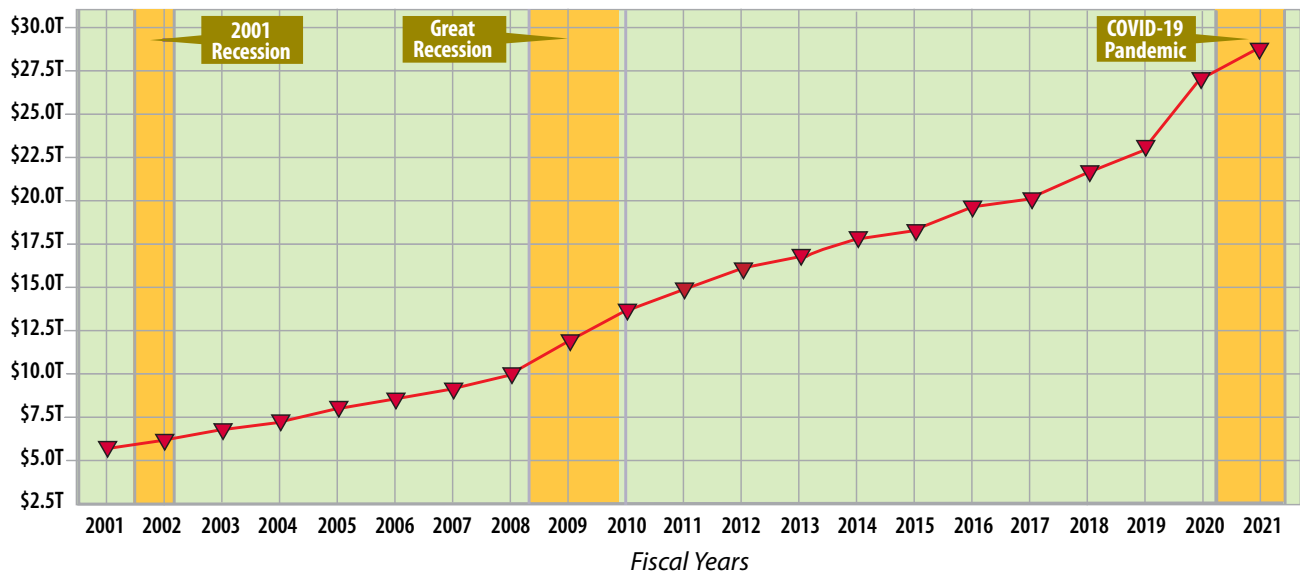
Currently, 33 percent of the US public debt is held by foreign investors, including about \$2.1 trillion held by China and Japan.

### How much debt is too much?

A common way of measuring the size of a country's indebtedness is to compare the amount of its public debt to the size of its entire economy, or gross domestic product (GDP). As of mid-2022, US debt held by the public was 125 percent of GDP, which has long been considered a dangerous threshold. In May 2022, the Government Accounting Office said, "The federal government faces an unsustainable fiscal future. If policies don't change, debt will continue to grow faster than the economy."

When individuals or families get into too much debt, their credit rating suffers, and creditors may charge them higher interest rates or refuse to lend them more money.

## Federal Debt Over Time



In 2011, something similar happened to the United States, when the Standard & Poor’s bond-rating agency downgraded the US credit rating for the first time; the slightly downgraded rating still stands. However, the dollar remains strong, and investors have not stopped buying Treasury bonds.

Various solutions to the debt problem have been suggested, but most don’t consider the sheer size of the debt we are talking about. Even if we eliminated the entire federal departments of Education, Energy, Agriculture, Transportation, Health and Human Services, and Housing and Urban Development, for example, we would save only about 8 percent of the total federal budget and less than half of the current deficit.

There are many reasons the US has accumulated public debt over time:

- The country spent money fighting abroad or providing new benefits without raising taxes to cover the costs
- Tax cuts were implemented without cutting expenditures to match

- Fewer people were working and paying taxes during recessions and the COVID-19 pandemic
- The government cut taxes or passed stimulus programs during recessions and the pandemic
- Rising health-care costs added to government spending on Medicare, Medicaid, and veterans’ programs

## A Framework for Deliberation

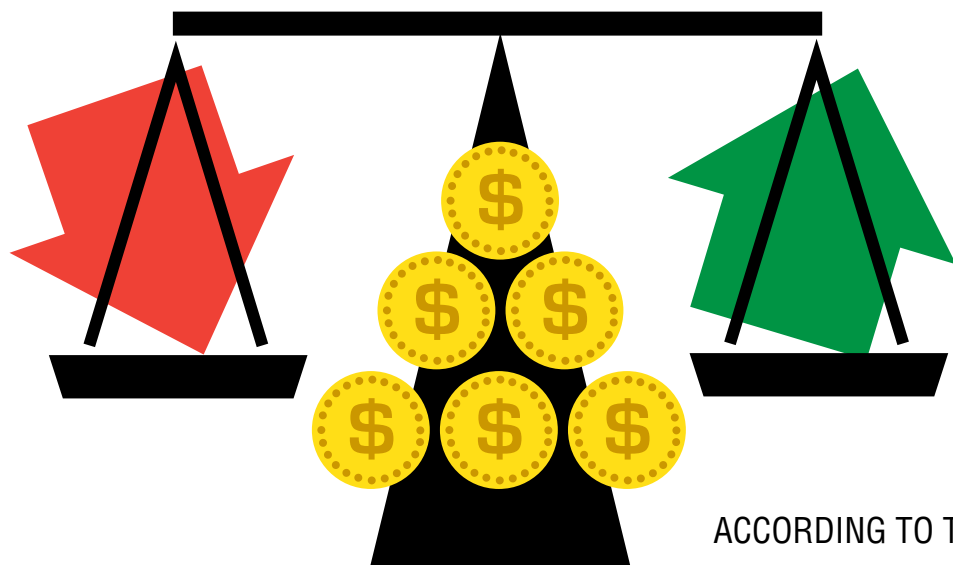
This issue guide asks: What should we do to shrink the national debt? In addressing it, we have many things to consider and weigh. This guide lays out three options for approaching the national debt. Some deal with reducing the debt more directly, while others would increase the debt in the short term with no long-term guarantee that it would reduce the national debt.

Each suggests actions that we might take, but every action has trade-offs we should consider.

By working through each option, we can come to our individual and collective decisions about what we would support and under what conditions.

# Option 1:

## Agree to Limits



ACCORDING TO THIS OPTION, to do the responsible thing and avoid passing the burden of a crippling debt on to the next generation, we have to act now in a spirit of compromise and make vital choices—including raising taxes and cutting spending—that are our only way of solving this urgent problem.

The national debt has become too large because we are too complacent about the size of the government, too comfortable with the many services and benefits it provides, and too unwilling to raise taxes to pay for those benefits. We will need to raise taxes and cut spending, including on Social Security.



*The collective wars in Afghanistan, Iraq, and Syria have cost more than \$1.5 trillion, according to a Defense Department report.*

American history is full of stories recounting the courage and self-sacrifice that have made our nation great. We rightly admire entire generations for the remarkable foresight, tenacity, and devotion to a common cause that were necessary to win the Revolutionary War and form a new nation, endure and outlast the Great Depression, and defeat Nazism in World War II. The outcomes of these and other episodes in our nation's history constituted not only great successes for the people who achieved them but also gifts and legacies for the generations who came after, including ours.

What legacies are we leaving the next generation? Among others is a massive national debt that is projected to balloon astronomically with each passing year. "Young Americans are set to inherit a budget and economy that leave them worse off than their parents and less prepared to respond to future crises—the opposite of the American dream," noted the Peter G. Peterson Foundation in a 2022 report. "On top of all this, they will inherit a costly legacy in the form of America's national debt."

Tightening our belts to the extent necessary would probably require a smaller federal government, but an April 2019 survey by the Pew Research Center found that nearly half of all Americans want an even larger federal government, providing more services. And while more Americans are now willing to see taxes increased in general, only about 6 percent believe they don't pay enough in taxes.

In other words, we continue to imagine we can have our cake and eat it, too. This option says that those days are over. We must strike a compromise between paying more in taxes and accepting fewer benefits from the government. By pretending we can have low taxes and still afford generous programs, we've been shifting the costs of our decisions onto the shoulders of tomorrow's children. We can't afford to pretend any longer.

**A Primary Drawback of This Option:** *This option calls for higher taxes and could require us to work later in life and pay more for fewer benefits.*





## What We Should Do

### Raise Taxes

Americans have long enjoyed some of the lowest individual tax rates in the developed world. The Organisation for Economic Co-operation and Development calculated that the percentage of taxes paid on average wages in 2020 amounted to 28.3 percent in the United States; in Spain, that number was 39.3; in France, 46.6; and in Belgium, 51.5.

Tax cuts signed into US law in late 2017, which took effect in 2018, pushed the deficit higher. These tax cuts reduced the top rate for couples making \$600,000 and above from 39 to 37 percent. We have room to raise tax rates, according to this option. As recently as 1980, the top rate in the US was 70 percent; in the 1950s, it was 92 percent. The 2017 tax cuts are set to expire in 2025. Not only do we need

to revoke them and return to the previous rates sooner than that, but we also need to raise those rates still further. A new law in 2022 increasing taxes on corporations is a good start. Everyone should share in the sacrifices we need to make.

### Reduce Federal Spending on Military and Other Programs

Trimming from any of the biggest categories of the budget could have a potentially huge fiscal effect. Consider the military budget, which was \$754 billion in 2021—11 percent of the federal budget. By 2023, that number is projected to be \$813 billion. That's more than the Pentagon was budgeted when we still had 200,000 troops fighting in Iraq and Afghanistan. When corrected for inflation, it is \$200 billion more than the Pentagon budget at the peak of

### Largest Tax Expenditures (Estimates for fiscal year 2021, in billions of dollars)

Rank	Tax Expenditures	JCT
1	Tax exclusion for employer-sponsored health insurance	\$190.3
2	Reduced rates of tax on dividends and long-term capital gains	\$167.5
3	Tax benefits for employer defined contribution plans	\$157.8
4	Credit for children and other dependents	\$118.8
5	Tax benefits for defined benefit plans	\$109.4
6	Reduced tax rate on active income of controlled foreign corporations	\$82.1
7	Earned income credit	\$73.1
8	Depreciation of equipment in excess of alternative depreciation system	\$56.6
9	Subsidies for insurance purchased through health benefit exchanges	\$52.8
10	Deduction for charitable contributions	\$49.6
11	20-percent deduction for qualified business income	\$47.4
12	Exclusion of capital gains at death	\$43.8
13	Exclusion of untaxed Social Security and railroad retirement benefits	\$41.5

Source: Joint Committee on Taxation (JCT). "Estimates of Federal Tax Expenditure for Fiscal Years 2019–2023," December 2019.



President Ronald Reagan’s massive military buildup in the 1980s, which was more than at the height of the Vietnam War.

In a chaotic, often dangerous world—especially in the wake of Russia’s invasion of Ukraine in 2022—it seems easy to justify spending more on the military. Yet more money is not necessarily the best answer. “The US spends more on its military than the next 11 biggest militaries combined, including Russia and China, and has for years,” said Sean McFate, Georgetown University professor and veteran of the 82nd Airborne Division, in the *Hill*. “Gargantuan defense budgets did not win American wars in Vietnam, Iraq or Afghanistan.”

People who support this option recognize that it’s tough to criticize military spending. Doing so feels unpatriotic, not to mention that defense projects bring jobs and money to many congressional districts. This option holds, however, that it is no less patriotic to want to protect our nation’s fiscal future. We simply must find a reasonable limit to military spending.

The defense budget is only one area of the federal budget that we could reduce. We might also cut other parts of the discretionary federal budget, including government services in health care, education, and the environment.

## Reform Social Security

If we’re serious about getting our financial house in order, according to this option, we urgently need reforms to Social Security, one of our government’s largest obligations. Until recently, the post-World War II baby boom ensured that much more was being paid into these programs than was being paid out, but that situation is being flipped on its head. As more and more baby boomers retire, Social Security will begin paying out more than it takes in. According to a 2022 report by the trustees who manage the fund, Social Security will be unable to pay all benefits due by 2034.

One simple step for improving Social Security would be raising or eliminating the salary cap on contributions to its trust fund. Unlike income taxes, which must be paid on virtually all income, people pay Social Security taxes only on income up to the cap amount, which rises each year with inflation. The Social Security salary cap for 2022 is \$147,000, so anyone making more than that—be it \$1 or \$1 million—doesn’t pay a dime into the Social Security trust fund on the excess amount. Raising or eliminating this cap would go a long way toward correcting the program’s projected shortfall.

Another step that fits with this option is to raise the age at which people can begin drawing Social Security benefits. Right now, you can start receiving partial retirement benefits at age 62. That age should be at least 64, and—recognizing that people today usually work much later in life than when the program was first created—we should raise the age at which people can retire with full benefits to 69. That would decrease the number of people receiving benefits and increase the number of people paying into Social Security—a double win for the long-term viability of the program.

*According to a 2021 study by Nationwide, the financial services company, 71 percent of American adults fear that Social Security will not be there for them when they retire.*





## Trade-Offs and Downsides

- Raising the retirement age for Social Security benefits would compel people to work longer and would be especially hard on people doing manual labor and service jobs.
- Eliminating the salary cap for Social Security taxes is, in effect, a large tax increase that would force higher-income people to pay much more into the system than they could ever get back in benefits.
- Raising taxes could push the country into another recession. It could lead millions of Americans to cut back on spending, which would undercut the economy overall.
- A reduced defense budget would leave the US military with fewer resources to counter growing threats and might force base closures that could devastate communities whose local economies depend on serving the military personnel and civilians who work there.



## Questions for deliberation . . .

- 1 If we ask Americans to accept fewer government services and higher taxes to tackle the debt, should the sacrifices fall on everyone to at least some degree, or are there groups who should be exempt?
- 2 What will happen to more vulnerable people in our society if we cut government services in health care, education, and the environment? Are we willing to accept the results of these cuts?
- 3 People often want to cut services they don't value but reject cutting those they do. What government service that you truly value would you be willing to reduce?

# Option 2:

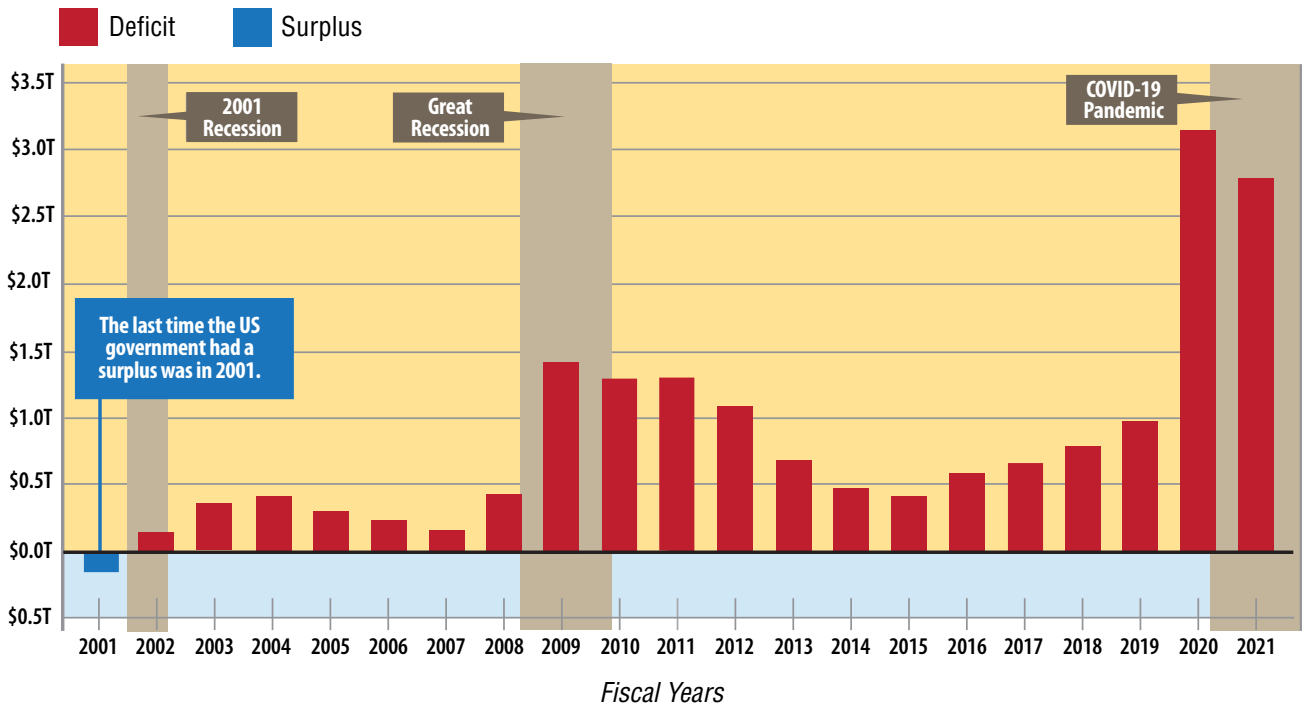
## Strengthen Checks and Balances



THIS OPTION HOLDS that the national debt is out of control because legislative safeguards that ensure a responsible government are not working. Rather than relying on willpower, this option says that instituting firm controls is the best way to curb growing deficits.

Because people are not always perfect, this nation's founders built checks and balances into our government. Unfortunately, they didn't think it necessary to include effective controls to ensure the government was budgeting in a fiscally responsible manner—perhaps because there was no way for them to know just how large and expensive the US government would one day become.

## Federal Budget Deficit by Year



Source: US Treasury Data Lab

Today, elected officials are more likely to lose elections by *not* spending money on government programs than by borrowing to spend it. Instead of reining each other in, the two main political parties are all too willing to help us dig this hole. And the public willingly accepts more benefits from the government than the nation can afford, choosing not to think about where the money will come from. The result is irresponsible and unsustainable.

This option says we need laws and procedures that—through our representatives—prevent the federal government from spending more than it collects in taxes and impose greater accountability and fiscal responsibility.

This approach could help reduce the yearly deficit, but

it would not erase the debt we have already accrued. But, just like a family that finds it has more discretionary income as it pays down the bills, we would steadily make faster progress. In some cases, the tools are already there but have been laid aside by Congress. We need to pick them up again and put them to use.

**A Primary Drawback of This Option:** *This option could decrease the federal deficit but would not reduce the debt we already owe. It will likely make it harder for government to respond to crises or fund and operate programs that people depend on.*



## What We Should Do

### Pass a Balanced-Budget Amendment

According to this option, one important safeguard would be to go back to the blueprint of our government, the Constitution, and enact a balanced-budget amendment. While amending the Constitution would be enormously difficult, and potentially quite controversial, the result would be that the nation could not legally run a deficit. Borrowing simply would not be an option.

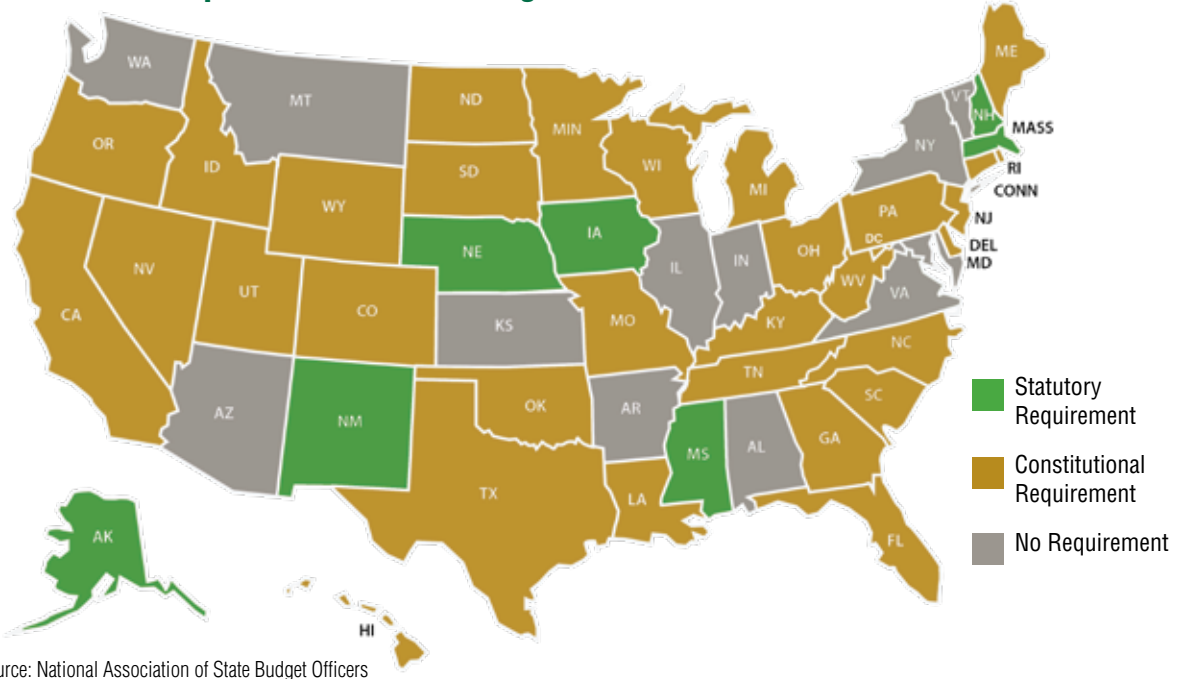
According to the National Association of State Budget Officers, 46 states have some form of statutory balanced-budget requirement; the federal government does not. Over the years, there have been many proposals for a balanced-budget amendment. In 2018, a balanced-budget amendment proposal was passed by the House of Representatives but failed to make it through the Senate.

Approving an amendment to the Constitution is a lengthy and very difficult process. Going from the current deficit to a balanced budget would massively disrupt services currently provided by the government and holds the potential to devastate the national economy. Nevertheless, say supporters of Option Two, without a balanced-budget amendment, nothing will prevent us from sliding right back into our current fiscal quagmire. If we pursue this option, it will ensure much smaller federal deficits.

### Time—Again—for “Pay-As-You-Go”

Another way to help control spending is a so-called pay-as-you-go, or PAYGO, requirement, which would mean the government couldn’t approve any program or expenditure without showing how it would be financed. While this would not reduce the current debt, it would

### States That Require a Balanced Budget





restrain the growth of future deficits.

PAYGO fits well with Option Two's approach, to force better management of our spending. Paying-as-you-go may seem obvious, but spending on credit has become such an ingrained habit that many of us—and many of our leaders—simply ignore this basic tenet of sound financial practice.

We've tried this before—and it worked for a time. A PAYGO policy was enacted in 1990; that decade, the federal deficit shrank until it became a surplus, meaning the government was earning more in taxes than it was spending. In 2002, PAYGO was allowed to expire, and we soon returned to deficit spending. Although it was signed into law again in 2010, multiple loopholes prevented the law from working as it should, and Congress routinely suspends its operation to pass spending bills.

People who agree with Option Two say we should require all spending by the federal government to fall under pay-as-you-go rules that can't be worked around.

### **Riding into the Sunset**

While a PAYGO system is a good start, it won't prevent us from spending money on bad ideas and inefficient programs. To reduce that risk, we should consider imposing "sunset" requirements, which set expiration dates in the original legislation for a program or an agency. When those dates come, the government must review the expenditure to ensure it deserves to continue.

This is not a new idea. Thomas Jefferson argued that laws passed by one generation should expire within 19 years to allow the next generation to reevaluate them.

Many US states have laws establishing some form of sunset requirement. According to the Texas Sunset Advisory Commission, the Texas sunset law has abolished 92 government agencies or commissions since 1977, with estimated

savings through 2019 of \$1 billion. But while sunset laws in some states have reduced programs and spending, critics say they are also used to yield political power. "It's a tool the legislature uses to keep the agencies in line and from becoming too tied to the governor's agenda," said Brian Baugus and Feler Bose in a 2015 *U.S. News & World Report* article. Other critics of sunset laws argue that the lengthy oversight reviews could themselves cost more than continuing the legislation.

### **Permanently Ban "Earmarks"**

"Earmarking," or "pork," is the nickname for Congress' practice of directing part of a spending bill to projects or agencies in specific members' home districts or states—often at citizens' request. This is not a major component of the national debt, but Option Two holds that this fiscal discipline will still have a beneficial effect, even though it would not address the debt we have already accrued.

In early 2011, Congress ostensibly banned earmarks. But in 2021, it revived the practice, according to Citizens Against Government Waste. In its 2022 summary of earmark spending, appropriately called the Congressional Pig Book, the group found 5,138 earmarks costing taxpayers a total of \$18.9 billion, an increase of 18.9 percent over the year before. Since 1991, Citizens Against Government Waste has identified 116,816 earmarks totalling \$411.4 billion.

To correct this problem, Option Two holds that we need to enforce a truly effective earmark ban. But critics believe that the ban on earmarks in congressional bills inhibits passing legislation. A "Congressional Capacity Staff Survey Project shows that congressional staff blame the earmark ban for making it harder to pass bills," said University of California political scientist Alex Theodoridis in a 2018 article in the *Washington Post*.



## Trade-Offs and Downsides

- Passing a balanced-budget amendment to the Constitution would result in immediate, deep cuts in programs to achieve the necessary savings. Vulnerable people would suffer the most, and our government would be more difficult to operate.
- Implementing ironclad pay-as-you-go rules would sacrifice our current flexibility to meet unexpected needs or invest in strategic resources. It might also lead to extensive layoffs in the public and private sectors.
- Sunset dates require officials to repeatedly review popular, well-functioning programs, opening them up to partisan wrangling and special-interest lobbying every time.
- Banning earmarks will have minimal effect on shrinking the size of the national debt and it removes legislators' ability to fund highly localized, but critical, infrastructure, job creation, and community development projects. Banning earmarks sounds good, but it often hurts smaller communities the most.



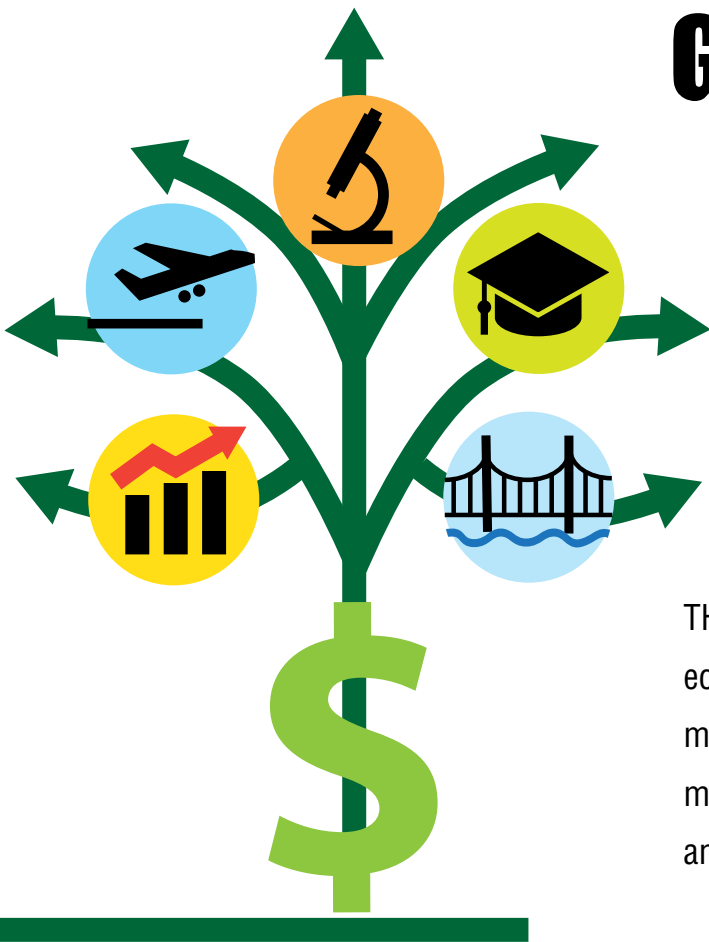
## Questions for deliberation . . .

- 1 Requiring balanced budgets could limit the country's ability to fight recessions by injecting money into the economy when it's showing signs of weakness. Is a balanced-budget amendment worth it even if it increases the risk of recessions?
- 2 With the national government in gridlock, pay-as-you-go requirements could mean even more political games and brinkmanship. Do we really think leaders will compromise and make the hard choices?
- 3 Earmarks are a tiny part of the budget. If we expect to make progress, shouldn't we look at the big-ticket items such as Social Security, Medicare, and defense? In earlier years, earmarks often helped Congress reach a compromise. Will eliminating them really help reduce the national debt?



# Option 3:

## Invest in Growth First



THIS OPTION SAYS that by growing the economy faster, the nation's large debt will be more manageable. A thriving economy with many people working will boost tax revenues and make the debt less of a burden.

In this view, we should not risk choking off growth. The drastic cost-cutting measures contemplated by other options will only harm the economy. Instead, according to this option, we should use our large economic power to help make the debt

less of a problem in comparison to our overall economic health. We can do this by helping our businesses become more competitive internationally and encouraging them to shift their operations and profits back home. We also need to make significant investments in infrastructure and education.

Some experts worry less about the dollar amount of the debt than about its size compared to our gross domestic product. The same debt that looks dangerously large now would pose less risk if our economy were larger. The nonpartisan Committee for a Responsible Federal Budget calculates that “boost[ing] average annual GDP growth by 0.4 percentage points [would] reduce deficits by \$700 billion over a decade.”

This option will cost money upfront, meaning it will increase the national debt, but we should consider it an

investment that will make us stronger over time. To be sure, most economists say that even a modest increase in GDP is very hard to achieve, and they are unconvinced that growing the economy alone is an effective way to reduce the national debt. But this option says that improving the economy is more important than concerns about future debt consequences.

**A Primary Drawback of This Option:** *This option will increase the national debt in the short term without a guarantee that it will help reduce it in the future. Most economists are not convinced that a larger economy will substantially shrink the federal debt.*



*The nonpartisan American Road and Transportation Builders' Association has identified 55,710 structurally compromised bridges, like this one in Milwaukee that collapsed.*

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## What We Should Do

### Reduce Corporate Taxes

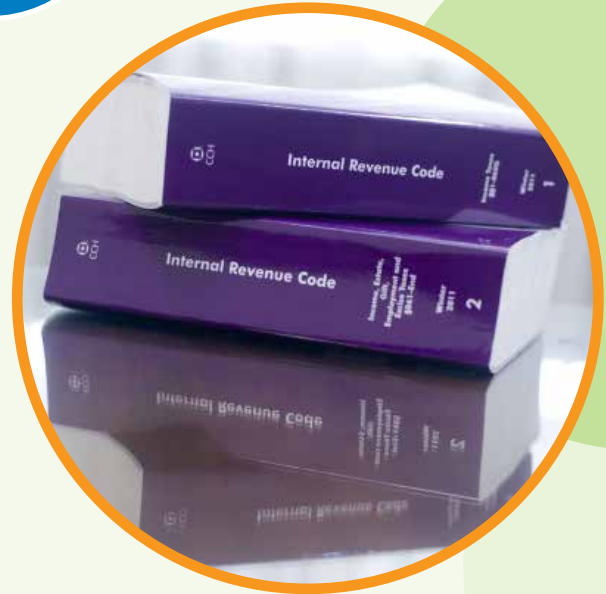
One way we could speed our nation's economic growth is by getting our corporate tax policies right. In 2018, our government cut the corporate tax rate from 35 to 21 percent. This option says the cut was a step in the right direction, but we need to go further. Even after this reduction, Switzerland, Canada, Germany, and the United Kingdom still have lower corporate tax rates than we do. (In 2022, Congress approved a minimum 15 percent tax rate for corporations making more than \$1 billion a year, but analysts say it is likely to affect a small number of companies.)

If we want to encourage companies to operate and invest in the United States, it stands to reason that their tax bills should be lower on money earned *in* this country.

### Reduce Regulation

Another way to encourage investment and job creation is to reduce the regulatory burden faced by businesses in this country. Heavily regulated markets can discourage entrepreneurship, harm competition, restrict consumer choice, and raise prices. According to the Fraser Institute, a nonpartisan Canadian foundation, the US ranked 12th in economic freedom worldwide in 2019, behind nations such as New Zealand, the United Kingdom, and Taiwan. Complying with these regulations costs US businesses about \$10,000 per employee—pushing wages down and consumer costs up.

This option says that the cost of complying with government regulations is like a hidden tax. According to the National Federation of Independent Businesses, compliance costs for firms in 2017 equaled all of the taxes on



income and profits collected that year. “Every dollar spent on compliance,” writes the group’s chief economist, William Dunkelberg, “displaces a dollar that could be spent on new equipment, new facilities, employee compensation, and the bottom line.”

While the federal government has recently begun to roll back some of its business regulations, this option says we should make these changes permanent and look even more carefully for financial, environmental, and safety regulations that aren’t effective enough to justify their costs.

### Fix Our Roads and Bridges

One serious drag on our economy is created by our crumbling infrastructure. In 2022, the American Society of Civil Engineers (ASCE) gave US infrastructure—including roads, bridges, and dams—a grade of C-. According to ASCE, problems such as these could not only lead to



catastrophic failures and loss of life but could also subtract \$10.3 trillion—and 3 million jobs—from our GDP by 2039.

In 2021, President Joe Biden signed a \$1.2 trillion infrastructure bill into law. That was part of the reason that the ASCE's grade improved slightly. The measure was supported by lawmakers from both parties, but there is still plenty to do.

In addition to saving lives, upgrading our infrastructure can stimulate economic growth. But to pay for better infrastructure, we'll need to consider possibilities such as increasing gas and oil taxes, imposing new taxes and fees on freight and vehicle registrations, and doing away with less productive infrastructure spending such as Amtrak funding and the Community Development Block Grant program.

### **Focus More on Job Training and Retraining**

Today's economy has created many opportunities, but it has also eliminated many businesses and positions that used to provide people with a comfortable living. To encourage entrepreneurs and small-business creators, according to this option, we must help people figure out what skills, services, and products are needed most and point them toward the right education and training. And we should ensure that minority businesses—particularly underrepresented in high-tech fields—can access the training and tools needed to establish a digital presence.

According to this option, it is vital that we continue to expand and improve job training and retraining programs throughout the US. To be as flexible and responsive as possible, the most effective efforts should take place at the state

and local levels. Introducing entrepreneurial concepts in high school could also increase the number of future small-business owners.

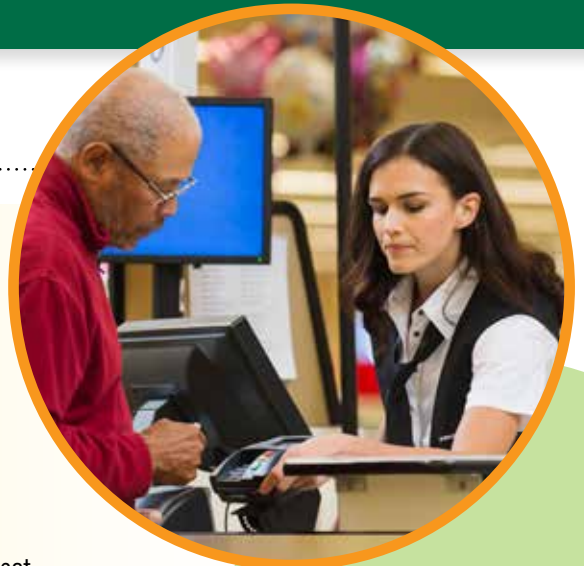
*A 2021 study by the National Association of Manufacturers and Deloitte projects that the shortage of skilled workers could result in 2.1 million unfilled manufacturing jobs by 2030.*





## Trade-Offs and Downsides

- Further reducing the corporate tax rate would bring less money to the government at a time when our deficits are hitting a trillion dollars yearly.
- Spending taxpayer dollars to stimulate the economy, such as with infrastructure spending packages, increases the national debt in the short term without a guarantee that it will help reduce it in the future.
- Job training is important, but it still does not guarantee an improved economy, and people may choose to become retrained for careers that will later be eliminated.



## Questions for deliberation . . .

- 1 Will these measures really spur rapid growth? If they don't work, won't the debt grow even higher and become an even greater burden on future generations?
- 2 The nation's bridges and roads need rebuilding, but is this the best way to get the economy moving? And is it worth going even deeper in debt for it?
- 3 Job training is important, but there is little to no correlation between increasing job training and retraining and an improved economy.

# Closing Reflections

FOLLOWING THE RECOMMENDATIONS included in any of these three options would result in major changes that would affect every American. We must think hard about what is most important to us, what decisions and actions will be best for our communities and our country, what we are willing to do without, and what will best help us reduce the national debt.

Before ending the forum, take some time to revisit some of the central questions this issue guide raises:

- Should all of us have to tighten our belts, or should we ask for more from larger corporations or wealthier citizens?
- Should we take drastic action to shrink the debt, or would that upend the economy?
- What's the right direction for tax rates to go—up, to cover our spending, or down, to encourage investment and growth that might expand the economy?
- Are we willing to live with a much smaller federal government—and if so, what benefits and services are we willing to live without?



# Summary

## Option 1:

### Agree to Limits

This option says we have let the national debt become this large through complacency about the size of the government and the many services and benefits it provides. If we don't want to pass the burden of debt on to the next generation, we must do the responsible thing and act now in a spirit of compromise to make the vital sacrifices—including raising taxes and cutting spending—that are our only way out of this problem.

#### A Primary Drawback

*This option calls for higher taxes and could require us to work later in life and pay more for fewer benefits.*

#### ACTIONS

Raise taxes across the board and revoke the 2017 tax cuts. We should all contribute to getting the debt back under control.

Raise the age for partial Social Security benefits to 64 and full benefits to 69. People are working—and living—longer than when the program was initiated.

Get rid of the salary cap for Social Security taxes. The whole nation benefits from a robust retirement system.

Reduce federal spending, including the military budget.

What else?

#### DRAWBACKS

Raising tax rates across the board could push the country into recession, leading millions of Americans to cut back on spending, which would undercut the economy overall.

Raising the Social Security retirement age would compel nearly everyone to work longer and would be especially hard on people doing manual labor and service jobs.

This is a large tax increase that would force higher-income people to pay much more into the system than they could ever get back in benefits.

This could mean a less flexible US military. Base closures could crash the economies of communities with businesses that serve the military personnel and civilians who work there.

The trade-off?

# Summary

## Option 2:

### Strengthen Checks and Balances

This option says the national debt is out of control because we lack the basic mechanisms we need to ensure the government acts in a responsible way. People willingly accept more benefits and programs than the government can afford, and our political parties are too willing to help spend money we don't have. The only way we can stop this cycle is by compelling fiscal responsibility.

#### A Primary Drawback

*This option could decrease the federal deficit, but it does not reduce the debt we already owe. It will likely make it harder for government to respond to crises or fund and operate programs on which people depend.*

#### ACTIONS

Amend the Constitution to include a balanced-budget requirement, the same requirement virtually every state has.

Impose strict pay-as-you-go rules on Congress, requiring that no program or expenditure can be approved until it can be shown how it will be paid for.

Implement a requirement that the establishing legislation for all federal agencies and programs include a "sunset," or expiration date, so that we can periodically make sure the expenditure is still worthwhile.

Ban earmarks, or "pork"—permanently. Members of Congress should not be able to win favor with constituents by twisting the appropriations process to result in special favors for their home districts.

What else?

#### DRAWBACKS

Amending the Constitution is enormously difficult and potentially controversial. However, if the amendment did pass, it would trigger immediate, deep cuts in programs for vulnerable people, and the sudden changes might well jar the economy and the stock market.

Ironclad pay-as-you-go rules would reduce the flexibility the government currently has to meet unexpected needs or invest in strategic resources. It could lead to extensive layoffs in the public and private sectors.

This means popular, well-functioning programs would have to be debated and opened up to partisan bickering over and over.

Earmarks are a very small portion of the budget that fund local infrastructure and community development projects. Banning them sounds good, but it would hurt smaller communities the most.

The trade-off?



# Summary

## Option 3:

### Invest in Growth First

This option says that while our debt is quite large, it will be less of a problem if we can increase the size of our economy. We should ensure that our businesses are competitive internationally and that they have incentives to create jobs and invest in the United States, not overseas. Significant investments in infrastructure and education will help the economy grow faster. A larger economy generates more tax revenues, makes the debt less harmful, and is better for the country in the long run.

#### A Primary Drawback

*Most economists remain unconvinced that a larger economy would substantially shrink the federal debt. This option will increase the national debt in the short term without a guarantee that it will help reduce it in the future.*

#### ACTIONS

Reduce the corporate tax rate until we are more competitive with countries like Switzerland, Canada, Germany, and the United Kingdom.

Reduce unnecessary and burdensome regulations that place a drag on the economy and increase the cost of living.

Get serious about infrastructure repairs and construction. We cannot thrive or attract new businesses with roads and bridges in such serious disrepair.

Provide better and more effective job retraining programs through state and local colleges and universities.

What else?

#### DRAWBACKS

Reducing the corporate tax rate even more means less money for the government at a time when our deficits are circling a trillion dollars yearly.

Regulations are necessary to protect people and the environment from harm.

Pouring federal money into infrastructure just leaves our debt problem looming. We can't afford to wait.

Not everyone is ready to take on new jobs. Some people will choose new fields that are in danger of getting eliminated in the future.

The trade-off?

## The National Issues Forums

The National Issues Forums (NIF) is a network of organizations that bring together citizens around the nation to talk about pressing social and political issues of the day. Thousands of community organizations, including schools, libraries, churches, civic groups, and others, have held forums designed to give people a public voice in the affairs of their communities and their nation.

Forum participants engage in deliberation, which is simply weighing options for action against things held commonly valuable. This calls upon them to listen respectfully to others, sort out their views in terms of what they most value, consider courses of action and their disadvantages, and seek to identify actionable areas of common ground.

Issue guides such as this one are designed to frame and support these conversations. They present varying perspectives on the issue at hand, suggest actions to address identified problems, and note the trade-offs of taking those actions to remind participants that all solutions have costs as well as benefits.

In this way, forum participants move from holding individual opinions to making collective choices as members of a community—the kinds of choices from which public policy may be forged or public action may be taken at community as well as national levels.

## Forum Questionnaire

If you participated in this forum, please fill out a questionnaire, which is included in this issue guide or can be accessed online at [www.nifi.org/questionnaires](http://www.nifi.org/questionnaires). If you are filling out the enclosed questionnaire, please return the completed form to your moderator or to the National Issues Forums Institute, 100 Commons Road, Dayton, Ohio 45459.

If you moderated this forum, please fill out a moderator-response sheet, which is online at [www.nifi.org/questionnaires](http://www.nifi.org/questionnaires).

Your responses play a vital role in providing information that is used to communicate your views to others, including officeholders, the media, and other citizens.

Published by the National Issues Forums Institute in partnership with Up to Us



Launched in 2012, Up to Us is a rapidly growing, nonpartisan movement of young people who recognize that, when it comes to securing their future opportunities, they have no better advocates than themselves. Amid high-profile debates over jobs and the economy, social mobility, health care, and tax reform, **Up to Us is the only nationwide, campus-based campaign focused on building a sustainable economic and fiscal future for America's next generation.** This unique program provides emerging leaders a platform for facilitating a collaborative dialogue on the country's most vexing challenges.



[www.nifi.org](http://www.nifi.org)

#### **Other Topics and Ordering Information**

Recent topics in this series include immigration, safety and justice, economic security, energy, alcohol, and jobs. For more information, please visit [www.nifi.org](http://www.nifi.org).

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*A Nation in Debt: How Can We Pay the Bills?*

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ISBN: 978-1-946206-84-8

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[www.nifi.org](http://www.nifi.org)

# A Nation in Debt

## How Can We Pay the Bills?



[www.nifi.org](http://www.nifi.org)

### Community Forum Worksheet

NOW THAT YOU'VE HAD a chance to participate in a forum on this issue, we'd like to know what you're thinking. Anonymous responses will be included in summary reports on the forums and in research to help us better understand how people are thinking about current issues.

#### Here is a reminder of the actions you discussed in your forums:

- a. Job training is important, but there is little to no correlation between increasing job training and an improved economy. Without a clear connection, is it worth going even deeper into debt for it?
- b. With the national government in gridlock, pay-as-you-go requirements could mean even more political games and brinkmanship. Do we really think leaders will compromise and make the hard decisions?
- c. If we ask Americans to accept fewer government services and higher taxes to tackle the debt, should the sacrifices fall on everyone to at least some degree, or are there groups who should be exempt?
- d. Earmarks are a tiny part of the budget. If we expect to make progress, shouldn't we look at the big-ticket items—Social Security, Medicare, and the military? In earlier years, earmarks often helped Congress reach a compromise. Will eliminating them help reduce the national debt?
- e. Will these measures discussed here spur rapid growth? If they don't work, won't the debt grow even higher and become an even greater burden on future generations?
- f. People often want to cut services they don't value but reject cutting those they do. What government service that you truly value would you be willing to reduce?
- g. The nation's bridges and roads need rebuilding, but is this the best way to get the economy moving? And is it worth going even deeper in debt for it?
- h. What will happen to more vulnerable people in our society if we cut government services in health care, education, and the environment? Are we willing to accept the results of these cuts?
- i. Requiring balanced budgets could limit the country's ability to fight recessions by injecting money into the economy when it's showing signs of weakness. Is a balanced-budget amendment worth it even if it increases the risk of recessions?

1. Which **THREE** actions above (a-i) do you most strongly **SUPPORT**? \_\_\_\_\_
2. Which **THREE** actions above (a-i) do you most strongly **OPPOSE**? \_\_\_\_\_
3. Are there any actions above you still feel **UNSURE** about? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
4. What else could be done at the community, state, or national level to address this problem?  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
5. Did you talk about aspects of the issue you hadn't considered before?  
 Yes     No  
 If so, please explain. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
6. Were there ideas or proposals that you tended to favor coming into the forum that you now have second thoughts about?  
 Yes     No  
 If so, please explain. \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
7. Not including this forum, how many National Issues Forums have you attended?  
 0             1-3             4-6             7 or more             Not sure
8. Are you male or female?    Male     Female     Other (please specify) \_\_\_\_\_
9. How old are you?  
 17 or younger     18-30     31-45     46-64     65 or older
10. Are you:    African American     Asian American     Hispanic or Latinx     Native American  
 White/Caucasian     Other (please specify) \_\_\_\_\_
11. In what type of community do you live?    City/Urban     Suburban     Rural
12. What is your zip code? \_\_\_\_\_ What state do you live in? \_\_\_\_\_
13. What issue would you like to see covered in a future forum? \_\_\_\_\_

**After you have filled this worksheet out, please give it to your moderator, email it to [forumreports@nifi.org](mailto:forumreports@nifi.org), or mail it to National Issues Forums Institute, 100 Commons Road, Dayton, OH 45459. This worksheet is also available online at [www.nifi.org/questionnaires](http://www.nifi.org/questionnaires).**