

Macro Roundup Article

Headline: [How to End the US Debt Ceiling Stand-Off](#)

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Tweet: Glenn Hubbard argues that Congress should legislate "a spending limit for the US linked to a long-term average of federal revenue."

Summary: A decade ago, Tim Kane and I proposed a spending limit for the US linked to a long-term average of federal revenue (adjusted for inflation), triggering Congressional action to reduce spending or to raise taxes if large deficits persist. Congress could only override it with a supermajority. The precise mechanism is less important than Sweden's intuition that a longer-term fiscal framework and direct accountability are needed. Such a mechanism separates worries about debt from the issue of the debt ceiling. Adhering to the budget framework allows future clean increases in the debt ceiling as long as the framework is in place. This would be an advance over our present stand-off and adding near-term spending restraint offers a win for McCarthy.

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