

## Macro Roundup Article

**Headline:** [Federal Debt](#)

**Article Link:** <https://www.milkenreview.org/articles/federal-debt?IssueID=53>

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**Tweet:** [@delong](#) argues that the US is on track for a debt crisis unless the overall deficit is cut in half to 3% of GDP, running deficits only to service existing debt.

**Summary:** If the United States matches spending to taxes – or in the parlance of economics, if it manages to sustain an average level of zero for the primary deficit. That does not mean a balanced budget. It means borrowing more only to pay the interest owed on what had been borrowed before. Today, this means a current cash deficit of around 3% of GDP – of approximately \$800 billion a year. But there is a problem here. Our current deficit is \$1.7 trillion a year – not 3% but 6% of GDP – with no prospects of a change in political dynamics that would lead to a reduction to 3%. Nixon economic advisor Herb Stein said: “If something cannot go on forever, it will stop.” But when? And how?

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**Primary Topic:** Fiscal Deficits

**Topics:** Database, Fiscal Deficits, Fiscal Policy, Government Spending, Op-Ed/Blog Post, Politics, Weekly

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