

It a result of
increasing debt, the
country



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It is undeniable that various governments have been faced by an increasing public debt and this is projected to have various impacts.

This means that public debt is unsustainable as far as economic growth and progress is concerned. Most debts have been increasing in relation to budget deficits (Grauwe 2). Debt has been increasing drastically over the last ten years. This was mostly brought about by an explosion in the private sector. As a matter of fact, it is argued that most consumers in the US accumulated a lot of debt in private. It has been painful to reduce debt and this is notable across various groups and governments.

Most economies have not been able to move forward as a result of public debt and this is because they can not deleverage. An increase in debt levels means that the government can not kick start its economy in any way. It has been difficult for people to reduce their debt at the same time because the private sector might be having excessive debts.

As far as debt is concerned, all the stakeholders, government and private sector, should cooperate or work together for it to be sustainable (Grauwe 4). The US government and others have been trying hard to unwind the private sector as time goes by. This has been done with an intention of reducing public debt.

The issue of debt has given people headache and this might continue to drag down the economy. All in all, various governments have had budgetary problems because of debt and this should be sorted out. It has been argued that government debt is necessary for the private sector to unwind (Grauwe 4). The US debt has been reducing as time goes by from 1960s and this has

taken a new twist in recent years (Krugman 2). In this case, federal spending has been increasing in successive years.

The reality of the increasing debt burden has become scary and that is why it has attracted a lot of attention. In this case, debt should be stabilized by all means for long term sustainability. US revenues were greatly affected by the recession and this means that public debt has been increasing. As a matter of fact, debt service costs should be put under scrutiny (Krugman 7). For this issue to be dealt with satisfactorily, the government will have to amortize debt at least in the short run. This means that the tax base will be greatly affected by any changes in debt. Wholesomely, the US government is almost surpassing its debt limit and this is a worrying trend.

In this case, the debt limit is \$14. 3 million (Tanner 1). As a result of increasing debt, the country is facing a time bomb and this is undeniable. There is a lot of spending and this has been reminiscent with public debt.

For the country to avoid any budget crisis there is need to trim some spending programs because this might get worse by 2050 (Tanner 6). An increasing debt has therefore enhanced the necessity of fiscal reform in the country. It is undeniable that United States should learn to live within its means for long term sustainability. Debt is a major issue and this has been demonstrated by voters in midterm elections.

As much as tax cuts were initiated to enhance growth, their general impact on debt has not been well reviewed.

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