

Deficit and Debt

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Main opinions

- A budget deficit occurs when spending is greater than the revenue received in that year. When spending exceeds revenue, it's called deficit spending.
- The national debt is the accumulation of each year's deficit.
- When revenue exceeds spending, it creates a budget surplus. A surplus can be used to pay off national debt.



How the U.S. Deficit and Debt Are Different

- The U.S. budget deficit was \$211 billion in August 2018. That's much lower than the record high of \$1.4 trillion reached in FY 2009.
- The U.S. debt exceeded \$22 trillion on February 11, 2019. That's more than triple the \$6 trillion



How Debts and Deficits Affect the Economy

- In the long run, debt can damage the economy because of higher interest rates. Other issues occur if the U.S. government lets the value of the dollar fall. One effect is that the debt repayment will be in cheaper dollars. As this happens, foreign governments and investors become less willing to buy Treasury securities, which forces interest rates



!WARING!

- Rising debts and deficits may endanger Social Security. As the government devotes more of its revenues to pay the mandatory cost of Social Security, it has less money on hand to stimulate the economy, which can further slow growth.



Thank you for attention!



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