
Is the National Debt a Problem?

Videos:

“Why Economists Don’t Care About the Debt”

<https://www.youtube.com/watch?v=XC5vdEhlhbl>

(4:22 minutes)

“The Crushing Reality of Federal Debt”

<https://www.youtube.com/watch?v=rZ4zpX5FoZU>

(6:20 minutes)

Guide:

The questions below will help students achieve a better understanding of the arguments made on either side of a contentious topic. Because these questions often touch upon statements made briefly in the videos, we recommend reading the questions before watching each video.

Students are encouraged to take notes during the videos, and it may be helpful for students to break into groups, each taking responsibility for only a few questions, before coming together for discussion.

Analysis Questions:

1. What are the opposing ideas in these two videos?
2. The Bloomberg video mentioned the debt-to-GDP ratio. What is GDP?
3. John Stossel said that the interest on the national debt costs taxpayers more per year than the entirety of America's defense spending. Does this affect your opinion on the national debt? Why/Why not?
4. The Bloomberg video showed analysts predicting that interest rates would stay low for a long time. What has happened to interest rates since then?
5. The Stossel video showed that both Joe Biden and Donald Trump "brag" about spending taxpayer money. Is spending taxpayer money a good thing? Why/Why not?
6. In the Bloomberg video, Olivier Blanchard said: “If you never repay [debt], the debt-to-GDP ratio will still eventually converge, it will never explode.” What did he mean by this?
7. According to the Stossel video, how much does the national debt rise every 100 days?
8. The Bloomberg video argued that when interest rates stay low, the cost of maintaining debt is low. In hindsight, we know that interest rates did not stay low, but regardless of that information, is it responsible to issue more debt based on the prediction that interest rates will stay low? Why/Why not?
9. John Stossel said that even if the government took all the wealth from American billionaires, "it would only cover about an eighth of our debt." Did this surprise you? Why/Why not?

10. The Bloomberg video said: “[The Biden administration is] taking what economists see as a calculated risk...” Should the government take risks like that with the economy? Why/Why not? Who pays the price if the risk doesn’t pay off?
11. John Stossel said that in Zimbabwe, a \$100 trillion bill was worth about 40 cents in the United States. Why was that?
12. If interest rates go back down, would it be a good idea to continue growing the debt? Why/Why not?
13. What are the pros and cons of each of the following approaches to the national debt:
 - a. Cut spending to reduce deficits
 - b. Print money to pay off the debt
 - c. Raise taxes to pay off the debt
 - d. Borrow more money to pay the interest on the debt
14. Are you concerned about the consequences your generation might face due to the national debt? Why/Why not?
15. Did these two videos share any common ground? Were there any points on which they agreed? If so, what were they?
16. Should one of the arguments we heard carry more weight than the other? If so, which one? Why?
17. Did you have an opinion on this topic before watching these videos? If so, what was it? Has your opinion changed? If so, how? What did you learn from these videos that affects your views on this topic?
18. What else would you like to learn about this topic?