EXPERTS AGREE: WE CANNOT ALLOW DEBT FEARMONGERING TO DERAIL OUR COVID RECOVERY

Over the last six months, House Democrats have fought to deliver economic relief packages that truly meet our nation's needs as we continue to fight COVID-19, most recently with the passage of the updated version of the Heroes Act. Republicans, however, have blocked this comprehensive package to protect lives, support families, and save small businesses, citing woefully misguided fears of debt as their excuse. Their failure to take this crisis seriously has caused needless suffering in our communities and endangered our economic recovery and long-term outlook.

Experts across the political spectrum agree that the federal government has ample fiscal capacity to provide urgently needed economic support. But Republicans have intentionally ignored these calls to action, including from their own economic leaders and experts. Congress cannot allow deficit fearmongering to derail our recovery. We must commit to doing whatever it takes to address the real emergencies facing American families today.

EXPERT QUOTES

JEROME POWELL

CHAIR, FEDERAL RESERVE SYSTEM

"The expansion is still far from complete. At this early stage, I would argue that the risks of policy intervention are still asymmetric. Too little support would lead to a weak recovery, creating unnecessary hardship for households and businesses…By contrast, the risks of overdoing it seem, for now, to be smaller. Even if policy actions ultimately prove to be greater than needed, they will not go to waste. The recovery will be stronger and move faster if monetary policy and fiscal policy continue to work side by side to provide support to the economy until it is clearly out of the woods."
[Speech before National Association for Business Economics, October 6, 2020]

GITA GOPINATH

CHIEF ECONOMIST, INTERNATIONAL MONETARY FUND

"The ascent out of this calamity is likely to be long, uneven, and highly uncertain. It is essential that fiscal and monetary policy support are not prematurely withdrawn."
[IMFBlog post, October 13, 2020]

NEEL KASHKARI

PRESIDENT, FEDERAL RESERVE BANK OF MINNEAPOLIS

“The reason the economy bounced back as strongly as it did in June and July is because Congress was so aggressive in the spring. We need Congress to continue to be aggressive so that the recovery can be stronger….Right now, the U.S. government is able to borrow at very, very low rates. And so now is the time. If there is a need to run deficits, now is the time to go ahead and use that government's fiscal capacity to provide the assistance.” [Face the Nation interview, October 11, 2020]

JASON FURMAN

CHAIR OF COUNCIL OF ECONOMIC ADVISERS, OBAMA ADMINISTRATION

“How much can the United States borrow? The United Kingdom borrowed 250% of its GDP to win World War II. The U.S. borrowed over 100% of our GDP in increments much larger than we’re doing now to win World War II. Many countries around the world have seen more rapid increases in debt without a problem than what we’re doing right now. The fact that interest rates are so low tells me that we’re not anywhere close to needing to worry about that question.” [Peterson Institute for International Economics event, October 8, 2020]

PHILLIP SWAGEL

DIRECTOR, CONGRESSIONAL BUDGET OFFICE

“The United States is not facing an immediate fiscal crisis. Current low interest rates indicate that the debt is manageable for now and that fiscal policy could be used to address national priorities if the Congress chose to do so.” [Testimony before the Senate Finance Committee, October 7, 2020]

LARRY SUMMERS

DIRECTOR OF NATIONAL ECONOMIC COUNCIL, OBAMA ADMINISTRATION

“Are the important deficits in our society that we’re having to issue a lot of paper that will pay an interest rate of 1.5% in a currency we print ourselves for 30 years? Or are the important deficits that we didn’t fix the water in Flint so that kids had their IQs reduced? That the IRS is devoting a third as much effort to auditing multi-millionaires as it did 10 years ago? That the 60,000 bridges that face the possibility of collapse across America? That we’re not taking care of our kids in preschool? Those are the important deficits, and if we make the necessary investments and do it sensibly, they will grow the GDP enough that will generate enough tax collections that we won’t actually have a rising debt to GDP ratio. So should we have more stupid, misguided, inefficient tax cuts? No we shouldn’t. The right focus for policy is the investment deficits that are really crippling our country.” [University of Michigan event, October 7, 2020]

KRISTALINA GEORGIEVA

MANAGING DIRECTOR, INTERNATIONAL MONETARY FUND

“One of my colleagues crafted a beautiful phrase: ‘Spend more, but keep the receipts.’ So, if we want to come out of this crisis more efficient, smart, green, fair, now is the moment to work on these policies.” [Bloomberg Markets interview, September 11, 2020]

GREG MANKIW

CHAIR OF COUNCIL OF ECONOMIC ADVISERS, BUSH ADMINISTRATION

"[N]ow isn't the time to worry about government debt. Deficit finance is appropriate in times of crisis, such as major military conflicts and deep economic downturns. The current situation is surely a crisis, and the cure costs far less than the disease." [New York Times column, September 9, 2020]

RAPHAEL BOSTIC

PRESIDENT, FEDERAL RESERVE BANK OF ATLANTA

"[D]ebt in and of itself is not necessarily a bad thing....a lot of the debt that we've gone in in this last period has been in response to a particular crisis, and if we didn't get that crisis handled, we would have other problems that would be quite significant.... At some point, this is going to be important. But we have to deal with today first." [Wall Street Journal interview, September 3, 2020]

DOUGLAS HOLTZ-EAKIN

FORMER DIRECTOR, CONGRESSIONAL BUDGET OFFICE, 2003-2005

"This recession was a huge consumption shock. Health care, food, transportation, all those things collapsed. We have to do things to ensure people's safety and make them feel confident to go back out. Spend what you need to do it." [Washington Post interview, July 30, 2020]

AUSTAN GOOLSBEE

CHAIR OF COUNCIL OF ECONOMIC ADVISERS, OBAMA ADMINISTRATION

"These times are exactly what debt is for. You cannot pay for a once-in-a-century event all in the same year. On June 6, 1944, you can't have General Eisenhower canceling two-thirds of the landing craft because the D-Day landing isn't revenue neutral.....Whatever the negative impact of adding debt, far worse would be uncontrolled viral spread. It is extremely unlikely that the United States is in danger of creating a fiscal crisis of the kind sometimes seen in emerging economies, where interest rates spiral out of control and the market decides the government cannot pay back the money. The debt capacity of the US far exceeds any of the forecast levels." [McKinsey interview, July 29, 2020]

BEN BERNANKE AND JANET YELLEN

FORMER FEDERAL RESERVE CHAIRS, 2006-2014 AND 2014-2018

"With interest rates extremely low and likely to remain so for some time, we do not believe that concerns about the deficit and debt should prevent the Congress from responding robustly to this emergency." [Testimony before the House Select Subcommittee on the Coronavirus, July 17, 2020]

MARY DALY

PRESIDENT, FEDERAL RESERVE BANK OF SAN FRANCISCO

"We also need fiscal policymakers to commit to sustained investments in our economic future. The need for this was evident before the crisis, and it's even more evident now….Now let me be clear: I'm not just advocating for increased public spending and debt. The composition of spending is crucial. We need to focus on investments that leverage the talent of everyone and contribute to the economy's long-term growth prospects. In this case, inclusive growth is faster growth – and it will pay for itself in the long run." [Speech before National Press Club, June 15, 2020]

DOUGLAS ELMENDORF

FORMER DIRECTOR, CONGRESSIONAL BUDGET OFFICE, 2009-2015

"[T]he U.S. government has sufficient fiscal capacity to provide trillions of dollars of further stimulus if needed." [Testimony before House Budget Committee, June 3, 2020]

KENNETH ROGOFF

FORMER CHIEF ECONOMIST, INTERNATIONAL MONETARY FUND

"I think we're still in the early innings of dealing with this crisis, and we're probably in the early innings of throwing out trillions of dollars to help us get by. Any sensible policy is going to have us racking up the deficit for a long time, if you can. If we go up another $10 trillion, I wouldn't even blink at that now." [New York Times interview, May 16, 2020]

JOHN WILLIAMS

PRESIDENT, FEDERAL RESERVE BANK OF NEW YORK

"I don't think the rise in deficits is a problem….From my perspective, we can afford significantly more government support for the economy." [Buffalo Niagara Partnership event, May 16, 2020]

OLIVIER BLANCHARD

FORMER CHIEF ECONOMIST, INTERNATIONAL MONETARY FUND

"Before the COVID-19 crisis I had argued that low safe interest rates implied not only that higher levels of debt were sustainable but also that the welfare cost of higher debt for future generations was small. The implication was that advanced-country governments should not hesitate to run deficits if running deficits is required to maintain output at potential. The need to maintain output at potential is most definitely here. And, if anything, safe interest rates are likely to be even lower in the future than they were expected to be before the COVID-19 crisis." [Peterson Institute for International Economic blog post, March 30, 2020]