

Opinion: We may be trapped in a debt spiral

By George F. Will, Washington Post

From Scotland, where Adam Smith pioneered systematic thinking about economics, comes an adjective, “carnaptious,” that fits people who are allergic to economic euphoria. It means cantankerous. Let’s think carnaptiously about this fact: The interest rate on 10-year Treasury bonds recently rose briefly to 3 percent, and soon may move above this. This is more than evidence of the economy’s strength. It also is a harbinger of a coming day when the great driver of the national debt will be ... the national debt. Pour a Scotch and read on.

The economy’s growth, which slowed in 2018’s first quarter, is not brisk; it still is not even the 3 percent that is the low end of presidential boasting. At the end of this month, the economy will amble into the 10th year of the expansion that began in June 2009. This month is its 108th, making it almost twice as long as the average expansion (58 months) since 1945. Unless Mr. I Alone Can Fix It has banished the business cycle forever – modesty would not have prevented him from mentioning this – a contraction is somewhere in America’s future. It might begin in fiscal conditions resembling today’s because this is now normal: trillion-dollar annual budget deficits while the economy is at full employment. (The 4.1 percent unemployment rate is impressive, even given the decades-long decline in the work force participation rate.)

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