

Debt

While much of the debate about limiting US government debt assumes that rising debt is a consequence of profligacy on the part of Washington policymakers, the problem is in fact structural. Americans are forced to choose between rising debt and higher unemployment largely because of the level of income inequality in their country – exacerbated by the large US trade deficit – that has sharply reduced the consumer demand for American businesses and manufacturers.

Michael Pettis, Financial Times, July 27, 2023