



CASA ROSADA  
**ARGENTINE President Alberto Fernández and Brazilian President Luiz Inácio Lula da Silva.**

## Argentina and Brazil to begin preparations for common currency 'sur'

BRAZIL and Argentina will announce this week that they are starting preparatory work on a common currency, the *Financial Times* (FT) reported on Sunday.

The plan, set to be discussed at a summit in Buenos Aires this week, will focus on how a new currency which Brazil suggests calling the "sur" (south) could boost regional trade and reduce reliance on the US dollar, FT reported citing officials.

"There will be... a decision to start studying the parameters needed for a common currency, which includes everything from fiscal issues to the size of the economy and the role of central banks," Argentina's economy minister Sergio Massa told the *Financial Times*.

Politicians from both countries have discussed the idea already in 2019, but met with pushback from Brazil's central bank at the time.

Initially starting as a bilateral project, the initiative would later be extended to invite other Latin American nations, the report said, adding that an official announcement was expected during Brazilian President Luiz Inácio Lula da Silva's visit to Argentina that starts on Sunday night. — *Reuters*

# How US gov't amassed \$31 trillion in debt

WASHINGTON — America's debt is now six times what it was at the start of the 21<sup>st</sup> century. It is the largest it has been, compared with the size of the US economy, since World War II, and it's projected to grow an average of about \$1.3 trillion a year for the next decade.

The United States hit its \$31.4 trillion legal limit on borrowing this past week, putting Washington on the brink of another fiscal showdown. Republicans are refusing to raise that limit unless President Joseph R. Biden agrees to steep spending cuts, echoing a partisan standoff that has played out multiple times in the last two decades.

But America's ballooning debt is the result of choices made by both Republicans and Democrats. Since 2000, politicians from both parties have made a habit of borrowing money to finance wars, tax cuts, expanded federal spending, care for baby boomers and emergency measures to help the nation endure two debilitating recessions.

"There have been bipartisan tax cuts and bipartisan spending increases" driving that growth, said Maya MacGuineas, president of the Committee for a Responsible Federal Budget and perhaps the preeminent deficit hawk in Washington. "It's not the simple story of Republicans cut taxes and Democrats grow spending. Actually, they all like to do all of it."

Few economists believe the level of debt is an economic crisis at the moment, though some believe the federal government has become so large that it is taking the place of private businesses, hurting growth in the process. But economists in Washington and on Wall Street are warning that failing to raise the debt limit before the government begins shirking its bills — as early as June — could prove catastrophic.

Despite all the fighting, lawmakers have taken few steps to reduce the federal budget deficit they have produced. It has been nearly a quarter-century since the



US HOUSE OF REPRESENTATIVES  
**IN JUST two decades, America has added \$25 trillion in debt. How it got itself into this fiscal position has its roots in a political miscalculation at the end of the Cold War.**

last time the government spent less than it received in taxes.

Because spending programs today are so politically popular and because retiring baby boomers are driving up the cost of programs like Social Security and Medicare every year, budget experts say it is unrealistic to expect the books to balance again for another decade or more.

The White House estimates that borrowed money will be necessary to cover about one-fifth of a \$6-trillion federal budget this fiscal year — a budget that includes military spending, the national parks, safety net programs and everything else the government provides.

In just two decades, America has added \$25 trillion in debt. How it got itself into this fiscal position has its roots in a political miscalculation at the end of the Cold War.

In the 1990s, America reaped a so-called peace dividend. It reduced spending on the military, believing it would never have to invest as much in national security as it had when the Soviet Union was a threat. At the same time, a dot-com boom delivered the highest federal tax receipts, as a share of the economy, in several decades.

As the 20<sup>th</sup> century ended, America's coffers were flush with tax revenue and light on military obligations, a combination that many leaders thought would hold up well into the future.

It did not last a year.

The dot-com bubble burst, cutting into tax revenue. The 9/11 terrorist attacks spurred a furious rearmament push in Washington as President George W. Bush mobilized wars in Iraq and Afghanistan.

Mr. Bush, a Republican, broke from historical precedent and did not raise taxes or issue war bonds to pay for those conflicts. (War bonds tend to pay lower interest than other government bonds, adding less to the debt.) Neither did his successor, President Barack Obama, who inherited those conflicts. The resulting spending added trillions of dollars to the national debt.

The Defense Department estimated last year that the direct costs for the wars in Iraq, Syria and Afghanistan exceeded \$1.6 trillion. Brown University researchers — who add indirect costs, particularly care for veterans of those wars and interest on the money borrowed to finance the military — found that the total cost was much higher: just under \$6 trillion for all of America's "war on terror" efforts after 9/11.

As military spending surged, federal revenue declined as a share of the economy. That decline was a direct result of tax cuts that Mr. Bush signed in 2001 and 2003. Those tax cuts were temporary, but in 2012, Mr. Obama struck a deal with congressional

Republicans to make more than four-fifths of them permanent.

The Center on Budget and Policy Priorities, a left-leaning think tank, has estimated that from 2001 through 2018, those tax cuts and the interest costs of borrowing to finance them added up to \$5.6 trillion — or about one-third of the additional debt the government had incurred in that time.

In 2018, a new round of Republican tax cuts signed by President Donald Trump — which did not include spending cuts to offset their cost — kicked in. They were passed by some of the same lawmakers now contending that the government must not raise the borrowing limit without first taking steps to rein in debt.

Some conservatives claimed those cuts would "pay for themselves" by boosting economic growth and tax revenue, but independent analysts disagreed. The nonpartisan Congressional Budget Office estimated in 2018 that the law would add more than \$1.2 trillion to the debt through the 2022 fiscal year, even after accounting for increased economic growth.

"If you're going to have less revenue, you have to be willing to control the spending," said Douglas Holtz-Eakin, a former director of the Congressional Budget Office who now runs the conservative American Action Forum think tank. "The Achilles'

heel of the Republicans has been they love the tax cuts, but they are unwilling to be serious about spending."

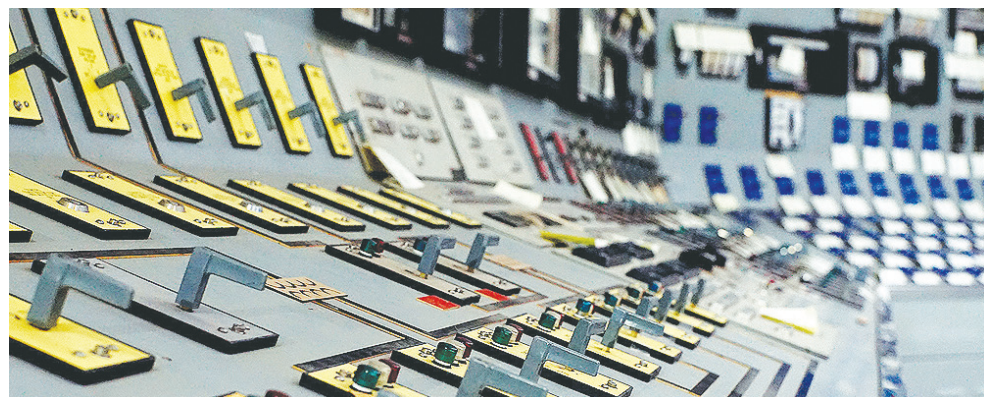
Some new, permanent spending programs also contributed to the debt. A Medicare prescription drug benefit, passed on a bipartisan basis under Mr. Bush, "clearly" increased deficits, costing more than \$100 billion in 2022 alone, said Josh Gordon, health policy director for the Committee for a Responsible Federal Budget in Washington.

Mr. Gordon said it was much harder to calculate the deficit impact of the Affordable Care Act, Obama's signature health care expansion. The act has pushed up federal spending on Medicaid and health insurance subsidies. But it also raised some taxes. And the changes it made to the health care system have contributed to a reduction in Medicare spending compared with previous projections, offsetting some or all of the spending increases.

The biggest — and often bipartisan — drivers of debt have been the federal responses to two sharp economic downturns: the 2008 financial crisis and the 2020 pandemic recession. Shortly after Mr. Obama took office in 2009, inheriting a recession, he pushed Congress to approve a nearly \$800-billion package of tax cuts and stimulus spending. Safety-net spending continued at high levels for the next several years as the economy recovered sluggishly.

Mr. Trump approved a much larger collection of aid packages, totaling more than \$3 trillion, after COVID-19 swept the world in 2020. Mr. Biden took office the next year and signed a \$1.9 trillion stimulus plan soon after.

Economists disagree on the size and design of those responses. But they generally agree that borrowing money in a sharp downturn, the government helped revive the economy and protect people and businesses. — © 2023 The New York Times



Nuclear,  
from SI/1

Pedro H. Maniego, Jr., a senior policy adviser at consultancy group Climate and Sustainable Cities, said nuclear power plants are the most "inflexible" and don't match the Philippines' energy demand profile.

But if the government really wants to push it, small modular reactors are the best option, he said in an e-mail, noting that these are "more flexible and can complement the needs of the grid." But it's a new technology with few units operating worldwide, he added.

In 2021 countries including Argentina, Canada, China, Russia and the United States were at the licensing stage to build small modular reactors, data from the International Atomic Energy Agency (IAEA) showed. There are more than 70 commercial designs being developed globally.

"More commercial information and viability data based on actual performance and costs are needed," Mr. Maniego said. "The Philippines should not be the testing ground for this new nuclear technology."

### REVIVAL

Pangasinan Rep. Mark O. Cojuangco, who heads the House of Representatives Special Committee on Nuclear Energy, said that there's no reason to be afraid of nuclear power. "Regulations are in place," he said in a virtual interview.

But the country should rationalize regulation by setting up a Philippine Regulatory Atomic Authority, he said, adding that regulatory power should not be concentrated in the Philippine Nuclear Research Institute.

"We need an independent regulator," the congressman said. "All of the institute's regulatory powers should be transferred to this body. There is no need to amend existing regulatory framework. Over the years we have established all the laws and regulations regarding ionizing radiation."

The Philippines also has the Science Act of 1958, which was enacted to integrate and intensify scientific and technological research and development.

Mr. Cojuangco, who met with South Korean officials last month to seek help in reviving the Bataan plant, said the country's high electricity costs stem from its reliance on imported fuel, whose prices are too volatile.

Government talks with South Korea had been on and off, he said, noting that the last offer to rehabilitate the plant stood at \$1.19 billion in 2017.

"With that amount, the return of investment will be easy," he said in Filipino. "South Korea can facilitate the rehabilitation of the nuclear plant because they are the experts in this field. The amount might have to be fine-tuned. The Philippine and South Korean governments and the proponent — Korea Hydro & Nuclear Power Co. Ltd. — should coordinate."

It may take a while before the Philippines fulfills its nuclear ambitions.

For one, it must conform to strict IAEA requirements including on safety, funding, regulation, emergency planning, nuclear waste management and environmental protection, Michael O. Sinocruz, officer-in-charge of the Energy department's Energy Policy and Planning Bureau, said.

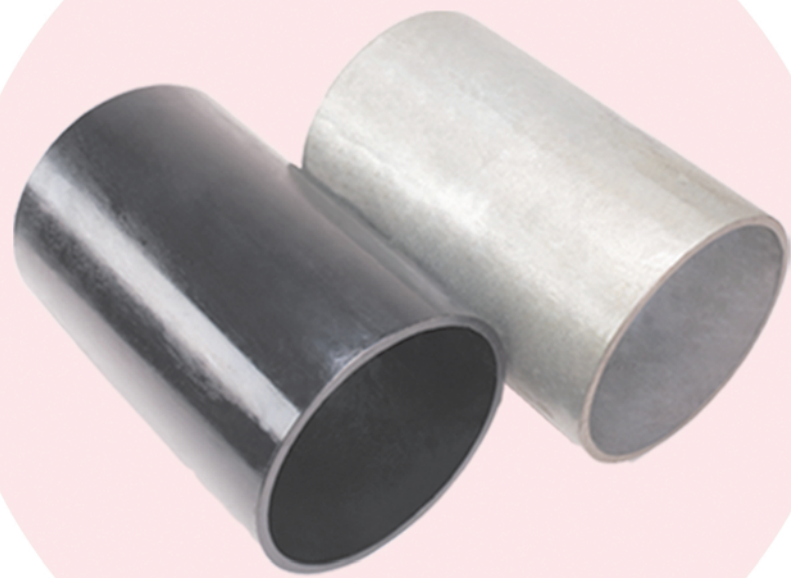
The country must also train workers to sustain the nuclear industry, Alvie Asuncion-Astronomo, an associate scientist at the Department of Science and Technology, told a forum last year.

Andrea Luz Nery, a senior research specialist at the Philippine Nuclear Research Institute, said there are plans to include nuclear research in the country's high school program.

Ms. Concepcion, the student, thinks going nuclear is the only way to go for the Philippines to meet its rising energy needs.

"Nuclear power is reliable, cheap and clean," she said. "It's a very powerful thing."

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