**Daltridge North – Blake Negative File**

## Econ Growth Solves the Debt

### Overview

If you vote con, you can have the best of both worlds. **Riedel of the Heritage Foundation** finds that economic growth

1. increases revenue to the government, and
2. makes fewer people dependent on government spending through welfare programs, which

reduces debt in the long term.

Brian Riedl [Senior Fellow, Manhattan Institute], February 7, 2005, "Why America's Debt Burden Is Declining", Heritage Foundation, https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining // JY  
Economic Growth Is Reducing the debt Ratio Chart 1 shows America's debt ratio since 1940. In 2004, America's $4.3 trillion debt represents 38 percent of its $11.6 trillion GDP. Despite all the hand-wringing over increased budget deficits, the 38 percent debt ratio is actually *below* the post-World War II average of 43 percent. Consequently, America's debt burden is actually low by historical standards.[[2]](https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining" \l "_ftn2" \o ") During World War II, the debt ratio surged from 40 percent to 109 percent, meaning the nation's debt was actually larger than its GDP. After dropping down to 23 percent of GDP by 1974, the debt ratio increased to 49 percent by 1994 before dropping to 38 percent in 2004. There is no mystery to why the debt ratio has dropped so much since World War II: Economic growth has dwarfed the amount of new debt. Since 1946, inflation-adjusted debt has grown by 84 percent, but the economy has grown by 429 percent- more than five times as fast. (See Chart 2.) Just as a family with rising income can afford to buy a more expensive home and take on more mortgage debt, the growing American economy has been able to absorb its new debt. Economic growth has played a large part in the recent declines as well. Since 1994, the national debt has expanded by 6 percent while the economy has grown by 35 percent. This has reduced the debt burden from 49 percent to 38 percent. In fact, the current debt ratio is below the level for every year of the 1990s. Thus, it is not surprising that recent budget deficits have not devastated the economy. Debt Ratios and interest Rates The most commonly cited argument against budget deficits is that they substantially raise interest rates, but the numbers tell a different story. Since 2000, the $236 billion budget surplus has been replaced by a $413 billion budget deficit. However, instead of rising, the real interest rate on the 10-year Treasury bond has actually dropped from 2.6 percent to 1.8 percent.[[3]](https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining" \l "_ftn3" \o ") (See Chart 3.) The first and most obvious reason for this disconnect is the erroneous focus on the budget deficit rather than the debt ratio. While the $649 billion decline in the nation's fiscal position seems very large, the debt ratio has barely budged, rising from 35 percent to 38 percent. That is not an extraordinary movement in the nation's debt burden.

***Pettinger****, T.* (**2016**). *Economicshelp.org*. Retrieved 6 December 2018, from <https://www.economicshelp.org/macroeconomics/economic-growth/benefits-growth/> // RM   
Lower government borrowing. **Economic growth creates higher tax revenues, and there is less need to spend money on benefits such as unemployment benefit. Therefore economic growth helps to reduce government borrowing. Economic growth also plays a role in reducing debt to GDP ratios.**

## Aff Advocacies

### Aff = Cutting Entitlements

Inherently, to reduce the federal debt, we must cut entitlement programs. **Capretta of The Hill** explains that, because entitlement programs like Social Security are the largest expenses driving up the debt, it is impossible to address the problem of the federal debt without targeting these programs.

Subsequently, **Goodkind of Newsweek** explains that McConnell himself has said that the only way to lower the deficit is to cut entitlement programs.

Unfortunately, **Krugman of the New York Times** explains that social security supports two-thirds of all adults over 65.

Nicole Goodkind, 10-16-2018, "Mitch McConnell says deficit ballooned because of Social Security, Medicare, not Republican Tax Cuts", Newsweek, https://www.newsweek.com/deficit-budget-tax-plan-social-security-medicaid-medicare-entitlement-1172941?fbclid=IwAR2jUnb3X5fzNAyUh5cVP\_KoVAtnaL-A2vFl-mimpL2\_n1cXZt\_Q8hWU26M // JY  
After instituting a $1.5 trillion tax cut and signing off on a $675 billion budget for the Department of Defense, Senate Majority Leader Mitch McConnell said Tuesday that the only way to lower the record-high federal deficit would be to cut entitlement programs like Medicare, Medicaid and Social Security. "It’s disappointing, but it’s not a Republican problem," McConnell said of the deficit, which grew 17 percent to $779 billion in fiscal year 2018. McConnell explained to Bloomberg that "it’s a bipartisan problem: Unwillingness to address the real drivers of the debt by doing anything to adjust those programs to the demographics of America in the future." The deficit has increased 77 percent since McConnell became majority leader in 2015. New Treasury Department analysis on Monday revealed that corporate tax cuts had a significant impact on the deficit this year. Federal revenue rose by 0.04 percent in 2018, a nearly 100 percent decrease on last year’s 1.5 percent. In fiscal year 2018, tax receipts on corporate income fell to $205 billion from $297 billion in 2017.

James Capretta [Senior fellow at the American Enterprise Insitute], The Hill, 4-17-2018, "Ryan’s retirement won’t end the entitlement debate", https://thehill.com/opinion/finance/383511-ryans-retirement-wont-end-the-entitlement-debate // JY  
In Medicare, the federal government should move to a system of fixed, defined contributions in support of insurance enrollment by program beneficiaries (often called “premium support”), as Ryan has long recommended. This change would promote competition, and cut costs, [according to CBO](https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53077-premiumsupport.pdf). The program should also provide higher subsidies to retirees with low lifetime earnings and reduced subsidies for retirees who earned higher-than-average wages when working. With these changes, Social Security and Medicare would become more financially sustainable while also providing better protection for retirees with very low incomes. [Paul Ryan](https://thehill.com/people/paul-ryan) understands entitlement reform better than anyone else in Congress. He studied the issue for years, and, despite what his critics now say, he was effective at convincing his colleagues of the issue’s importance and thus making actual change a more likely prospect. Changing Social Security and Medicare is never going to be a popular exercise, but Ryan made the case consistently anyway, and for that he deserves much credit. His voice will be missed, but even after he is gone, the case for entitlement reform will intensify. Federal debt is set to soar in coming years, and it will not be possible to slow down government borrowing if the largest spending programs in the budget are off-limits for all sensible adjustments.   
  
Paul Krugman, 8-30-2008, "How important is Social Security?", https://krugman.blogs.nytimes.com/2008/08/30/how-important-is-social-security/ // JY  
According to the data in this Social Security Administration [table](https://www.ssa.gov/policy/docs/statcomps/income_pop55/2004ee/sect02.html#table2.a7), 66 percent — 66 percent — of Social Security beneficiaries 65 and older derive more than half their income from the program. A third of beneficiaries derive 90 percent or more of their income from the program. I can’t quite back it out from either the SSA or the Census data — I’m sure someone has done it — but it looks as if the median elderly household probably gets something like 65% of its income from Social Security. That’s why incomes of the elderly don’t tell us much about how the economy is doing; it’s the decline in working-age incomes from 2000 to 2007 that’s really revealing.

### AT: Cut “Unnecessary Spending”

1. **Delink –** This is a miniscule part of the budget. **Amy of Mount Holyoke College** finds that only a tiny fraction of all government spending is wasteful, although Americans tend to overestimate that number by a lot.

This certainly isn’t enough to meaningfully reduce the federal debt.

(Douglas J. Amy is a Professor of Politics at Mount Holyoke College. 2007. Governmentisgood.com. “A Guide to Rebutting Right-Wing Criticisms of Government” <http://www.governmentisgood.com/feature.php?fid=14>)  
We think we know government, but we really do not. As¶ **Americans** we **have come to view government primarily through a set of negative stereotypes** – such as “**government is wasteful**,” “big government impinges on our freedoms,” “government undermines business,” and “**most government programs fail**.” These negative images are being constantly promoted by conservative politicians and pundits who are trying to justify their campaign to drastically reduce government**. But it turns out that these popular images of government are only tenuously rooted in reality. If we take a careful look at these typical conservative criticisms of government, we find that most of them are actually** exaggerated, misleading, or often simply **wrong**. **For example, many Americans have come to believe that the government wastes forty-eight cents of every tax dollar. In reality, studies show that the amount of waste is more like two cents for every dollar** – **hardly an alarming figure**.¶ Many of the articles on this website take on and refute these misleading stereotypes about government. What follows is a brief guide to the common right-wing criticisms of government and why they are largely off the mark. The left hand column contains the complaint, and the right hand column contains a brief rebuttal and a link to the article that explains more fully why the complaint is flawed. As you make your way through these issues, I think you may find that much of what you think is wrong with government – and what conservatives keep telling you is wrong – is simply mistaken. This is not to say that there is nothing wrong with this government – only that it is not what conservatives say it is.

### AT: Cut Entitlements Good

1. **Turn –** **Kaufmann of The Nation** explains in 2017 that the social safety net pulls Americans out of poverty and prevents a job loss or unexpected family event from leaving you to die.

He explains that entitlements have provided college educations, reduced infant mortality, and saved millions.

Which is critical, considering that 1 in 2 Americans will experience poverty sometime during their working years.

Kaufmann 17 (Greg Kaufmann is the former poverty correspondent to The Nation and a current contributor. He is a senior fellow at the Center of American Progress and editor of TalkPoverty.org. “The Republican Plan Isn’t Just About Taxes—It’s About Shredding the Safety Net.” 12/19, https://www.thenation.com/article/the-republican-plan-isnt-just-about-taxes-its-about-shredding-the-safety-net/)   
The skids for these cuts have been greased by decades of lies about anti-poverty programs and their effectiveness. Conservatives usually refer to cutting the safety net as an attempt to reduce “waste, fraud, and abuse,” or end a “culture of dependence”—but in reality it’s simply looking squarely at our neighbors, demonizing them, and then turning our backs. The only thing missing is a spit in the eye for emphasis. The underlying problem is that Americans often buy into conservative rhetoric about “welfare” and the media are all too often complicit. A long history of racially coded language has painted people with low incomes as undeserving of assistance, and there is a persistent lack of education about what our safety net is, and whom it benefits. How many Americans know that more than one in two of us will experience at least a year of poverty or near-poverty during our working years? While conservatives say that people are living off their food stamps, few Americans know that the average benefit is $1.40 per person, per meal. The notion of supporting a family on that is absurd. The public also envisions extensive subsidized housing—it has no idea that only one in four families that qualify for federal rental assistance actually receives it, and that their average income is approximately $12,500 per year. They think people are getting “free cash,” but cash assistance (TANF) goes to only 23 of every 100 families in poverty nationwide, and the program is virtually nonexistent in many states. (It’s little surprise that a gutted TANF “block grant” is the model for what congressional conservatives would like to do with nutrition assistance, Medicaid, housing, and more—watch it lose value with inflation over the years, and watch fewer and fewer people receive it.) It also doesn’t matter a whit to conservatives what the evidence says about the kinds of things that make a difference in people’s lives. It doesn’t seem to matter that our anti-poverty programs cut poverty in half—that poverty would have been as high as nearly 30 percent in recent years without them; or that girls who had access to food stamps (SNAP) saw increases in their economic self-sufficiency as adults—including less welfare participation—compared to their disadvantaged peers who didn’t have access; or that a little assistance for children up to age 5 is associated with boosted educational performance, and increased work and earnings as adults; or that children under 13 who were able to use a housing voucher to move to a low-poverty neighborhood were 32 percent more likely to attend college and earned 31 percent more annually as young adults, compared to their peers in families that didn’t receive a voucher. Or even that expansion of Medicaid eligibility has reduced infant mortality and childhood deaths, and that children eligible for Medicaid are more likely to go on to graduate college.

### AT: Cut Defense

My opponents say defense spending is bad, and so we should cut it. There are two reasons why defense spending is actually a positive thing.

1. **Employment Advantage –** **Higgs of the Independent Institute** writes in 2001 that spending on the military creates jobs that otherwise wouldn’t be created.

[This outweighs on probability]

2. **Deterrence Advantage –** Even if war is probable, **Heprin of the Claremont Institute** finds that the most effective way to deter it is with high military spending, which keeps our military ready and able to respond.

[Uniqueness controls the direction of the link]

Robert Higgs, Senior Fellow in Political Economy at The Independent Institute, “World War II and the Triumph of Keynesianism,” 2001, http://www.independent.org/tii/news/011008Higgs.html, accessed 1/19/03  
**Keynesian economics rests on the presumption that** government spending, whether for munitions or other goods, creates an addition to the economy’s aggregate demand**, which** brings into employment labor and other resources that otherwise would remain idle**. The economy gets not only** the **additional production** occasioned by the use of those resources **but still more output via a “multiplier effect**.” Hence the Keynesian claim that **even** government **spending to hire people to dig holes in the ground and fill them up again has beneficial effects;** even though the diggers create nothing of value, **the multiplier effect is set in motion as they spend their** newly acquired **income**for consumption goods newly produced by others.

Helprin 2015 Mark, senior fellow of the Claremont Institute, Indefensible Defense, 6/22/15 http://www.nationalreview.com/article/419604/indefensible-defense-mark-helprin   
Continual warfare in the Middle East, a nuclear Iran, electromagnetic-pulse weapons, emerging pathogens, and terrorism involving weapons of mass destruction variously threaten the United States, some with catastrophe on a scale we have not experienced since the Civil War. Nevertheless, these are phenomena that bloom and fade, and that, with redirection and augmentation of resources we possess, we are equipped to face, given the wit and will to do so. But underlying the surface chaos that dominates the news cycle are the currents that lead to world war. In governance by tweet, these are insufficiently addressed for being insufficiently immediate. And yet, more than anything else, how we approach the strength of the American military, the nuclear calculus, China, and Russia will determine the security, prosperity, honor, and at long range even the sovereignty and existence of this country. THE AMERICAN WAY OF WAR Upon our will to provide for defense, all else rests. Without it, even the most brilliant innovations and trenchant strategies will not suffice. In one form or another, the American way of war and of the deterrence of war has always been reliance on surplus. Even as we barely survived the winter of Valley Forge, we enjoyed immense and forgiving strategic depth, the 3,000-mile barrier of the Atlantic, and the great forests that would later give birth to the Navy. In the Civil War, the North’s burgeoning industrial and demographic powers meshed with the infancy of America’s technological ascendance to presage superiority in mass industrial — and then scientific — 20th-century warfare. The way we fight is that we do not stint. Subtract the monumental preparations, cripple the defense industrial base, and we will fail to deter wars that we will then go on to lose.

### AT: Inc. Taxes on Rich

1. **Analytical delink –** This is highly improbable. Trump obviously isn’t in favor of a progressive tax system.

2. **Delink –** Riedel of the Heritage Foundation explains that this wouldn’t work, because increasing taxes also decrease economic growth, cancelling out any increase in revenue.

Brian Riedl [Senior Fellow, Manhattan Institute], February 7, 2005, "Why America's Debt Burden Is Declining", Heritage Foundation, https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining // JY  
Conclusion The obsessive focus on budget deficits is misguided. The debt ratio, a superior measure of government's debt burden, is as dependent on economic growth as federal borrowing. The past decade has shown that a growing economy can absorb modestly increasing debt levels. The danger of debt is that it represents a claim on future taxes. Streamlining wasteful spending while pursuing a pro-growth tax policy can simultaneously reduce debt levels and make debt more affordable. On the flip side, attempts to reduce the debt burden by raising taxes backfire because the declining debt would be accompanied by declining economic growth, likely canceling out any improvement in the debt ratio.

### AT: Cut Foreign Aid

1. **Delink –** **Simmons of the LA Times** finds in 2017 that foreign aid is actually just a drop in the bucket.

Ann M. Simmons [], 5-11-2017, "U.S. foreign aid: A waste of money or a boost to world stability? Here are the facts", latimes, https://www.latimes.com/world/la-fg-global-aid-true-false-20170501-htmlstory.html // JY   
Slashing foreign aid would reduce the federal deficit by as much as 20%. False Experts say cutting the foreign aid budget, which currently amounts to $50.1 billion, would do very little to reduce the deficit, which in 2016 was $552 billion.

## Cut Programs

### Weighing [jobs > welfare]

A. **Political instability –** outweigh on probability since welfare is reliant on the political climate; it can be cut at any time. Even if it isn’t cut, **Dewey of the Washington Post** explains that Trump is making welfare requirements stricter.

B. **Dependency –** outweigh on timeframe since a job allows someone to provide for themselves and become financially independent, which is a way better long term solution than dependence on a government program.

Caitlin Dewey, Washington Post, 5-22-2017, https://www.washingtonpost.com/news/wonk/wp/2017/05/22/trump-to-poor-americans-get-to-work-or-lose-your-benefits/?utm\_term=.9c69295bc8cd // JY  
Making low-income Americans work to qualify for so-called welfare programs is a key theme of the budget. “If you are on food stamps and you are able bodied, we need you to go to work,” said budget director Mick Mulvaney during a White House briefing on Monday. He said the strengthened requirements in the budget focuses on putting the 6.8 million unemployed or underemployed Americans back to work. “There is a dignity to work,” he said, “and there’s a necessity to work to help the country succeed.”

### AT: Link – Cut Programs

1. **Turn –** It’s far preferable that we have limited funding for programs than cut them now. Inherently, to reduce the federal debt, we must cut entitlement programs. **Capretta of The Hill** explains that, because entitlement programs like Social Security are the largest expenses driving up the debt, it is impossible to address the problem of the federal debt without targeting these programs.

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Nicole Goodkind, 10-16-2018, "Mitch McConnell says deficit ballooned because of Social Security, Medicare, not Republican Tax Cuts", Newsweek, https://www.newsweek.com/deficit-budget-tax-plan-social-security-medicaid-medicare-entitlement-1172941?fbclid=IwAR2jUnb3X5fzNAyUh5cVP\_KoVAtnaL-A2vFl-mimpL2\_n1cXZt\_Q8hWU26M // JY  
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James Capretta [Senior fellow at the American Enterprise Insitute], The Hill, 4-17-2018, "Ryan’s retirement won’t end the entitlement debate", https://thehill.com/opinion/finance/383511-ryans-retirement-wont-end-the-entitlement-debate // JY  
In Medicare, the federal government should move to a system of fixed, defined contributions in support of insurance enrollment by program beneficiaries (often called “premium support”), as Ryan has long recommended. This change would promote competition, and cut costs, [according to CBO](https://www.cbo.gov/system/files/115th-congress-2017-2018/reports/53077-premiumsupport.pdf). The program should also provide higher subsidies to retirees with low lifetime earnings and reduced subsidies for retirees who earned higher-than-average wages when working. With these changes, Social Security and Medicare would become more financially sustainable while also providing better protection for retirees with very low incomes. [Paul Ryan](https://thehill.com/people/paul-ryan) understands entitlement reform better than anyone else in Congress. He studied the issue for years, and, despite what his critics now say, he was effective at convincing his colleagues of the issue’s importance and thus making actual change a more likely prospect. Changing Social Security and Medicare is never going to be a popular exercise, but Ryan made the case consistently anyway, and for that he deserves much credit. His voice will be missed, but even after he is gone, the case for entitlement reform will intensify. Federal debt is set to soar in coming years, and it will not be possible to slow down government borrowing if the largest spending programs in the budget are off-limits for all sensible adjustments.   
  
Paul Krugman, 8-30-2008, "How important is Social Security?", https://krugman.blogs.nytimes.com/2008/08/30/how-important-is-social-security/ // JY  
According to the data in this Social Security Administration [table](https://www.ssa.gov/policy/docs/statcomps/income_pop55/2004ee/sect02.html#table2.a7), 66 percent — 66 percent — of Social Security beneficiaries 65 and older derive more than half their income from the program. A third of beneficiaries derive 90 percent or more of their income from the program. I can’t quite back it out from either the SSA or the Census data — I’m sure someone has done it — but it looks as if the median elderly household probably gets something like 65% of its income from Social Security. That’s why incomes of the elderly don’t tell us much about how the economy is doing; it’s the decline in working-age incomes from 2000 to 2007 that’s really revealing.

### AT: I/L – Entitlements Cut Now

1. **Delink – Miller of Reuters** writes in **June** that we always talk and worry about insolvency, but it never actually happens. He explains that these concerns are way overblown, and the media only focuses on one or two funds. But overall, entitlement programs are healthy and are set to fill their commitments.

2. **Analytical delink –** even if we had more money, it definitely wouldn’t be going to entitlement programs, since the GOP has campaigned so heavily against entitlements.

Mark Miller, 6-6-2018, "Repeat after me: Social Security and Medicare are not insolvent", U.S., https://www.reuters.com/article/us-column-miller-socialsecurity/repeat-after-me-social-security-and-medicare-are-not-insolvent-idUSKCN1J22OR // JY  
CHICAGO (Reuters) - It happens like clockwork each year. The trustees of Social Security and Medicare issue their annual reports on the programs’ health, and doomsayers start talking about insolvency and bankruptcy. This year is no exception. The reports issued on Tuesday yielded wildly inaccurate news stories  - amplified by the social media echo chamber - suggesting that Medicare and Social Security are headed for insolvency in the not-too-distant future - meaning that they would not be able to pay out the money owed for benefits. It is true that Social Security and Medicare face financial challenges. But neither is headed for insolvency, bankruptcy or other dire futures. How do I know this? By taking a careful look at the trustee reports - and by considering the various parts of both programs, which have different funding sources and face different challenges. The trustee reports are the most authoritative sources on the long-term health of both programs. Under federal law, the boards of trustees of both Medicare and Social Security report to Congress each year on the status and long-term financial prospects of each program. The reports are prepared by the professional actuaries who have made careers out of managing the numbers and are signed by three Cabinet secretaries, and the program commissioners. Social Security and Medicare also are supposed to have two publicly appointed trustees – one Republican, one Democrat - who sign off on the reports. But these spots have been vacant for nearly three years, robbing the reports of key independent oversight and nicking their credibility. This year, the Social Security trustees report that the combined trust funds for retirement and disability will be depleted in 2034, unchanged from last year’s forecast. That is a problem that needs to be addressed, because if nothing is done, Social Security would be able to pay out only 77 percent of promised benefits from current tax revenue. In other words, retirees - and future retirees - would lose nearly a quarter of their benefits. But that is not insolvency, and solutions are readily available to avoid that unacceptable outcome. Conservatives favor benefit cuts via higher retirement ages, more means-testing and a less generous annual cost-of-living adjustment. Progressives advocate gradually increasing payroll taxes and lifting the cap on taxable benefits. Considering that middle-class households depend mainly on Social Security for support in retirement, it would be wiser to follow the progressive agenda. ([reut.rs/2kMIaAU](https://reut.rs/2kMIaAU)) SELF-INFLICTED POLICY WOUNDS Medicare is not spinning out of control, either. The trustees report that one component - the Hospital Insurance trust fund (Part A of Medicare) - will be depleted in 2026, three years earlier than predicted last year. Part A is the only component of Medicare that is prepaid - it is funded mainly through the 2.9 percent payroll tax split by workers and employers. The dates of projected depletion tend to bounce around, and trustees note that even if exhaustion occurred in 2026, Medicare would still be able to pay 91 percent of promised benefits. The problem could be addressed by increasing tax rates or by reducing program costs; the trustees estimate that cutting costs by 17 percent could put the fund back in balance. But expense growth has not been the key issue lately in the hospital trust fund - spending growth has been stable. “Predominantly, the issue is revenue,” Paul Spitalnic, Medicare’s chief actuary, said on Wednesday at a forum on the report at the American Enterprise Institute (AEI), a conservative think tank. Instead, Medicare’s trustees blame the more sobering projections on several factors, most related to revenue. Payroll tax revenue is falling due to greater-than-expected weakness in wage growth. Other causes are self-inflicted policy wounds, rather than shortcomings of Medicare itself. For example, the recently enacted tax law is reducing income taxes on Social Security benefits, some of which go to the HI trust fund. Repeal of the Affordable Care Act’s individual mandate is increasing the number of uninsured Americans, and driving up Medicare payments for uncompensated care. Congress also has repealed the ACA-created Independent Payment Advisory Board, a review group empowered to put the brakes on excessive cost growth in Medicare. Moreover, focusing only on Part A misses the bigger story on Medicare. Part B (outpatient services) and Part D (prescription drugs) are funded through a combination of general revenue and premiums paid by beneficiaries. Rising spending in the program does increase pressure on government spending and retiree pocketbooks, but the contributions are adjusted annually, so their ability to pay benefits is never in question. Conservative policy experts acknowledge that terms like “insolvency” are tossed around carelessly.

### AT: I/L – Cut Defense

1. **Delink –** Cutting defense spending is political suicide. **Larison of TAC** confirms in 2018 that Congress will never meaningfully cut defense spending because politicians are desperate to look “strong” on the issue.

Larison 18 [Daniel, senior editor at TAC, where he also keeps a solo blog. He has been published in the New York Times Book Review, Dallas Morning News, Orthodox Life, Front Porch Republic, The American Scene, and Culture11, and is a columnist for The Week. He holds a PhD in history from the University of Chicago, "Expanding the Military Budget Is Wasteful and Unnecessary," www.theamericanconservative.com/larison/expanding-the-military-budget-is-wasteful-and-unnecessary/, Feb 16, 2018]//ad   
The reason the Pentagon’s budget is now on a long-term upswing is because the military has spent years loudly lobbying for such an increase while complaining about an alleged “readiness crisis.” The reason the Pentagon’s budget is now on a long-term upswing is because the military has spent years loudly lobbying for such an increase while complaining about an alleged “readiness crisis.” Complaining works, at least when the military does it, because politicians in both parties fear the military’s wrath. **Politicians are desperate to be seen as “strong” on military spending**. Most fear that it will be used against them at the next election if they don’t vote for every increase, and so most of them supporting throwing more money at the Pentagon **regardless of circumstances** or need. Especially since most members of Congress won’t oppose the endless wars that the U.S. is fighting, they certainly aren’t going to oppose spending more on the military while those wars are going on, and so Congress’ most powerful tool for oversight and influence is never used effectively because most representatives and senators are afraid to use it. Congress’ abdication of its responsibilities in matters of war guarantees that it is useless in reining in excessive military spending. Insofar as more than sixteen years of endless war have put too much strain on the military, the solution is not to provide more money so that the U.S. can continue waging failed and unnecessary wars. The right way to repair any damage that has been done is to stop wasting military resources on pointless wars of choice that have nothing to do with securing the U.S. Until the public and our representatives demand an end to perpetual war, we should expect the military budget to keep increasing **indefinitely**.

### AT: I/L – Cut Defense [GOP]

1. **Delink –** **Beinart of The Atlantic** confirms in February that Democrats have bowed to political pressure and are just as pro defense spending as ever.  
  
Peter Beinart, Feb 18, 2018, "The Democrats Keep Capitulating on Defense Spending", Atlantic, https://www.theatlantic.com/international/archive/2018/02/democrats-defense-spending/553670/ // JY  
Since earlier this month, when Congress passed a budget deal that massively boosts both defense and non-defense spending, [liberal](http://nymag.com/daily/intelligencer/2018/02/obamas-gone-so-republicans-stopped-sabotaging-the-economy.html) [commentators](https://www.nytimes.com/2018/02/08/opinion/republicans-hawks-markets.html?rref=collection%2Fcolumn%2Fpaul-krugman&action=click&contentCollection=opinion&region=stream&module=stream_unit&version=latest&contentPlacement=5&pgtype=collection)—and even some [Republican politicians](https://www.cnn.com/2018/02/08/politics/rand-paul-spending-agreement/index.html)—have accused the GOP of hypocrisy. Republicans, they noted, are supposed to loathe debt. They’re supposed to loathe government spending. Yet, in large numbers, they voted for much more of both. Fair enough. But what about the Democrats? If Republicans are supposed to worry about the United States bankrupting itself with social-welfare spending, aren’t Democrats supposed to worry about the United States bankrupting itself with military spending? Not anymore. In the run-up to the deal, Nancy Pelosi’s office fired off an email to House Democrats proclaiming that, “In our negotiations, Congressional Democrats have been fighting for increases in funding for defense.” Chuck Schumer’s office announced that, “We fully support President Trump’s Defense Department’s request.” Not all congressional Democrats voted for the budget agreement: [Thirty-eight percent of Democrats](https://www.govtrack.us/congress/votes/115-2018/h69) backed it in the House and [76 percent](https://www.govtrack.us/congress/votes/115-2018/s31) did in the Senate. But even those who voted no mostly did so because they were upset about its lack of protection for immigrant “dreamers”—not because they oppose a higher defense budget. Last year, in fact, when Democrats were offered a standalone vote on big increases in military spending—in the form of [House](https://www.politico.com/story/2017/07/14/house-passes-defense-policy-bill-240561) and [Senate](https://www.defensenews.com/congress/2017/09/18/us-senate-passes-budget-busting-700-billion-ndaa/)defense authorization bills—large majorities in both bodies voted yes.

### AT: (!) Defense Cuts Bad

1. **Uniqueness overwhelms the link –** **The PGPF** writes in 2014 that the U.S. spends a larger portion of its economy on defense spending than any of its allies. Even if we cut into it a little bit, defense spending will always be significant enough to deter war.

2. **Internal link defense –** **Johnson of MIT** explains that cutting into defense spending doesn’t impact our national security, as the majority of relevant spending exists in PR or diplomacy, not in defense.

3. **Diplomacy DA –** More military spending inevitably leads to more conflict. **Perry of Utica College** finds in March that a large defense budget guarantees that policymakers turn to military solutions first, as opposed to diplomatic ones, ultimately leading to more conflict.

PGPF, 5-7-2018, "U.S. Defense Spending Compared to Other Countries", No Publication, https://www.pgpf.org/chart-archive/0053\_defense-comparison // JY  
The United States spends more on national defense than China, Russia, Saudi Arabia, India, France, United Kingdom, and Japan combined. While the chart above illustrates last year’s defense spending in dollar terms, [the United States has historically devoted a larger share of its economy to defense than many of its key allies.](http://www.pgpf.org/chart-archive/0184_ally_defense_spending) Defense spending accounts for [15 percent of all federal spending](http://www.pgpf.org/chart-archive/0021_discretionary-spending) and [roughly half of discretionary spending](http://www.pgpf.org/Chart-Archive/0070_Discretionary-Breakdown). Total discretionary spending — for both defense and nondefense purposes — represents only about one-third of the annual federal budget. It is [currently below its historical average as a share of GDP and is projected to decline further](http://www.pgpf.org/chart-archive/0177_discretionary_low_levels).

Simon Johnson [Simon H. Johnson is a British American economist. He is the Ronald A. Kurtz Professor of Entrepreneurship at the MIT Sloan School of Management and a senior fellow at the Peterson Institute for International Economics.], April 3rd, 2012, “White House Burning”, New York: Knopf Doubleday Publishing Group.  
The most likely threat to our national security is the possibility that rogue states or terrorist groups could gain access to weapons of mass destruction and use them against us.34 The possibility of war against another major power seems to be less of a threat—in part because there is no comparable military power, as we currently spend six times as much on our armed forces as any other country.35 Since we already have the world’s dominant military, reducing the risk we face from rogue states and terrorist groups will probably depend mainly on diplomacy, public relations, intelligence, and special operations—not the expensive conventional armed forces we built up to fight the Soviet Union. These are not major line items in the federal budget, with the exception of intelligence spending, which has grown rapidly over the past decade, reaching $80 billion in 2010.

Luke Perry, 3/2018, "Analyzing America's Increased Military Budget By Michael McCarthy", Utica College Center of Public Affairs and Election Research, https://www.ucpublicaffairs.com/home/2018/3/18/analyzing-americas-increased-military-budget-by-michael-mccarthy // JY  
For several generations, politicians and the American People supported a large standing military as part of the military-industrial complex. Perhaps it is time to invest in a significant portion of the military’s budget in a diplomatic-industrial complex to find alternative solutions to our foreign policy problems. The world’s most funded military enables our nation’s leaders to find military solutions for most problems (classic example of the Law of the Instrument: **if you only have a hammer, all your problems look like nails**). The military should be considered perhaps a part of the solution, but definitely not *the* solution. There is a path that enables balance between spending on military and spending on diplomacy. It is not a zero-sum game. Each of these levers of power are critical and offer different solutions, neither is simple nor tidy. With the all-volunteer military always available, we allow ourselves to proceed to quickly into conflict. There is hope; perhaps President’s Trumps plans to meet with North Korea’s leader might open his eyes to the power of diplomacy.

### AT: (!) Defense k2 Heg

1. **O/w on probability –** this is just one factor of many.

## Growth Link-Ins

### Weighing

A. **Probability** – there’s a 100% chance voting con promotes economic growth, since that’s inherent to the resolution. There are so many other factors that influence economic growth than just the federal debt.

2. **Timeframe –** They’re just hoping that, sometime in the long term, some economic growth manifests. We say this economic growth needs to happen now, since every year you put it off, more people die.

### AT: Debt >> Higher IRs

1. **Delink –** debt doesn’t meaningfully increase interest rates. **Riedl of the Heritage Foundation** finds that the economy is so large and integrated that it can easily absorb the federal government’s demand for loans without increasing interest rates. He finds it would take an almost 30% increase in debt: GDP ratio to increase interest rates by 1%.

Brian Riedl [Senior Fellow, Manhattan Institute], February 7, 2005, "Why America's Debt Burden Is Declining", Heritage Foundation, https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining // JY  
The second issue is whether or not increasing the debt ratio really causes higher interest rates. In theory, higher demand for a good or service will cause higher prices. Money is no different: An increase in the demand for borrowing money will increase the price of borrowing money (i.e., the interest rate). This is true regardless of whether the borrower is a government, a corporation, or an individual. The more important question is by how much the interest rate will increase, and that depends on how much is being borrowed and whether the market is large enough to absorb that amount. Today's global economy is so large and integrated-trillions of dollars move around the globe each day-that it can easily absorb the federal government's borrowing without triggering a substantial increase in interest rates. Harvard economist Robert Barro[[4]](https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining" \l "_ftn4" \o ") studied the economies of 12 major industrialized countries and found that: Not surprisingly, real interest rates can be influenced by the debt ratio, not the annual change in budget deficits. Overall debt-to-GDP ratios across the 12 countries matter more than what happens in one country. If one country borrows to finance its debt, capital seekers can still find cheap capital in other countries, thus averting the shortage that would raise interest rates. An increase of 1 percentage point in America's debt-to-GDP ratio raises interest rates by approximately 0.05 percentage point. If all 12 countries increased their ratios by 1 percentage point, interest rates would increase by approximately 0.1 percentage point. In other words, raising interest rates by just 1 percent would require all 12 nations to raise their debt ratios by a full 10 percentage points. If just the United States incurred all new debt, the effect on interest rates would be much smaller. Research by the American Enterprise Institute's Eric Engen and Columbia University economist (and former chairman of the Council of Economic Advisers) Glenn Hubbard shows that a 1 percentage point increase in the U.S. debt ratio increases long-term interest rates by approximately 0.035 percent. In other words, it would take a 29 percent increase in the U.S. debt ratio-totaling $3.3 trillion in new debt-to raise long-term interest rates by just 1 percentage point.[[5]](https://www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining" \l "_ftn5" \o ")

### \*AT: Higher IR >> dec. growth

## Crowding Out

### AT: Trades off

1. **Link turn –** The money the government borrows is spent on programs like infrastructure development, which according to **Shetta of American University in Cairo** in 2014, encourages more private investment. For instance, if the government builds more roads to a town, in the long term, that town becomes a more attractive place to invest in.

**Hall of IHS Global Insight** finds that if the government and citizens were competing for loans, interest rates should be skyrocketing – however, they’ve stayed extremely low. Which is why he finds that public and private investment are complementary.

Kevin G. Hall, 3-20-2013, "Is government spending ‘crowding out’ private sector? No", mcclatchydc, https://www.mcclatchydc.com/news/nation-world/national/economy/article24747043.html // JY  
“You would expect that if there were ‘crowding out,’ that the government borrowing is somehow competing with private-sector borrowing, you’d expect that to show up in interest rates, and it is not. They’re at rock bottom,” said Nariman Behravesh, chief economist for forecaster IHS Global Insight. “Is ‘crowding out’ a potential problem sometime in the future? Yes. Is it a problem right now? No, it is not.”

Shetta of American University, 2014, http://meea.sites.luc.edu/volume16/pdfs/Shetta-Kamaly.pdf // JY  
Inspired by the work of Barro (1991), a number of studies have argued that certain type of public spending such as public investment could be conducive to private investment and growth. As indicated by Saleh (2003), it is argued that public capital crowds out or crowds in private capital, depending on the relative strength of two opposing forces: (1) as a substitute in production for private capital, public capital tends to crowd out private capital; and (2) by raising the return to private capital, public capital tends to crowd in private capital. Furthermore, Aschauer (1989a, 1989b) argues, on the one hand, that higher public investment raises the national rate of capital accumulation above the level chosen (in a presumed rational fashion) by private sector agents; therefore, public capital spending may crowd out private expenditures on capital goods on an ex ante basis as individuals seek to re-establish an optimal intertemporal allocation of resources. On the other hand, public capital, particularly infrastructure capital such as highways, water systems, sewers, and airports, are likely to bear a complementary relationship with private capital. Hence, higher public investment may raise the marginal productivity of private capital and, thereby, “crowd-in” private investment.

### AT: (!) P.I. In Infra

1. **Analytical turn –** Public investment is better than private investment because private investment only prioritizes where it’s profitable; public investment prioritizes those who need it most.

### \*AT: (!) Private > Public Invest.

1.

## Defaulting

### AT: Default General

1. **Delink –** **Harvey of TCU** explains this isn’t a real threat, as the U.S. has control over the dollar and isn’t beholden to foreign investors. Thus, he concludes that **there is a 0% chance that the US would ever be forced to default** on its debt.

John T. Harvey, a professor of Economics at Texas Christian University**,** Forbes, 09-12-2012 ["It Is Impossible For The US To Default" https://www.forbes.com/sites/johntharvey/2012/09/10/impossible-to-default/#483f59301180 7-22-2018]EJ  
With so many economic, political, and social problems facing us today, there is little point in focusing attention on something that is not one. The false fear of which I speak is the chance of US debt default. There is no need to speculate on what that likelihood is, I can give you the exact number: there is 0% chance that the US will be forced to default on the debt. We could choose to do so, just as a person trapped in a warehouse full of food could choose to starve, but we could never be forced to. This is not a theory or conjecture, it is cold, hard fact. The reason the US could never be forced to default is that every single bit of the debt is owed in the currency that we and only we can issue: dollars. Unlike Greece, we don’t have to try to earn foreign exchange via exports or beg for better terms. There is simply no level of debt we could not repay with a keystroke.

### AT: Investors Don’t Trust Us

1. **Delink –** even if we run up debt, it isn’t ever meaningful enough to scare investors, as America is an economic hegemon. **Mayhew of the University of Tennessee** explains in 2017 that people see U.S. bonds as the safest investments in the world.

Anne Mayhew [Professor Emerita of Economics, University of Tennessee], November 2017, http://www.scholarsstrategynetwork.org/brief/why-there-nothing-scary-about-us-national-debt // JY  
The simple answer to “where will the money come from?” is that it comes from people who crave the chance to purchase U.S. Treasuries as a safe and secure investment in a world of great uncertainty. Eager lenders trust America’s economic prospects and ability to repay with interest for a long time to come. Trusted public debt can, in short, be a very good thing. When government spends and jobs are plentiful and businesses thrive, the economy grows and so do incomes. Private and governmental loans are made and repaid, and trust is abundant – setting the whole fruitful cycle in motion once again.

### AT: Debt Ceiling

1. **Delink –** **Williams of USA Today** explain that Congress will just raise the debt ceiling, as they always do.

2. **Delink –** even if we do hit the debt ceiling, **Elkin of WSP** explains in 2011 that we won’t default. We may go into a temporary government shutdown, but we would resolve the issue quickly and without disastrous consequences.

Ashley M. Williams [], 2-7-2014, "We hit the debt ceiling: What does it mean for me?", USA TODAY, https://www.usatoday.com/story/news/nation-now/2014/02/07/debt-ceiling-questions-impact/5279859/ // JY  
2. Has this happened before? Raising the debt ceiling is pretty routine; Congress has voted to raise the debt ceiling 19 times since 1993. Actually crossing the debt deadline has happened three times in the past three years, forcing the government to move money around to avoid hitting the ceiling.

Elkin 11 Larry, financial analyst, Wall street Pit, Insane Chatter, 1/5, http://wallstreetpit.com/55801-insane-chatter Austan Goolsbee, Obama’s chief economic adviser, went so far as to warn on television this week that failing to raise the debt ceiling would trigger “the first default in history caused purely by insanity.” **A lot of bad things are likely to happen if government borrowing abruptly slams into the ceiling, but Goolsbee is both wrong and alarmist when he claims that default would automatically follow.** As for insanity, well, perhaps Goolsbee can tell us exactly what meds were necessary to bring Obama back to free-spending reality after his apparent breakdown less than five years ago. Or maybe Goolsbee can muster enough candor to acknowledge that this controversy is not about much more than posturing, on both sides. The debt ceiling currently rests at $14.3 trillion, where Congress pegged it last February. If the government wishes to borrow more than $14.3 trillion, Congress must approve another increase. Currently, the Treasury’s total borrowing is around $13.9 trillion. That leaves about $400 billion of borrowing potential, which not very long ago would have provided a lot of breathing room. At the current rate of deficit spending, the Treasury will hit the limit in a few months. While Republican House Speaker John Boehner has expressed support for raising the ceiling, newly elected Tea Party Republicans are putting up a fight. They want to show budget-conscious supporters that they mean business. Meanwhile, last month, Obama’s debt-reduction panel failed to agree on a plan, proposed by its chairmen, that would have reduced the annual deficit to about $400 billion in 2015, leaving Democrats without a clear plan to get spending under control once the ceiling goes up. Of course, some relatively minor near-term reductions aside, at present Republicans have no such plan either, apart from a long-term proposal by new House Budget Chairman Paul Ryan, R-Wisc., that has not gotten much support from either party. **This is not the first time a budget debate has turned into a debt ceiling standoff**. In 1995 congressional Republicans, led by then-Speaker of the House Newt Gingrich, responded to Clinton’s veto of their budget by holding up an increase in the limit. **Clinton still refused to budge, sending the government into a “shutdown,” during which workers were furloughed and non-essential services were put on hold**. In the end, the public saw Gingrich as the bad guy. The debt ceiling increase was eventually approved, and a strong economy produced surging tax revenues that soon brought the federal budget into surplus. Boosted by his successful showdown with Gingrich, Clinton easily won reelection in 1996. A modern reenactment of this face-off, however, could turn out quite differently. Economic growth is not going to make our current enormous deficit go away. Clinton did not have to contend with two wars, a nearly double-digit unemployment rate, and an unresolved mortgage crisis. Also, in the mid-1990s, the baby boomers were entering the peak earning years of their careers and the stock market was surging, both of which helped drive up federal income tax revenues. Now the stock market is trying to recover from a historic crash, while the boomers are beginning to turn 65, at which point many will sign up to spend the rest of their lives on the government dole. Only spending restraint, including unpopular cuts in Social Security, Medicare and other entitlements, can slow or stop the growth of the federal debt heap. Refusing to raise the debt ceiling is one way to achieve that spending restraint, but it is also the harshest way – which is why, except possibly for a brief period when somebody wants to make a point (as in 1995), the ceiling is certain to be increased. **What would happen if the ceiling remained unchanged? Not** the **government default** that Goolsbee predicted. **There was no default in 1995. Maturing debt can be replaced with new debt without breaching the ceiling**. But because incremental borrowing would be prohibited, **the government could not spend more money than it takes in through taxes or other revenue sources.** The budget would have to be instantly balanced. Given the massive scale of today’s deficits, this would mean considerably more disruption than occurred during the last so-called “shutdown” in 1995. But **it would not mean default,** unless Goolsbee intends to imply that the Treasury would rather stiff its creditors than, say, curtail unemployment benefits for Americans who expect to receive them. This would be **an Argentina-style breach of faith** that, until recently, was utterly inconceivable for the world’s leading economic power. Now, it **is** merely **very unlikely.** When the president’s top economic guru puts stiffing the creditors on the table and declares that this is the inevitable result of the administration not getting what it wants, you can’t completely dismiss the possibility.

### AT: Greece

1. **Delink –** the U.S. won’t go out the same way as Greece. **Johnson of MIT** explains that a healthy economy and the ability to devalue the dollar to make debt easier to pay off means that the situation isn’t comparable.

“No one knows because there is no other country in the world quite like the United States—and there never has been one, either, for several reasons. Two centuries of fiscal responsibility count for something. So do a generally healthy economy and the ability to borrow money in our own currency (which means that, unlike Greece, we have the option of devaluing the dollar to make the debt easier to pay off55). But what really matters is our unique status as the world’s safe haven in a financial storm and the dollar’s unique status as the world’s reserve currency.”

## Recessions

### Weighing

A. **Timeframe-** The next recession is supposed to hit by 2020 & realistically there’s no way to substantially reduce the debt before then so the better alt is to try to preserve a steady rate of econ growth to give the economy some sort of stability

B. **Probability** – There are so many factors that affect recessions, and recessions are inherent to our capitalist economy because of the business cycle.  This means that even if they plug one hole, others will emerge, which means that recessions will always happen.

### AT: >> Recessions General

1. **Non-unique –** **Anderson of the University of Wollongong in 2018** explains that recessions are inevitable, and they happen in periods according to the boom bust cycle, meaning no matter what we do recessions are always going to happen.

2. **Turn- Thomas** **of the University of St. Louis** found that “prioritizing” reducing the debt is bad, because it often times means foregoing economic growth, which is why when European nations attempted to reduce the debt caused more recessions.

Kenneth Thomas,, 5-16-2013, "We Need Bigger Deficits For Now," US News & World Report, https://www.usnews.com/opinion/blogs/economic-intelligence/2013/05/16/reducing-unemployment-is-more-important-than-reducing-the-budget-deficit//ZS

Kenneth P. Thomas is professor of Political Science and fellow in the Center for International Studies at the University of Missouri-St. Louis. He is the author of "Competing for Capital: Europe and North America in a Global Era" and "Investment Incentives and the Global Competition for Capital." He blogs at Middle Class Political Economist. On May 14, the Congressional Budget Office revised its deficit projection for fiscal year 2013 (which ends September 30) downward by $200 billion from its February estimate. Instead of an $845 billion shortfall, the new estimate is for only a $642 billion deficit, down from $1.1 trillion in 2012 and only 4 percent of gross domestic product. **While groups like Campaign to Fix the Debt tell us we need to obsess over a rising trend in the debt 10 years from now, we have more pressing things to worry about now.** The unemployment rate got only as low as 7.5 percent last month, down from its peak of 10.0 percent in October 2009. The employment/population ratio, perhaps a better measure of the total employment situation, was just 58.6 percent in April, down from its December 2006 peak of 63.4 percent. We need jobs now! For that reason, the fall in the deficit isn't good news at all. As long as people continue to try to pay down their debts, someone else has to be willing to spend money and fix our $1 trillion a year output gap – and that someone is government. That means, for now, that we need bigger and not smaller deficits. Don't tell that to the austerity crowd: they aren't listening. But the evidence is there for those willing to see. [See a collection of political cartoons on the budget and deficit.] As Alan Pyke observes at ThinkProgress, **the Eurozone remains mired in recession with an all-time record unemployent rate of 12.1 percent. The world's biggest experiment in austerity is a manifest failure. Not only has the economy shrunk and unemployment risen, austerity policies have not tamed the debt/GDP ratios in the Eurozone, as (except for Greece, which received some debt forgiveness) falls in economic growth have outpaced deficit reduction. The tragic irony, as Pyke points out, is that the United States is now on a path to record a bigger percentage fall in its budget deficit from 2009 to 2013 than the European Union is (60 percent vs. 55 percent).** The scaremongers of the austerity crowd like to say that if our deficits continue, we'll turn into Greece. The fact is, if we follow their advice, that's just what will happen – but in terms of unemployment, not debt. Of course, we would not hit Greece's current unemployment rate of 27.2 percent, or anything like it, but even heading back toward 10 percent would **multiply the human disaster that has accompanied our too-early abandonment of stimulus policies.**

Duwane Anderson follow,4-14-2018, Recessions are inevitable. The world economy is already overdue, is another recession around the corner?, No Publication, <https://www.linkedin.com/pulse/recessions-inevitable-world-economy-already-overdue-around-anderson,//ZS>   
**Recessions are inevitable. The world economy is already overdue, is another recession around the corner?** The Financial Crisis of 2008 is not a period of time many people like to think about, it took years for the world economy to recover despite intensive Government Intervention. The Eurozone has spent a total of over €180 Billion (This amount doesn't even include IMF and World Bank Disbursements) since 2010 bailing out the Greek government. Developing nations **were blindsided after lightning quick growth and even the unstoppable** Indian economy dipped to GDP growth less than 4%. Unemployment, as expected, was rife and since the debt crisis began with subprime mortgages, everyone was seemingly caught off guard expecting things to be bright and rosy forever. **Cut to 2018. The Dow Jones is up 18% since this time last year, Apple is pushing a $1 Trillion market cap and Spotify's direct listing IPO went smoothly. Things are bright and rosy. Just as people forgot about the .com bubble at the start of the millennium, 2008 has become a case study to reference, not a warning to heed. Looking at the graph above, the modern, free market world economy settles into an economic downturn, on average, once a decade. There has been no indication that any systemic change has been made that can prevent history from repeating itself and as we delve further into 2018, one must wonder what will set things over the edge**. Perhaps an unregulated, multi-billion dollar, digital-only, anonymous currency market?Thankfully, this article isn't about that coin or the chain. Everyone wants to be the next FrontPoint Partners (Referenced in The Big Short snippet above), to be able to see where the market is turning and profit at just the right time. Or at the very least be wise when investing, continue to diversify and hedge risk, use moderation during business planning and have a contingency plan. Everything can't be bright and rosy forever, right?

### AT: Flexibility in recession

1. **Delink- Williams ’18 of Motely** found that there are three reasons why the fed can’t save us.

a. The government is reliant upon past data, which means they are never accurately prepared to deal with a recession

b. There are no concrete formulas to success, and the government has time and time again proven that they cannot accurately deal with recessions.

c. The fed has absolutely no control over fiscal policy, and with massive amounts of polarization in congress the government won’t deal with it well either.

Sean Williams,8-8-2018, 3 Reasons the Federal Reserve Can't Prevent a Recession, Motley Fool, <https://www.fool.com/investing/2018/08/08/3-reasons-the-federal-reserve-cant-prevent-a-reces.aspx,//ZS>

1. Past data

To begin with, **the data is somewhat at fault**. **If the Fed had access to accurate, real-time data on job growth, inflation, GDP growth, spending and borrowing habits, money supply, saving rates, trade surpluses and deficits, manufacturing data, unemployment claims, and so on, it could make actionable decisions with little lag time.** But **that's not how things work right now.** For example, inflation data released by the Bureau of Labor Statistics from the previous month takes more than a week to compile. By a similar token, quarterly GDP data goes through an initial estimate, a second revision, and then a final figure. This final data point doesn't become official until nearly three months after the previous quarter has ended. **The problem with backward-looking data is it leaves the Fed to be reactive to lagging indicators rather than proactive to real-time data. It's hard to avoid economic issues when you're making decisions based on potentially stale data.**

1. They are humans

Second, it's **important to recognize that voting members of the Federal Reserve are human, and therefore fallible. Make no mistake about it: Members who serve on the Fed are astute, and they understand most everything there is to know about economics, as derived from a textbook.** But this doesn't mean they're always correct. Back in 2014, Forbes contributor Bill Conerly examined Federal Reserve meeting minutes for clues as to what led to the Great Recession. Conerly's key finding was that Fed hubris got in the way. **Members of the Fed were so certain that their assessment of the U.S. economy was correct that they were blinded from seeing a number of potential warning signs. Yes, investors and banking leaders were at fault, too, for overestimating their knowledge of risk and economics, but this is nevertheless a perfect example of fallibility coming into play. What's more, the economy doesn't always act as the textbooks say it should. This means there is no concrete formula for success in approaching monetary policy actions.**

1. No Control

The third factor is that **the Federal Reserve has no control over fiscal policy. Fiscal policy refers to the federal government's use of tax policy and spending to influence the economy**. Now, don't get me wrong. The Fed does take into account federal tax and spending actions when formulating its own monetary policy. However, it often takes many months, if not years, before fiscal policy begins to have an impact on the U.S. economy. This makes it difficult for the Fed to incorporate fiscal policy impact estimates into its models. And even when tangible effects can be recognized, as noted in point one, the data reporting will lag. Ultimately, I believe the Fed has done a pretty good job of stimulating growth without sending inflation through the roof over the past decade. **But no matter what the nation's central bank does, policy-wise, another recession is inevitable.**

### AT: Stimulus Package

1. **Delink – Amadeo of the Balance in 2018** explains that when stimulus packages were implemented in the past they failed in substantially decreasing unemployment, **Amadeo** concludes that they actually made the economy on net worse as they ballooned the federal debt with few or no benefits.

2. **Delink –** the stimulus package didn’t work, **the New York Post in 2012** explained that while the stimulus package did save 2 million jobs, it ultimately failed, and this is because it was designed to stabilize the American economy as well as reduce the deficit, insofar as debt has skyrocketed, and the American economy is on the brink of failure yet again, **they conclude that the $800 billion stimulus package was unequivocally a failure.**

Post Staff Report,1-29-2012, How the $800B stimulus failed, New York Post, <https://nypost.com/2012/01/29/how-the-800b-stimulus-failed/,//ZS>

But **despite these achievements, the stimulus ultimately failed** to do what America expected it **to** do — **bring about a strong, sustainable recovery. The drop kick was shanked.** The stimulus was supposed to work like this: **First, a flood of money in tax cuts, food stamps and unemployment checks would get consumers spending. A deluge of education and health-care money would stanch the bleeding in state budgets. Then, a wave of “shovel-ready” infrastructure projects would kick in, creating new jobs repaving roads and making homes more energy efficient. As the economy got churning again, new investments in wind farms, solar panel factories, electric cars, broadband and high-speed rail would lead America out of the recession and into a 21st century economy competitive with the rest of the world. But it didn’t happen like that.** The White House’s economists, like nearly every forecaster, misread the recession. The state assistance wasn’t enough to plug the budget holes and, in many cases, the school aid merely delayed rather than prevented teacher layoffs. Infrastructure projects took months longer to break ground than the public had been led to believe.

Kimberly Amadeo,10-3-2018, Did Obama's Stimulus Plan Work?, Balance, https://www.thebalance.com/what-was-obama-s-stimulus-package-3305625,//ZS

Once in office, Obama realized he needed to increase the fiscal stimulus from the $190 billion plan he proposed in his campaign. Some components of his campaign plan, such as enacting a foreclosure moratorium, had already been implemented by Fannie Mae. Others, such as eliminating taxes on seniors making up to $50,000, were still part of Obama's economic agenda elsewhere. **Obama's biggest challenge was to create enough of a stimulus to soften the recession,** but not big enough to raise further doubts about the ballooning U.S. debt. Unfortunately, the plan was blamed for doing both. **It failed to initially reduce unemployment below 9 percent and added to the debt. Obama's tax rebates** were supposed to encourage consumer spending, but many experts doubted it. Why? The rebates showed up as less tax withholding. Unlike the Bush tax cuts, **workers did not receive checks**. As a result, most people weren't aware they got a tax rebate. The Stimulus for Small Business helped create jobs, increased lending from the Small Business Administration and community banks, and reduced capital gains taxes for small business investors. The aid helped, but **many states were so underwater that their losses outweighed the federal assistance.** The public works construction was probably the most well-publicized. Signs were posted wherever stimulus money was used to construct roads or public buildings. It was estimated to retain or add 3 million jobs, many of which were sorely needed in the construction industry.

## Other Countries

### AT: Sell Off General

1. **Delink –** even if they did sell off all their bonds, **Borzykowski of CNBC** finds in 2018 that other countries would simply buy the debt, meaning the U.S. loses nothing.

Bryan Borzykowski, 4-1-2018, "China's $1.2 trillion weapon that could be used in a trade war with the US," CNBC, <https://www.cnbc.com/2018/04/05/chinas-1-point-2-trillion-weapon-that-could-be-used-in-a-us-trade-war.html//ZS>   
President Xi Jinping would have to be mighty angry to dump treasuries in droves, because a sell off would have a negative impact on its own financial affairs. "It's like holding a gun to your own head and saying I have a hostage," says Reinhart. If China were to sell its bond holdings, it would likely have to sell it at least some of the treasuries it purchased at a loss. If other countries sold, too, and prices plummet then it could lose billions. "It will inflict capital losses on itself," says Reinhart. The [U.S. dollar](https://www.cnbc.com/quotes/) would also fall, which would then make this trade-related provocation somewhat moot, adds Mark Zandi, chief economist at Moody's Analytics. A lower greenback would make U.S. exports more attractive, which would then hurt China's own export market. "It would negate some of the impact," he says. "Rates might spike, but the dollar would fall and what's the net impact of that? It doesn't feel like it's a winning strategy." As well, it's not certain that selling treasuries would have much of an impact, says Mills. If other countries step into buy those treasuries, then interest rates could remain stable. As of right now, U.S. bonds are still seen as a safe asset that people and countries buy when the global economy goes awry. If that stays the case then there's no reason why demand wouldn't materialize. "It's not like demand for U.S. Treasurys has broadly fallen," said Mills. "I would think that if they did start to sell, there would be a fair bit of demand from other countries and U.S. companies, especially as rates slowly increase, which makes them more attractive holdings.

### AT: Sino Sell-Off

1. **Delink –** **Lin of the South China Morning Post** explains in November that China will never sell its debt, as it would it destroy China’s economy.

Zhang Lin, 11-26-2018, Why the trade war won’t prompt Beijing to dump its US Treasuries, South China Morning Post, <https://www.scmp.com/news/china/economy/article/2160270/why-trade-war-wont-prompt-beijing-dump-its-us-treasuries,//ZS>  
**Why the trade war won’t prompt Beijing to dump its US Treasuries Selling off its US$1.2 trillion holdings would inflict pain on China –** **but it may or may not bring harm to the United States**, writes Zhang Lin With Beijing and Washington continuing to face off over trade, is China likely to sell off its US Treasuries to hurt America? **The** simple **answer is no.** A trade war is essentially a competition about who will be more miserable**. If China – America’s largest foreign creditor – sells off its US Treasuries, it will bring down their price and raise their yields. So in theory, China’s holdings of US government debt are a powerful weapon in the trade war. In reality, the creditor is always in a weaker position than the debtor, and China won’t be able to pressure Washington by threatening to dump US Treasuries. China’s two big mistakes in trade war may lead the country into middle-income trap Foreign investors hold US$6 trillion of outstanding US government debt – which totals around US$20 trillion**. China’s holdings of nearly US$1.2 trillion account for about 20 per cent of all US Treasuries in the hands of foreign investors, and 6 per cent of total US government debt. For China, that means it may have invested some 60 per cent of its dollar-denominated foreign exchange reserves in US Treasuries.

### AT: China Stops Buying

1. **Non-unique –** **Allen of the Financial Times in 2018** notes that China’s purchasing of bonds has flatlined in the status quo, as the EU picks up the slack.

Kate Allen, 4-17-2018, "Eurozone investors race up chart of US debt owners," Financial Times, <https://www.ft.com/content/f4f53252-422d-11e8-93cf-67ac3a6482fd//ZS>

**Eurozone investors have been the biggest overseas net buyers of US debt securities in the past half-decade,** a trend that could reverse as the European Central Bank continues to tighten monetary policy, according to new research. Euro area holdings of US corporate and Treasury bonds reached $2.75tn at the end of last year, the report by investment bank Jefferies shows, an 80 per cent increase since the start of 2012. **By contrast the volume of US debt held by investors in Japan and China remained flat over the period, while investors in the UK increased their holdings by 40 per cent to** $700bn. Eurozone buyers’ purchases were particularly concentrated in US corporate bonds, and they also stepped up their buying of US equities significantly over the period, adding $1tn in holdings. David Owen, chief European economist at Jefferies, said that European appetite had helped support US debt prices in recent years. “As of the end of last year**, euro area holdings of US debt securities far surpassed that of China**, a finding that may surprise many people, but it is important to stress that we are including here all US debt securities, not just China’s holdings of US Treasuries,” he said. European Central Bank quantitative easing has resulted in “the recycling of the euro area’s current account surplus into US debt securities”, Mr Owen said. These flows could reverse as the ECB normalises monetary policy, potentially adding upward pressure on US bond yields. The figures highlight “the degree of exposure of the European economy to a sell-off in US credit”, he said. The two-year US Treasury yield this week hit its highest level for nearly a decade, as investors anticipate further rate rises by the Federal Reserve this year.

## Ptx

### AT: The Aff is Unpopular

1. **Delink –** **The PGPF** finds in November that there’s broad, bipartisan support for debt reduction.

PGPF, 11-20-2018, "Top 10 Reasons Why the National Debt Matters", No Publication, https://www.pgpf.org/fiscal-top-ten // JY  
The national debt is a bipartisan priority for Americans. Nearly three-quarters of voters (71 percent) agree that the [national debt should be a top-three priority for the country](https://www.pgpf.org/press-release/2018/06/fci-press-release), including 69 percent of Democrats, 68 percent of Independents and 79 percent of Republicans.

## Econ Growth Bad

### AT: >> Overheating

1. **Delink –** **Lazear of the Wall Street Journal** explains as of **a week** ago that America’s economy isn’t overheating and we still have a lot of room to gro w.

Edward P. Lazear, 12-4-2018, "Opinion, America’s Economy is not Overheating" WSJ, https://www.wsj.com/articles/americas-economy-isnt-overheating-1539125398   
September saw 134,000 new jobs created—almost exactly the full- employment number. But the three-month average is 190,000 jobs created a month. (The three-month average is more accurate because of month-to- month volatility; monthly numbers have an average error of about 75,000.) **Because 190,000 significantly exceeds the 137,000 threshold, the U.S. labor market is creating jobs at a rate faster than required to absorb the added population.This suggests the U.S. isn’t yet at full employment. When the economy is at full employment, job creation is just large enough to keep up with population growth, neither increasing nor decreasing unemployment rates or EPOP. When the economy is recovering, job growth exceeds population growth, which makes up for jobs lost during a recession. The current rate of job creation points to a labor market still in the recovery phase.**Another clue that full-employment hasn’t been achieved is that the EPOP remains below its full-employment level. The prerecession EPOP peak of 63.4% will not likely be reached because the population is aging and retirees depress the EPOP’s natural level. **But a peak rate that accounts for demographic changes is closer to 61%, according to the Council of Economic Advisers and a National Bureau of Economic Research report. That’s still half a percentage point above where the U.S. is now.** More evidence that the economy isn’t at peak employment is that the employment rate of 25- to 34- year-olds, depressed throughout the economic recovery, is now growing. It has risen by a full percentage point since January, suggesting there are still people to pull back into the workforce.Finally, the rate of wage growth indicates that the labor market isn’t overheated. When the economy runs out of workers, labor demand drives increased wages rather than employment as employers compete with each other for the scarce labor. Absent labor-market slack, wages tend to grow at rates above those consistent with target inflation and productivity increases. Wage growth at rates consistent with productivity growth isn’t inflationary, since additional output from increased productivity reduces upward pressure on prices. U.S. productivity growth has averaged 1.3% over the past four quarters. Add the Fed’s 2% target inflation figure to get 3.3%. This exceeds the 2.8% actual rate of wage growth over the past 12 months. **If the economy were overheating, wages would be growing at a faster rate.**Despite the low unemployment rate of 3.7**%, the U.S. labor market has some room to expand before it hits full employment**. That’s good news: The Fed need not worry that the tight labor market is indicative of an overheated economy—yet.

### AT: >> Warming

1. **Link turn –** **Adler of Case Western University** finds in 2013 that economic growth solves the issue of global warming in two ways.

A. Economic growth frees up disposable income to focus on pro-environmental measures. In times of economic downturn, the last thing we’re focusing on is environmental legislation.

B. Technological advancement leads to more resource efficient technology.

[The B point short circuits any arguments about increased production >> warming, because production is high in either world, it’s a question of how we’re producing.]

2. **Poverty controls the internal link –** we would argue that in either world, climate change will continue to some extent. But **Weiner of Polytechnic University** explains that economic growth leads to technological and infrastructure advancement, saving people from the effects of warming.

Wiener, 1 (Anthony J. Wiener \*, Department of Management, Polytechnic University, Technology in Society 23 (2001) 515–521, ““The ‘De-materialisation’ Myth” and the Limits to Growth: a Commentary on Dr. Trainer’s Paper” accessed online via Science Direct)  
How much the world will be able to afford, and how much scarcity can be overcome, depends on economic growth. Our ability to cope with the long-term effects of growth, such as global warming and other negative externalities, scarcity of resources, such as water, and other long-term price changes already underway, depends on wherewithal and economic growth. Population growth levels off while food remains ample only when less-developed countries become industrialized and literate; the developed countries have all been through this “demographic transition” 10 and most are now more concerned about population decrease than increase. In order to manage the transition to the “just and ecologically sustainable society” Dr. Trainer calls for, the world will need a great deal more economic development and technological improvement. At the same time, market failures such as externalities deserve much more attention. Institutional arrangements that will structure incentives, such as making better use of markets to set appropriate prices, are at the heart of the sustainability problem. To construct these arrangements we will also need a great deal more moral improvement and political development. In order to achieve the worldwide alleviation of poverty and ignorance that sustainability will require we need to use economic growth to help overcome our limits to generosity and fairness. These goals are still very far away. It is much too early to call for zero growth.

Adler 3-16-13 – Jonathan H. Adler, Johan Verheij Memorial Professor of Law and Director of the Center for Business Law & Regulation, Case Western Reserve University School of Law; Senior Fellow, Property & Environment Research Center. Case Research Paper Series in Legal Studies, Working Paper 2013-9, March 16, 2013, CONSERVATIVE PRINCIPLES FOR ENVIRONMENTAL REFORM, online   
Green through Growth Conservatives should not only seek to constrain government programs¶ that cause or increase environmental harm, but they should also seek to¶ harness competitive markets and economic growth for the environmental¶ benefits they can provide. Economic growth is essential to environmental¶ protection. Market-driven competition not only spurs such growth, it also¶ creates tremendous incentives for more efficient resource use and¶ technological innovation.¶ As a general rule, increases in societal wealth correlate with increases¶ in the demand for environmental quality and the means to protect¶ environmental concerns.71 As people get wealthier, they have greater¶ levels of disposable income to devote to environmental concerns. Surveys¶ find that public support for environmental measures, both public and¶ private, correlates with changes in personal income. Thus, it is no surprise¶ that donors of and members to environmentalist groups are predominantly¶ drawn from upper-income groups.72 There is also evidence that wealthier¶ communities are more likely to support measures to preserve natural¶ resources and are more willing to forego development for environmental¶ reasons.73¶ Economic growth also fuels technological advances, such as the¶ development of less resource-intensive technologies. At the same time,¶ wealth accumulation provides for the resources necessary to deploy¶ advanced technologies that help meet human needs more efficiently and¶ with less environmental impact.74¶ In a competitive economy, businesses face constant pressure to¶ economize on resource use to reduce costs. This, too, can feed¶ environmentally beneficial innovation. Market-oriented economies¶ generally experience more efficient resource use. In the¶ telecommunications industry, for example, copper wire was gradually¶ replaced by fiber optics (made from sand), which was in turn supplanted by¶ wireless technologies. Each of these steps was the result of competitive¶ market-driven innovation, but each produced tremendous environmental¶ benefits as well.75

### AT: >> Warming [Consumption]

1. **Political Momentum Advantage –** In either world, growth will occur to some extent. However, **High of RTPI** explains in 2008 that when that growth is slower, it destroys political momentum because people prioritize growth over warming.

Richard High, independent planning consultant and member of the RTPI regeneration network, June 20, 2008, “Striking the right economic balance on consequences of climate change” SECTION: Pg. 26   
Political commitment to climate change spending is being tested by the global slowdown and economists need to fight back with coherent arguments on why the figures add up in the long term, argues Richard High. After becoming headline news a year or so ago, climate change has all but vanished from the national media. The credit crunch and the threat of economic slowdown have distracted attention from a potentially life-threatening issue.

[NO PDF]

### AT: >> Inequality [Poverty]

1. **Internal link defense –** Inequality doesn’t materially affect poverty. **Tanner of the Cato Institute** explains in 2016 that there is no clear relationship between inequality and, as the whole pie can grow with more resources to everyone.

2. **Poverty Reduction Advantage –** In the long term, growth reduces inequality. **Angelsen** **of the University of Massachusetts** explains in 2006 that while it’s true that, in short term, economic growth primarily benefits the most privileged, in the long term,

a. more efficient technology lowers prices and creates new job opportunities, and

b. and more people are trained in higher skilled positions,

so that in the **long term**, economic growth reduces inequality.

[Outweighs:

1. on uniqueness
2. on timeframe]

Michael D. Tanner [Cato Institute senior fellow, Michael Tanner heads research into a variety of domestic policies with a particular emphasis on poverty and social welfare policy, health care reform, and Social Security.], 9-7-2016, https://www.cato.org/publications/policy-analysis/five-myths-about-economic-inequality-america // JY  
There is little demonstrable relationship between inequality and poverty. Poverty rates have sometimes risen during periods of relatively stable levels of inequality and declined during times of rising inequality. The idea that gains by one person necessarily mean losses by another reflects a zero-sum view of the economy that is simply untethered to history or economics. The economy is not fixed in size, with the only question being one of distribution. Rather, the entire pie can grow, with more resources available to all. Comparing the Gini coefficient, the official poverty measure, and two additional poverty measures (one based on income and accounting for taxes and transfers, and one based on consumption) developed by economists Bruce D. Meyer of the University of Chicago and James X. Sullivan of Notre Dame reveals no clear relationship between poverty and inequality (Figure 9).[62](https://www.cato.org/publications/policy-analysis/five-myths-about-economic-inequality-america#cite-62) While the Gini coefficient has increased almost without interruption, the official poverty rate has fluctuated mostly in the 13-15 percent range and the two measures from Meyer and Sullivan have both decreased markedly since 1980.[63](https://www.cato.org/publications/policy-analysis/five-myths-about-economic-inequality-america#cite-63) Again, the mid-1990s was an interesting period because the inequality was markedly higher than previously, but both the supplemental poverty measure (SPM) and the official rate saw significant decreases.

Angelsen, A. & Wunder, S. (2006). Umb.no. Retrieved 6 December 2018, from <http://www.umb.no/statisk/ior/angelsen_wunder__poverty_inequality_growth.pdf> // RM   
Economic growth usually changes the income distribution in a country – the extra pieces of the growing cake are not distributed to all members of society in shares equal to their initial shares of the cake. **Economic growth is often** due to, and/or **accompanied by, new market opportunities. At the beginning of an economic development process, higher market contact often increases inequality as individual actors respond variably to favourable prices or other newly emerging opportunities, because of specific skills and asset they possess, but also because of individual differences in risk aversion, entrepreneurial spirit, and luck. These variable outcomes may also impact the social coherence of communities and ultimately have certain negative welfare effects.** Obviously, this is what many observe at the micro-level, justifying their scepticism towards economic growth. In contrast, **the following income equalising factors** may **start to work over time: more people acquire the necessary skills or assets; new technologies spread to more producers; more efficient markets eliminate price differentials across locations; demand for unskilled labour increases and the higher income has local multiplier effects** (e.g., increased demand for locally produced commodities), **insurance mechanisms are put in place to better distribute risks.** These are some of the micro-level mechanisms that have justified the hypothesis that inequality follows an inverse U-curve over time – inequality rises in the initial development phase but then declines. Similarly, there are macro-level processes that can ‘drive’ such a development in inequality over time. Imagine a country with a large, low wage traditional sector employing 99 % of the labour force and a tiny, high wage modern sector ‘island’, accounting for 1 % of employment. Imagine 10 also, that the wages in each sector remain fixed, so that economic growth in this dualistic economy can only be achieved by modern sector enlargement, and 3 % of the total labour force is transferred each year from the traditional to the modern sector. It can be shown that national income inequality (e.g., measured by the Gini coefficient) in this trend scenario will follow an inverted U-curve, i.e. the curve will rise initially and then start to fall (Williamson 1985).This dualistic process of modern sector enlargement has high relevance for most developing countries. The inverse U-curve can also be supported by other societal trends during the process of economic development**. In the early stages of development, skills and higher education are limited to a small group of people, who benefit the most from economic growth. Over time, the greater spread of skills and secondary and tertiary education will have an income equalising effect. Similarly, the development of insurance markets tends to improve risk management. Sharing risk between economic agents becomes another equalising force.**

### AT: >> War General

Growth prevents war in two ways.

1. **Interdependence Advantage –** More economic growth increases interdependence, which prevents conflict because both actors have so much on the line. Which is why **Pickering of Kobe University** finds that the probability of conflict declines with economic growth.

2. **Deterrence Advantage –** **Hubbard of Oxford University** finds that economic growth helps maintain America’s position of one of the foremost superpowers, deterring war.

[The second card is poorly paraphrased but incredibly good.]

Gleditsch and Pickering ’14Kristian Skrede Gleditsch is a Professor of Government @ the University of Essex and a research associate @ the International Peace Research Institute, Steve Pickering is an Assistant Professor @ Kobe University in Japan and a recipient of the Cedric Smith Prize for Peace and Conflict Research in 2009, The Economic History Review, Vol. 67, Issue 1, pp. 214-230, February, “Wars are becoming less frequent: a response to Harrison and Wolf”, http://onlinelibrary.wiley.com/doi/10.1111/1468-0289.12002/full   
Furthermore, **Harrison and Wolf's discussion of the costs of war focuses solely on expenditure on destructive capacity and completely neglects the costs of war in terms of the destruction caused by war and the opportunity costs of violent conflict.** Any serious analysis of conflict must consider how the full costs of war shape the incentives of actors, and their incentives to reach alternative solutions to contentious issues without the use of violence.44 From a bargaining perspective, all wars must eventually come to an end, and if war is costly then the parties should have an incentive to reach an agreement reflecting the likely settlement after a war, without paying the costs of fighting the war. There is no reason to suspect that states no longer have contentious issues—indeed, one might expect that these have increased with greater interaction and globalization. However, **development, democratization, and capitalism may have made it easier for states to reach agreement, and avoid escalation to war, and more costly to fail to reach agreement.** For example, existing research at the dyadic level suggests that **democratic states are more likely to settle their disputes peacefully, possibly since they can externalize their internal dispute resolution mechanisms or delegate dispute arbitration to international institutions**.45 Moreover, states with more trade and more extensive economic relations are likely to have higher opportunity costs from escalation to war and may have more opportunities to signal intent and reach resolution by means other than military force**.**46 The trend towards a decline in war may also be facilitated by important global macro-trends such as increases in education and urbanization, which have been shown to foster attitudes that make people less likely to glorify violence and more likely to seek rational compromise**.**47¶ We agree with Harrison and Wolf that much remains to be discovered about war and why it has changed over time, and that much additional research is needed. However, it would be a mistake to start this line of research with a false premise, misleadingly presented as an empirical fact.

**Hubbard 10** – Hegemonic Stability Theory: An Empirical Analysis By: Jesse Hubbard Jesse Hubbard Program Assistant at Open Society Foundations Washington, District Of Columbia International Affairs Previous National Democratic Institute (NDI), National Defense University, Office of Congressman Jim Himes Education PPE at University of Oxford, 2010

**Regression analysis of this data shows** that Pearson’s r-value is -.836. **In the case of American hegemony, economic strength is a better predictor of violent conflict than even overall national power**, which had an r-value of -.819. The data is also well within the realm of statistical significance, with a p-value of .0014. While the data for British hegemony was not as striking, the same overall pattern holds true in both cases. During both periods of hegemony, hegemonic strength was negatively related with violent conflict, and yet use of force by the hegemon was positively correlated with violent conflict in both cases. Finally, in both cases, economic power was more closely associated with conflict levels than military power. Statistical analysis created a more complicated picture of the hegemon’s role in fostering stability than initially anticipated. VI. Conclusions and Implications for Theory and Policy To elucidate some answers regarding the complexities my analysis unearthed, I turned first to the existing theoretical literature on hegemonic stability theory. The existing literature provides some potential frameworks for understanding these results. Since economic strength proved to be of such crucial importance, reexamining the literature that focuses on hegemonic stability theory’s economic implications was the logical first step. As explained above, the literature on hegemonic stability theory can be broadly divided into two camps – that which focuses on the international economic system, and that which focuses on armed conflict and instability. This research falls squarely into the second camp, but insights from the first camp are still of relevance. Even Kindleberger’s early work on this question is of relevance. Kindleberger posited that the economic instability between the First and Second World Wars could be attributed to the lack of an economic hegemon (Kindleberger 1973). But economic instability obviously has spillover effects into the international political arena. Keynes, writing after WWI, warned in his seminal tract The Economic Consequences of the Peace that Germany’s economic humiliation could have a radicalizing effect on the nation’s political culture (Keynes 1919). Given later events, his warning seems prescient. In the years since the Second World War, however, the European continent has not relapsed into armed conflict. What was different after the second global conflagration? Crucially, the United States was in a far more powerful position than Britain was after WWI. As the tables above show, Britain’s economic strength after the First World War was about 13% of the total in strength in the international system. In contrast, the United States possessed about 53% of relative economic power in the international system in the years immediately following WWII. The U.S. helped rebuild Europe’s economic strength with billions of dollars in investment through the Marshall Plan, assistance that was never available to the defeated powers after the First World War (Kindleberger 1973). The interwar years were also marked by a series of debilitating trade wars that likely worsened the Great Depression (Ibid.). In contrast, when Britain was more powerful, it was able to facilitate greater free trade, and after World War II, **the United States played a leading role in creating institutions like the GATT that had an essential role in facilitating global trade** (Organski 1958). The possibility that economic stability is an important factor in the overall security environment should not be discounted, especially given the results of my statistical analysis. Another theory that could provide insight into the patterns observed in this research is that of preponderance of power. Gilpin theorized that **when a state has the preponderance of power in the international system, rivals are more likely to resolve their disagreements without resorting to armed conflict** (Gilpin 1983). The logic behind this claim is simple – it makes more sense to challenge a weaker hegemon than a stronger one. This simple yet powerful theory can help explain the puzzlingly strong positive correlation between military conflicts engaged in by the hegemon and conflict overall. It is not necessarily that military involvement by the hegemon instigates further conflict in the international system. Rather, this military involvement could be a function of the hegemon’s weaker position, which is the true cause of the higher levels of conflict in the international system. Additionally, it is important to note that **military power is,** in the long run, **dependent on economic strength**. Thus, it is possible that **as hegemons lose relative economic power, other nations are tempted to challenge them even if their short-term military capabilities are still strong**. This would help explain some of the variation found between the economic and military data. The results of this analysis are of clear importance beyond the realm of theory. As the debate rages over the role of the United States in the world, hegemonic stability theory has some useful insights to bring to the table. What this research makes clear is that a strong hegemon can exert a positive influence on stability in the international system. However, this should not give policymakers a justification to engage in conflict or escalate military budgets purely for the sake of international stability. If anything, **this research points to the central importance of economic influence in fostering international stability**. To misconstrue these findings to justify anything else would be a grave error indeed. Hegemons may play a stabilizing role in the international system, but this role is complicated. **It is economic strength, not military dominance that is the true test of hegemony**. **A weak state with a strong military is a paper tiger** – it may appear fearsome, but it is vulnerable to even a short blast of wind.

## Misc

### AT: Reduction K2 primacy

1. **Delink –** there are too many other factors involved. Thus, **Cohen of the New America Foundation** explains in 2012 that debt won’t meaningfully threaten American primacy.

Cohen, New America Foundation senior research fellow, 12 [Michael Cohen, 7/13/12, Democracy Arsenal, “This Week In Threat Mongering - The Debt Version”, <http://www.democracyarsenal.org/2012/07/this-week-in-threat-mongering-the-debt-version.html>]  
**In the world of hysterical, threat-mongering about US national security there are few issues that produce more solemn and serious head-nods than the issue of America's growing national debt.** Ever since then-Chairman of the Joint Chiefs of Staff Mike Mullen declared two years ago that the national debt "is the number one national security issue," agreement with this assertion has become some sort of entry route to "foreign policy seriousness" for pundits and policymakers alike. This is strange because the idea of taking strategic advice from Mike Mullen is a bit of a head scratcher - taking economic advice from him is almost impossible to fathom. And yet here, last week, was not one, but two Brookings Fellows, writing in the Los Angeles Times that Mullen was right - debt is the number one national security issue in the country. They are not alone, it's a view that receives broad political support. Here's Congressman Mo Brooks of Alabama; Congressman John Culberson of Texas, Senator Rand Paul of Kentucky; Cong. John Campbell of California, Cong. Adam Smith of Washington and even Richard Haass, head of the Council on Foreign Relations all making the same argument. It was a topic of discussion in last year's CNN national security debate where it was endorsed by Jon Huntsman. The argument that debt is a national security threat is based on the notion that if the US becomes too deeply mired in red ink it will be unable to field a world class military; "there would be continued loss of confidence in America" says Mullen; our allies will begin to doubt American resolve; America's foreign alliances will crumble . . . and before you know it cats will be sleeping with dogs, there will be an Islamic caliphate in the Middle East and we'll all be eating lo mein for dinner. Quite helpfully, O'Hanlon and Lieberthal have provided the most divorced from reality example of this argument: American economic weakness undercuts U.S. leadership abroad. Other countries sense our weakness and wonder about our purported decline. If this perception becomes more widespread, and the case that we are in decline becomes more persuasive, countries will begin to take actions that reflect their skepticism about America's future. Allies and friends will doubt our commitment and may pursue nuclear weapons for their own security, for example; adversaries will sense opportunity and be less restrained in throwing around their weight in their own neighborhoods. The crucial Persian Gulf and Western Pacific regions will likely become less stable. Major war will become more likely. This is truly a chunky, threat-mongering stew of fact-free assertions, breathless fear-mongering and worst case scenarios that ends up where these types of arguments always do - in a more insecure world all because of a lack of American commitment to global hegemony. **The fact is, if last year's debt limit debacle hasn't already convinced other nations to be skeptical of America's future then I think we're probably in the clear.** Of course, the debt limit debate is instructive in this regard. Even though both parties agreed to a mandated reduction of the defense budget, which would basically return the Pentagon budget to FY 2007 levels (or what some might call, non-crazy levels of spending), the ink was barely dry on the agreement before both parties began falling over themselves to restore the cuts. **The House of Representatives even went so far as to take a sledgehammer, earlier this year, to key social safety net programs in order to prevent the Pentagon from taking a haircut. Secretary of Defense Panetta practically ran around Washington with his hair on fire decrying the impact of sequestration cuts.** O'Hanlon and Lieberthal's **predictions of doom are fanciful at best and are based on the notion that the world is a dangerous place when in fact it's never been safer.** But even if they are right that their calamitous series of events could occur there are about $690 billion reasons to believe that the sort of defense cuts that would lead to this series of events will never happen - especially when the country can rely on esteemed national security experts to convince Americans that if it were to occur the world would descend into a dystopian state. **But that isn't even the worst part of the debt is a national security threat argument - O'Hanlon and Lieberthal, as well as pretty everyone else who makes this assertion, don't appear to understand the difference between debt and economic growth. Yes, America's economy is weak; but it has very little to do with the fact that we have a lot of debt.** Indeed, the problem is that the federal government hasn't taken on enough debt in order to grow our economy, create jobs and pull ourselves out of the worst economic downturn since the Great Depression. Quite simply, the government has failed at one of its most basic responsibilities in the face of economic calamity - spending money (even that which is borrowed) in order to fill the gap in aggregate demand. As Ezra Klein rightly points out, the world is desperate to loan us money so that we can spend it on important national priorities, rebuild out infrastructure and create jobs. Instead we have folks telling us that we should reducing out debt . . . and that it's a national security priority. **So while debt-mongers are right to be concerned about America's economic future, their diagnosis is way off-base.** Indeed a greater focus on reducing the national debt will mean less resources to grow the economy, less money for infrastructure, less money for improving our education system and less money to support clean energy initiatives . . . unless **O'Hanlon, Lieberthal, Haass and Mullen believe that cutting government spending to reduce the deficit will somehow grow the economy. It won't. Instead it will make things worse.** In fact, **the misguided focus on debt is a good part of the reason that our economy remains so weak; we've devoted so much energy to worrying about the debt that we are supposedly leaving for our grandchildren that we forgot to think about the terrible economy and high unemployment that we are bequeathing to Americans today - and utilize the tools at our disposal to make this situation better.** In the end, "restoring U.S. economic strength" should be a top priority of US policymakers. But focusing on the debt as a means to achieve that goal is the best example I can think of as to why defense wonks and Naval officers should stay away from economic analysis in general.

## Indicts

### AT: 90% Debt:GDP fucks growth

1. This doesn’t apply to the United States, a country with far more economic supremacy.

Simon Johnson [Simon H. Johnson is a British American economist. He is the Ronald A. Kurtz Professor of Entrepreneurship at the MIT Sloan School of Management and a senior fellow at the Peterson Institute for International Economics.], April 3rd, 2012, “White House Burning”, New York: Knopf Doubleday Publishing Group.  
In the long term, we can’t be sure at what point the national debt imposes a significant drag on the economy. A recent paper by economists Carmen Reinhart and Kenneth Rogoff has been widely cited as evidence that bad things will happen if the national debt exceeds 90 percent of GDP.47 They show that growth rates tend to be somewhat lower (about 1 percentage point) for countries with debt over that threshold than for countries with debt below it.48 But while this may be a reasonable warning sign, it is hard to know what it means for the United States because even their findings for advanced economies are the averages over sixty years of twenty different countries—nineteen of which did not enjoy the particular benefits of issuing the world’s reserve currency.49 (Reinhart and Rogoff also find no evidence that higher debt levels will cause higher inflation.)50”