# KG January 18’ Debt

**Resolved: The United States federal government should prioritize reducing the federal debt over promoting economic growth.**

## Topic Analysis

### Definitions

**United States Federal Government- national government of the United States, a federal republic in North America, composed of 50 states, a federal district, five major self-governing territories, and several island possessions.**

**Should- used to indicate obligation, duty, or correctness, typically when criticizing someone's actions.** (https://www.merriam-webster.com/dictionary/should)

**Prioritize- to list or rate (projects, goals, etc.) in order of** priority (https://www.merriam-webster.com/dictionary/prioritize)

**Reduce- make smaller or less in amount, degree, or size.** (https://www.google.com/search?q=Reduce&rlz=1C5CHFA\_enUS729US729&oq=Reduce&aqs=chrome..69i57j69i60j35i39j0l3.157j0j4&sourceid=chrome&ie=UTF-8)

**Federal Debt- amount of money that the federal government has borrowed and not yet paid back** (https://www.encyclopedia.com/history/encyclopedias-almanacs-transcripts-and-maps/federal-debt)

**Promote- further the progress of (something, especially a cause, venture, or aim); support or actively encourage.** (https://www.merriam-webster.com/dictionary/promote)

**Economic Growth- an increase in the amount of goods and services produced per head of the population over a period of time.**

### Topic and Political Philosophy

**Political Realism- Nations are always motivated by their best interest. Nations argue that the more power you have allows for one country to do better.**

**Political Liberalism- Identifies that broad ties between countries means that you cannot find the interests of one country. Advocates for more ties between countries and integration on national interests. Brought together by globalization, rapid rise in communications technology, international trade treaties.**

### Debt Background

**Federal Debt is high.**

https://www.cnn.com/2018/07/31/opinions/barreling-toward-trillion-dollar-deficits-macguineas/index.html

As a result of an unprecedented debt binge by Congress over the past year, the national debt is about to roar back to life as a pressing issue after years of hibernation. In 2010, it was among the nation's top concerns. President Obama created a bipartisan national fiscal commission to come up with a plan to address it, but a big agreement ultimately failed. The debt didn't go away. It has been growing by the second ever since, **and** the dominoes are about to start falling. The recent GOP tax cuts and bipartisan spending increases together will add $2.3 trillion to the national debt in the next10 years. If both are made permanent, that amount goes up to $5.1 trillion. And President Trump is already considering another $100 billion of capital-gains tax cuts. America's debt crisis is coming -- interest payments will hit a trillion dollars a year These sums accelerate a coming fiscal freefall and will push the nation over a psychological barrier as soon as next year: trillion-dollar annual deficits. The last time we had trillion-dollar deficits was during the Great Recession, and it was the understandable outcome of a huge economic downturn. This time it is purely self-imposed, resulting from irresponsible policy choices. And Washington is responding to trillion-dollar deficits by increasing them further with more plans for tax cuts and spending, with nary a peep about how to pay for them.

**Many ways debt accumulates**

<https://www.thebalance.com/the-u-s-debt-and-how-it-got-so-big-3305778>

**There are five significant causes of** the size of the **national debt. First, the debt is an accumulation of federal budget deficits.** Each new program and tax cut adds to the debt. These show up in budget deficits by president. The largest deficit goes to President Obama. He added the ​American Recovery and Reinvestment Act stimulus package, the Obama tax cuts, and $800 billion a year in military spending. These initiatives halted the 2008 financial crisis. Although the national debt under Obama grew the most, dollar-wise, it wasn't the biggest percentage increase. That honor goes to Franklin D. Roosevelt. He only added $236 billion, but it was a 1,048 percent increase. He did this to fight the Great Depression and prepare the United States to enter World War II. President Bush had the second largest deficit. He also fought the financial crisis with the $700 billion bailouts. Bush added the Economic Growth and Tax Relief Reconciliation Act and the Jobs Growth and Tax Relief Reconciliation Act tax cuts to end the 2001 recession. He responded to the 9/11 attacks with the War on Terror. President Reagan cut taxes, increased defense spending, and expanded Medicare. All these presidents also suffered from lower tax receipts resulting from recessions. **Second, every president borrows from the Social Security Trust Fund.** The Fund took in more revenue than it needed through payroll taxes leveraged on baby boomers. Ideally, this money should have been invested to be available when the boomers retire. Instead, the Fund was "loaned" to the government to finance increased spending. This interest-free loan helped keep Treasury Bond interest rates low, allowing more debt financing. But it must be repaid by increased taxes when the boomers do retire. **Third, countries like China and Japan buy Treasuries to keep their currencies low relative to the dollar.** They are happy to lend to America, their largest customer, so it will keep buying their exports. Even though China warns the United States to lower its debt, it continues to buy Treasuries. But China has lowered its holdings of U.S. debt. **Fourth, the U.S. government has benefited from low interest rates.** It couldn't keep running budget deficits if interest rates skyrocketed like they did in Greece. Why have interest rates remained low? [because] Purchasers of Treasury bills are confident that America has the economic power to pay them back. During the recession, foreign countries increased their holdings of Treasury bonds as a safe haven investment. These holdings went from 13 percent in 1988 to 31 percent in 2011. **Fifth, Congress raises the debt ceiling.**

### Growth Background

**U.S. economy is growing now.**

https://www.fxstreet.com/news/us-economy-to-continue-to-grow-significantly-above-potential-nomura-201809240750

**Analysts at Nomura expect the US economy to continue to grow significantly above potential in 2018 and 2019,** supported by stimulative fiscal policy, before growth decelerates towards potential over 2019 and into 2020. Key Quotes “**Job gains remain** well **above the long-term sustainable pace and will likely continue to put downward pressure on the unemployment rate** through 2019 before tighter monetary policy and financial conditions eventually slow employment growth. However, we expect slow productivity growth to persist, held down, in part, by structural declines in underlying business dynamism, limiting wage growth.” “Inflation: Transitory factors that that held down inflation in 2017 have largely abated. For 2018-20, we expect core inflation to pick up gradually as labor markets tighten and the economy moves towards potential. Core PCE inflation may pick up slightly faster than core CPI as healthcare service inflation could accelerate while rent inflation gradually slows. With upside risk to healthcare prices as well as expected further labor market tightening, we expect core PCE inflation to reach 2.4% in Q4 2020.” “Policy: **Facing strong momentum in aggregate demand, tightening labor markets, and inflation at the 2% symmetric target, we expect the Fed to hike two more times in 2018 and two times in 2019 before taking a pause through 2020.**

**A recession is coming**

https://www.forbes.com/sites/billconerly/2018/07/14/the-yield-curve-as-recession-predictor-should-we-worry-today/

**The yield curve has proved to be a valuable indicator of future recessions. Some economists are getting nervous right now, as signals are flashing yellow**—not quite red, but certainly not green. However, the yield curve is only indicative of a recession. It is neither definitive nor causal. The yield curve is a chart showing the interest rate paid on bonds of different maturities. The accompanying chart shows two yield curves. The curve labeled “typical” reflects interest rates in June 2017. Spreads between short-term rates and long-term rates were near their long-term averages. **The “inverted” curve—in which short-term interest rates are higher than long-term rates, is from November 2006, 14 months before the 2008 recession began.** As a forecasting tool, the difference between long-term and short-term interest rates is pretty good. The second chart shows the spread between 10-year U.S. Treasuries and 2-year Treasuries over a long time period. Recessions are shaded, indicating that low or negative spreads do a good job of predicting upcoming recessions. Note that the spread gave five good signals of recession, plus a couple of other indications that turned out not to be recessions. Also note that we’ve only had five recessions in the past 40 years, so we’re looking at a pretty small sample. Why would the yield curve predict a recession? Two simple explanations come to mind: Higher short-term interest rates lead to recession, or lower long-term interest rates lead to recession. Or perhaps some combination of the two leads to recession. The effect of high short-term rates makes sense**. When the Federal Reserve wants to slow economic growth to prevent inflation, it pushes up short-term interest rates. Spending declines in the interest-sensitive parts of the economy: business capital spending, residential development, and consumer durables** (especially automobiles). It seems paradoxical, though, for low long-term interest rates to presage recession. Low interest rates certainly would not cause economic weakness, but they might result from economic weakness. **Long-term rates are much less driven by Fed policy than short-term rates. They reflect supply of savings and demand for credit, with a substantial global influence. When the economy is weak (in the U.S. and around the world), demand for credit falls and savings increases. The result of the weak economy is low long-term interest**



### Theory

**Disclosure Theory- Good**

**A. Interpretation: Debaters must, on the page on the NDCA wiki with the school they attend, disclose the taglines, full citations, and the first and last three words of any pieces of evidence read in their case which they have read in their case in a previous round at least thirty minutes before the round.**

**B. Violation: They have not posted cites.**

**C. Standards:**

**1. Research – disclosure increases research and gets rid of anti-educational arguments because debaters are forced to prepare cases knowing that people will have answers AND people get the opportunity to research answers to disclosed cases.**

Nails 13 - (Jacob [I am a policy debater at Georgia State University. I debated LD for 4 years for Starr's Mill High School (GA) and graduated in 2012.] "A Defense of Disclosure (Including Third-Party Disclosure)" [http://nsdupdate.com/2013/a-defense-of-disclosure-including-third-party-disclosure-by-jacob-nails/) GHS//GB](http://nsdupdate.com/2013/a-defense-of-disclosure-including-third-party-disclosure-by-jacob-nails/%29%20GHS//GB)

I fall squarely on the side of disclosure. I find that the largest advantage of widespread disclosure is the educational value it provides. First, disclosure streamlines research. Rather than every team and every lone wolf researching completely in the dark, the wiki provides a public body of knowledge that everyone can contribute to and build off of. Students can look through the different studies on the topic and choose the best ones on an informed basis without the prohibitively large burden of personally surveying all of the literature. The best arguments are identified and replicated, which is a natural result of an open marketplace of ideas. Quality of evidence increases across the board. In theory, the increased quality of information [this] could trade off with quantity. If debaters could just look to the wiki for evidence, it might remove the competitive incentive to do one’s own research. Empirically, however, the opposite has been true. In fact, a second advantage of disclosure is that it motivates research. Debaters cannot expect to make it a whole topic with the same stock AC – that is, unless they are continually updating and frontlining it. Likewise, debaters with access to their opponents’ cases can do more targeted and specific research. Students can go to a new level of depth, researching not just the pros and cons of the topic but the specific authors, arguments, and adovcacies employed by other debaters. The incentive to cut author-specific indicts is low if there’s little guarantee that the author will ever be cited in a round but high if one knows that specific schools are using that author in rounds. In this way, disclosure increases incentive to research by altering a student’s cost-benefit analysis so that the time spent researching is more valuable, i.e. more likely to produce useful evidence because it is more directed. In any case, if publicly accessible evidence jeopardized research, backfiles and briefs would have done LD in a long time ago. Lastly, and to my mind most significantly, disclosure weeds out anti-educational arguments. I have in mind the sort of theory spikes and underdeveloped analytics whose strategic value comes only from the fact that the time to think of and enunciate responses to them takes longer than the time spent making the arguments themselves. If [theory spikes] these arguments were made on a level playing field where each side had equal time to craft answers, they would seldom win rounds, which is a testimony to the real world applicability (or lack thereof) of such strategies. A model in which arguments have to withstand close scrutiny to win rounds creates incentive to find the best arguments on the topic rather than the shadiest. Having transitioned from LD to policy where disclosure is more universal, I can say that debates are more substantive, developed, and responsive when both sides know what they’re getting into prior to the round. The educational benefits of disclosure alone aren’t likely to convince the fairness-outweighs-education crowd, but I’ve learned over the course of many theory debates that most of that crowd has a very warped and confusing conception of fairness. Debaters who produce better research are more deserving of a win. Debaters who can make smart arguments and defend them from criticism should win out over debaters who hide behind obfuscation. That so many rounds these days are resolved on frivolous theory and dropped, single-sentence blips suggests that wins are not going to the “better debaters” in any meaningful sense of the term. The structure of LD in the status quo doesn’t incentivize better debating.

Research skills is a voter because it’s key to our ability to a) actually learn about the topic and become engaged in the real world and b) process large amounts of information, which is a necessary portable skill in the digital age.

2. Clash – Disclosure is the best method for increasing clash in debates because it allows debaters to substantively engage positions rather than relying on sketchy tricks to avoid the discussion. It also allows for more specific clash because debaters can see specific arguments disclosed instead of trying to link generic arguments in. That’s a voter because a) specific education also helps our ability to learn about the topic and engage in the real world and b) clash is key to advocacy skills since it forces us to defend positions, which we need to actually promote social change to fix screwed up things in the real world.

3. Argument quality –

a) Disclosure prevents the element of surprise. A world without disclosure rewards debaters for running arguments not because they are good, but because their opponents won't know how to respond. Disclosure forces debaters to commit to quality; under my interpretation, debaters would have to write cases knowing that their opponents will have the opportunity for thoughtful preparation.

b) Disclosure encourages increased research and cross-pollination—Argument quality is a voter because debate is a unique space in which we need to have in-depth education about these social issues.

Gary Alan Fine 01, [Professor of Sociology at Northwestern], “Gifted Tongues: High School Debate and Adolescent Culture”, Princeton University Press, 2001. RFK

Debate is justified as a learning tool, not merely as a means by which adolescents enjoy themselves. In a society concerned about the perceived failures of its educational institutions, high school debate is a voluntary activity in which some students--a small and highly select group--choose to engage in research, practice socially valued skills, and demonstrate these abilities in public settings. Anecdotal evidence suggests that students who participate in intermural debate do extremely well in their schoolwork and then (and as a consequence) are successful in college and in graduate or professional school, achieving occupational success. Since debate does not appeal to a random sample of the student body, causality is hard to establish, but the claim that debate is beneficial is surely plausible. Debate is one program through which an often shaky institution encourages adolescents to acquire culturally valued skills. While debate is not the only activity in which the adolescent attachment to competition is mixed with the acquisition of socially valued skills--Model UN, academic bowls, math teams, chess clubs, and mock trials also have these attributes--it provides an exemplary case in its organization, its longevity, and its intensity. High school debate potentially could produce curricular reform based on "teaching the conflicts"9: learning how to discuss contentious social issues can permit students to engage and confront moral ideals. Today many find America's school systems in disarray, attempting, often ineffectively, to solve seemingly insoluble social problems. If we cannot educate the masses effectively, some suggest that at least we should properly educate our "best and brightest." Gifted education is a concern for both educators and parents. High school debate teams are highly selective--sometimes self-selected, but often with the assistance of coaches, teachers, and principals who recruit their most energetic, brightest, and most articulate students. Debate helps to reproduce the class system. Most debaters--although not all--are high achievers. In general, debaters are young men and women from affluent homes in which education is valued and in which ideas are discussed. Many of these students have succeeded in school and have established, prior to their immersion in the world of debate, a record of achievement. High school debate magnifies these successes, providing an enriched atmosphere in which students expand their educational horizons. The competitiveness of debate motivates this achievement drive, particularly among those students who have already succeeded in academic competitions.

4. Inclusion – Disclosure is key to the inclusion of small schools – the current system just favors the “big” schools who bring more students who can scout more rounds.

Bietz 10, Mike (former President of the National Debate Coaches Association; debate coach at Harvard-Westlake School in Los Angeles.) “The Case for Public Case Disclosure.” May 2010.) GHS//GB

Since disclosure happens anyway, it ought to be open to all competitors regardless of the number of teammates, coaches or friends one has at any given tournament. **The current “system” is exclusionary and often makes tournaments hurtful situations. It benefits large teams who either 1) bring many kids to tournaments or 2) have many judges in the judging pool, both of which go hand-in-hand. Finally, open disclosure provides the academic check and peer-review of research that is common in all of academia.**

**D. Drop the debater –**

**1. It’s the same as dropping the argument since the argument is the entire case that wasn’t disclosed.**

**2. Voting for us sets a precedent in favor of a positive model of debate—wins and losses determine the direction of activity.**

**3. There’s no way to rectify the abuse — going and forcing them to disclose now won’t fix the lack of education we get from this round.**

**Disclosure Counter- Bad**

1. **You can never be sure that we violate, since there is no way he can say we haven’t posted unless he went on the internet, which one, merits disqualification because using the internet is forbidden according to this tournament’s rules and two, gives them access to unlimited arguments they can potentially read on us in the next speech. Also, using the internet is inherently bad because warrants and arguments should be developed in the round to avoid time skew.**
2. **We’ve been disconnected from the Internet so we literally could not post our cases, you shouldn’t vote us down for something that we can’t do. That’s like saying Kanye’s responsible for a bad rap album.**
3. **We meet because in between last round and this round we changed up our case with new arguments and cards so there was no way that we could have even disclosed a case we literally made less than 30 minutes ago.**
4. **We meet, because I don’t have a coach, we have a Speech teacher who volunteers to ride the bus with us to and from tournaments. This is a solvency deficit, because kids with more numerous and more active coaches will always have more prep than we do.**
5. **We meet, because they could have just asked us before the round to disclose, and we would have done it, we just don’t have access to the wiki but we do have access to them. Disclosure is an easy thing to ask someone for and they had to say the magic words before the round.**
6. **We meet. Their theory shells presume that everything we’re reading was updated 30 minutes before this round but that’s not true. We updated everything we’re reading 15 minutes before the round.**

**A) Counter interp – At tournaments where disclosure is not mandated explicitly in the rules, debaters can win the round without having disclosed their arguments**

**B) Violation – You can look at their off for this part, AND this tournament does not say anywhere that debaters need to disclose what they read.**

**C) Standards**

1. **Predictability, because we had no idea that we would have to disclose at this tournament when there is absolutely no rule that mandates or obliges us to do so. Forcing us to do something that we can’t anticipate is unfair because there’s no way for us to conduct prepare for something totally unpredictable whereas everything we are reading was predictable so it creates unfair research burdens.**
2. **Small school and disadvantaged debater’s participation- their interp literally makes the circuit more esoteric because it prevents small school debaters or those who don’t have as many resources on hand from participating. They require that debaters have regular access to the NDCA, which already has a membership fee that some schools either a) do not have or b) cannot afford to have, just like Milpitas High. If you vote on their interp, that means you perpetuate the perception that only the kids from top notch schools will ever get anywhere in this activity and you’ll exclude even more kids from doing PF than are already excluded.**
3. **Critical Thinking Skills- We increase critical thinking skills because we force thinking on the spot compared to debating a case which has already been disclosed which consequently makes it easier to debate. Furthermore, debaters can just get their coaches to prep out their opponent’s cases for them which ultimately means that they don’t have to do any thinking at all. This is the strongest internal link to education because the purpose of debate is the skills we gain from the round. We won’t remember some deep metaphysical justifications from the round but rather the skills we gained from debate.**

**D) Voters**

**It’s a voter for fairness, which precedes substance because unfair arguments arbitrarily skew your evaluation of the round towards the unfair debater. Voter for education as the only lasting impact of debate. Also, punishing the abusive debater with a loss deters future abuse. And give us the RVI because theory is a no risk issue for them while we are forced to answer it and theory without an RVI incentivizes debaters to read many theory shells in a round without any risk of dropping.**

**Internet Use- Bad**

**A. Interpretation: Debaters should not use or access the Internet in round to research.**

**B. Violation: They have used the Internet in round, which is conceded in cross. We can’t access Internet because we have it locked onto off.**

**C. Standards:**

1. **Research- Using Internet in round inherently damages research capabilities. Using Internet in round decreases research because people can just Google answers to non-stock arguments in round, giving them an advantage because people research outside of round but finding specified sources in round allows for better responses that we don’t have access to. On the other hand, requiring research causes people to use good ideas from each other and also be forced to prep and research for more arguments. That means it’s better for argument quality because people can clash more specifically instead of making bad, generic arguments.**
2. **Critical Thinking Skills- We increase critical thinking skills because we force on the spot debating instead of finding answers to argument during round. Debating a round in which there are no on the spot answers because they are found during round on the Internet sets a precedent to not think ahead, consequently making it easier for them to debate. This is the strongest internal link to education because the purpose of debate is the skills we gain from the round. We won’t remember some deep justifications from round, but rather the speaking skills and thinking abilities we gained from debate.**

**D. Voters**

1. **Fairness- Them using Internet decreases fairness as it sets a precedent to decrease research and increase round Internet use. Fairness precedes substance because unfair arguments arbitrarily skew your evaluation of the round towards the unfair debater.**
2. **Education- Decreasing critical thinking skills and finding information quickly in round decreases education. Vote for us because by voting for us, you set the precedent for other teams to learn about the topic ahead of time. Punishing abusive debaters with a loss deters future abuse, and remember that education is the only long term impact from debate.**
3. **RVI- We are forced to answer Internet abuse because it makes the round harder from us, but using Internet is no risk issue from them. There’s no way to rectify the abuse because turning of Internet now won’t fix the unfairness and lack of education from the round.**

# A/2: PRO

### OV: Foreign Investment

1. **Foreign investment won’t decrease for 4 reasons-**
	1. **Investors investing in risky sectors will always want to hedge those risks by investing in America because we are a really stable bond market**
	2. **Countries like China want to peg their currencies by reinvesting US dollars back into the American bond market to depreciate the American dollar**
	3. **We’re still the safest investment in the world because there’s almost no chance the US will default on its debt payments**
2. **This is why Ader of Bloomberg reports that investment in US bonds has recently reached a 3 year high, even if our national debt has gotten higher.**
	1. **While the percentage foreign countries buy has gone down due to an increase in the category of buyers such as mutual funds, they are not shying away from buying debt.**
3. **According to O’Brien of The Atlantic, the U.S. has and can borrow money forever without paying back its debt entirely. The US is especially willing, as Harrington of US News finds that the US debt ceiling is meaningless as Congress simply raises the ceiling and the government borrows even when it hits it.**

https://www.bloomberg.com/opinion/articles/2018-10-31/bear-market-in-bonds-tempered-by-foreign-demand

Yes, the latest Treasury International Capital, or TIC, report from earlier this month showed that overall holdings of U.S Treasuries by America’s two biggest foreign creditors — China and Japan — were down in in August, that’s a half-empty view. Although they cut their holdings of Treasury bills, China and Japan actually bought Treasury notes and bonds, which seems like a bullish view. China bought almost $9.44 billion of notes and bonds, while Japan purchased $4.45 billion in its most active month since June 2017. **Overall, foreign investors bought a whopping $63.1 billion of coupon-bearing Treasuries in August, the most in more than three years.**

Let’s look at this in terms of flows. The chart below shows who owns Treasuries. Foreign ownership is flat at $6.2 trillion, or 47.8 percent of privately held debt. **Although that’s down from 59 percent in 2014, foreign ownership is flat in nominal terms. This is mainly due to rising demand a category of buyers dubbed “other”** as well as purchases by mutual funds and governmental entities including the Fed. **Foreigners are not shying away; others have just been more assertive.**

**O'Brien**, Matthew. “Why the U.S. Government Never, Ever Has to Pay Back All Its Debt.” **The Atlantic**, Atlantic Media Company, 1 Feb. **2013**, www.theatlantic.com/business/archive/2013/02/why-the-us-government-never-ever-has-to-pay-back-all-its-debt/272747/.

There's only one thing you need to know about the government. It's not a household. **The government, unlike us, doesn't need to pay back its debts** before it dies, because it doesn't die (barring secession or a sneak attack from across the world's longest unprotected border -- a most unworthwhile initiative). In other words**, the government can just roll over its debts in perpetuity.** That's the point Michael Kinsley misses when he says we "can't borrow forever," in an otherwise fine column trying to convince unemployment and deficit hawks that they actually agree on a "barbell" approach -- stimulus now, austerity later -- to fiscal policy. **We can, and in fact have, borrowed forever. And that doesn't mean our debt burden will go up forever either.** As you can see in the chart below, the government dramatically decreased its debt-to-GDP ratio in the three decades following World War II, despite mostly running deficits during the time.

**Harrington**, James R. “The Great Debt Ceiling Show.” **U.S. News & World Report**, U.S. News & World Report, 26 Sept. **2017**, www.usnews.com/opinion/economic-intelligence/articles/2017-09-26/the-debt-ceiling-has-no-real-effect-on-federal-spending.

The bottom line is that the debt ceiling is even more of a farce than is generally believed, which is saying something. Not **only is the ceiling meaningless in that it does not actually constrain spending, as Congress can alter the ceiling whenever it chooses to do so, the debt ceiling is further meaningless because it appears that the government goes right on borrowing even after it hits the ceiling anyway.** The spending behavior of the federal government never actually changes. The Debt Ceiling Show is nothing but smoke and mirrors.

*Countries will always lend America money as a way of obtaining dollars for themselves, because they can buy bonds with their own currency and receive dollars when paid back.*

### A/2: Interest Rates

1. **We can keep borrowing which means interest rates rising has no impact.**
2. **Delink. Kogan at The Center on Budget Priorities explains in a historical analysis on interest payments compared to economic growth, and found that economic growth has always exceeded interest payments, reducing debt. This is crucial as higher economic growth than interest payments means the debt will be paid back. That is also a turn as he projects that if economic growth expands its gap over interest rates, the debt gap almost completely disappears. Outweighs on probability- looks at past and finds analysis has been historically right.**
3. **Delink. 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 a 29% increase in debt: GDP ratio to increase interest rates by 1%.**
4. **Delink. The U.S. can still get money.**
	1. **Countries will always buy our debt- such as China who’s currency relies on buying U.S. debt- they’ll never want to hike up interest rates so high to the point where they can’t buy.**
	2. **Investors will always see the United States as the safest investment because our economy is the most reliable- they won’t ever hike them up because the US knows people always pay.**

**Kogan**, Richard. “Difference Between Economic Growth Rates and Treasury Interest Rates Significantly Affects Long-Term Budget Outlook.” **Center on Budget and Policy Priorities**, 11 Oct. **2017**, [www.cbpp.org/research/federal-budget/difference-between-economic-growth-rates-and-treasury-interest-rates](http://www.cbpp.org/research/federal-budget/difference-between-economic-growth-rates-and-treasury-interest-rates). **[Also indctis/acconts for interest rates equaling-CBO]**

**We analyze U.S. data for the 223 years since 1792 and find that, on average, economic growth has exceeded interest rates, helping to shrink the burden of existing debt.  Economic growth also exceeded interest rates during the economic slump of recent years.**  The Congressional Budget Office (CBO) projects, however, that the average interest rate on government debt will gradually rise, will equal the economic growth rate by 2025, and will exceed it thereafter.  Our own long-term projections, and those of many other analysts, are based on CBO’s long-term assumptions about economic growth and interest rates.  **If, however, economic growth and interest rates behave more as they have throughout U.S. history, with the former exceeding the latter on average, then — all else being equal — the long-term budget outlook may be somewhat less challenging than we, CBO, and others currently project.**

But, as Table 2 shows, **if interest rates are 0.3 percentage points lower than we assume, so that economic growth exceeds interest rates by an average of 0.2 percent after 2024, the fiscal gap through 2040 falls by one fifth; if economic growth exceeds interest rates by an average of 1.3 percent, the fiscal gap almost disappears.** In short, if the future relationship between economic growth and interest rates more closely aligns with the historical relationship, the long-term budget outlook may be somewhat less challenging than we, CBO, and some others assume.

But for the U.S., expensive debt is nothing new. **In the 1990s, interest rates were much higher, so although the U.S. carried a smaller debt, Americans paid much more to service it.** **Today's interest expenses are still below their historical highs**, noted Mark Weisbrot, co-director of the Center on Economic and Policy Priorities. Even if interest rates increase dramatically, it would only bring interest payments to the relative level they had in the 1990s.

**Riedl**, Brian. “Why America's Debt Burden Is Declining.” **The Heritage Foundation**, 7 Feb. **2005**, www.heritage.org/budget-and-spending/report/why-americas-debt-burden-declining.

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%22%20%5Cl%20%22_ftn4%22%20%5Co%20%22) 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%22%20%5Cl%20%22_ftn5%22%20%5Co%20%22)

### A/2: Social Spending

1. **It’s still better to have limited funding than cutting all programs now, especially being that we can continue to borrow money. The argument is especially non-unique as Dewey of The Washington Post writes that Trump is making welfare requirements stricter and causing cuts.**
2. **Delink. No probability of cuts.**
	1. **The CFRB explains that social welfare is only 0.1 percent of US GDP. Politicians see no use in cutting them for decreasing debt as there’s no change, especially when not all funding is cut.**
	2. **Werner of The Washington Post explains that Democrats and Republicans are arguing over whether to cuts and how to do so. There’s too much polarization to make cuts, especially with the Democrats taking the House making it likely any attempt to make cuts fails.**
3. **Infrastructure outweighs on the impact level.**
	1. **Solves back for the poverty impacts because when you provide low skill jobs and develop low income areas it alleviates poverty in the long run as opposed to social spending which gives you a check every month but doesn’t provide a sustainable way to stay out of poverty.**
	2. **Timeframe-Social spending is relatively short term because it doesn’t provide any mechanism of keeping people out of poverty in the long haul, but infrastructure development can stimulate local economies for years to come.**
	3. **Clarity of impact-we don’t know when we’re going to be forced to cut the budget because there is no political will in the status quo and it could literally be a hundred years down the line before we’re forced to start sequestering on a large scale, but we do know there is going to be an infrastructure bill that will for sure provide jobs and stimulate rural and urban economies.**

https://www.washingtonpost.com/news/wonk/wp/2017/05/22/trump-to-poor-americans-get-to-work-or-lose-your-benefits/?utm\_term=.9c69295bc8cd

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.”

“Can We Fix the Debt Solely by Cutting Welfare Spending?” **Committee for a Responsible Federal Budget**, 30 Oct. **2016**, www.crfb.org/blogs/we-can-fix-debt-solely-cutting-welfare-spending.

Some candidates may suggest that we can fix the debt simply by cutting welfare spend- ing, but there is not enough spending in this category to realistically do that. Temporary Assistance for Needy Families, the cash as- sistance most closely associated with the term “**welfare,” only totals 0.5 percent of spending per year (about 0.1 percent of GDP**) and basically has not increased since it was first established in the late 1990s. Even in- cluding other programs like Supplemental Security Income and the Supplemental Nu- trition Assistance Program brings the total to less than 5 percent of spending per year (1 percent of GDP), and these programs are projected to shrink as a share of the economy over time. **Any realistic cuts would not solve the debt problem and would prove increas-ingly inadequate over the long term.**

**Werner**, Erica. “As Midterms near, Democrats Accuse GOP of Plotting to Cut Medicare, Social Security.” **The Washington Post**, WP Company, 17 Oct. **2018**, www.washingtonpost.com/business/economy/as-midterms-near-democrats-accuse-gop-of-plotting-to-cut-medicare-social-security/2018/10/17/b3f0e87a-d227-11e8-8c22-fa2ef74bd6d6\_story.html?noredirect=on&utm\_term=.2f3bb0c30f25.

**Democrats issued warnings Wednesday about the peril Republicans pose to Medicare and Social Security, accusing the GOP of plotting to cut critical safety net programs to close a budget deficit of their own making. “**A vote for Republican candidates in this election is a vote to cut Social Security, Medicare and Medicaid,” argued Sen. Chris Van Hollen (D-Md.). Van Hollen and other Democrats pounced on comments from Senate Majority Leader Mitch McConnell, in which the top Senate **Republican blamed social programs for the growing deficit and said he hoped Congress would tackle spending on them** “at some point here.” The Democrats’ alarm bells about deficits, which are reaching $1 trillion annually, came three weeks ahead of midterm elections that will decide control of Congress.

### A/2: Tax Cuts Bad

1. **Turn. The Tax Foundation, analyzing the recent tax cuts, found that it will lead to a 3.7 percent increase in GDP over the long term, 2.9 percent increase in wages, and almost a million jobs- that’s concrete benefits that go to people at the bottom. Prefer this evidence-**
	1. **It’s a nonprofit, third party who did the analysis**
	2. **The evidence analyzes all situations of the tax cuts- it’s much more comprehensive when it comes to the conclusion.**
2. **Turn. James of The Heritage Foundation gives three reasons why tax cuts are better for the poor.**
	1. **A 13% tax cut lets the average household take home more than 17 thousand extra dollars over 10 years**
	2. **The poor get more cut- for example, in South Bronx where income is lower, their taxes were cut by a third**
	3. **It increases extra cash for companies who reinvest back in communities- for instance, Premera Blue Cross dedicated 40 million for reinvestment for the poor communities due to cuts.**

**Tax Foundation.** “Details & Analysis of the Senate Tax Cuts and Jobs Act.” Tax Foundation, Tax Foundation, 14 Nov. **2018**, taxfoundation.org/details-analysis-2017-senate-tax-cuts-and-jobs-act/.

According to the Tax Foundation’s Taxes and Growth Model, **the plan would significantly lower marginal tax rates and the cost of capital, which would lead to a 3.7 percent increase in GDP over the long term, 2.9 percent higher wages, and an additional 925,000 full-time equivalent jobs.** The Senate’s version of the Tax Cuts and Jobs Act is a pro-growth tax plan, which, when fully implemented, would spur an additional $1.26 trillion in federal revenues from economic growth. These new revenues would reduce the cost of the plan substantially. Depending on the baseline used to score the plan, current policy or current law, the new revenues could bring the plan closer to revenue neutral. On a static basis, the plan would lead to 1.2 percent higher after-tax income on average for all taxpayers and 4.5 percent higher after-tax income on average for the top 1 percent in 2027. When accounting for the increased GDP, after-tax incomes of all taxpayers would increase by 4.4 percent in the long run.

**James**, Kay Coles. “Tax Cuts Only Help the Wealthy, Right? American Paychecks Show Otherwise.” **The Heritage Foundation**, 24 June **2018**, www.heritage.org/taxes/commentary/tax-cuts-only-help-the-wealthy-right-american-paychecks-show-otherwise.

This year alone, **the average household** in Washington State’s 5th District **will see a tax cut of 13 percent and an increase in take-home pay of more than $17,000 over the next 10 years,** according to a new study from The Heritage Foundation. President Donald Trump promised a tax cut for the middle class, and that’s just what Congress delivered. Meanwhile, residents of New York’s 15th District, one of the lowest income districts in America, saw their income taxes cut by about 30 percent. **Next time you hear someone say that Trump’s tax cut benefits only the wealthy, remind them of the folks in South Bronx who will see their 2018 tax bill cut by a third.** The benefits of tax reform are just getting started, and we want to keep that momentum going. Each year the new tax law is in place, American workers and their families will reap larger rewards. **More than 650 companies are using the tax cuts for employee bonuses, pay increases, charitable contributions, and new investments. For example, Premera Blue Cross announced it is dedicating $40 million to community reinvestment.** Hope House—a women’s shelter in Eastern Washington—will receive $1 million to help more women find permanent homes, according to a recent story.

### A/2: Cut Defense

1. **Not probable at all. Presidents favor military spending because it keeps U.S. hegemony high, maintains allies, and deters conflict- and Trump especially has expanded rather than contracted the budget and Democrats are now agreeing to military spending. Larrison of the TAC confirms that politicians are desperate to seem strong on military spending and fear it will be used against them if they vote against spending.**
2. **They need to prove why in their world defense spending will be allocated to decreasing debt- it historically hasn’t been; they can’t just fiat a hyper specific plan.**
3. **Turn. Higgs of The Independent explains that government military spending creates additions to the economy and increase employment for resources that would be unused. He furthers it creates a ‘multiplier effect’ that stimulates the economy.**

https://www.theatlantic.com/international/archive/2018/02/democrats-defense-spending/553670

www.theamericanconservative.com/larison/expanding-the-military-budget-is-wasteful-and-unnecessary

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.**

 http://www.independent.org/tii/news/011008Higgs.html, accessed 1/19/03
Keynesian economics rests on the presumption thatgovernment 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.

### A/2: Tax Hikes

1. **There have been multiple tax increases in the past, but none have drastically reduced the debt, which means a)they don’t solve and b)even if they do promote growth, it will take too long for there to be any significant result.**
2. **Delink. Elis of The ill Trump said he’d veto.**
3. **Turn. Romer of The New York Times writes that tax hikes damage the economy by reducing demand, meaning less money is pumped into the economy- which is why she finds that every 1 percent increase in taxes reduces GDP by 1 percent.**
4. **Turn. Rugy of The Cato Institute explains that historically tax increases have coincided with a larger deficit because they contract the tax base itself by reducing growth and spurring greater tax avoidance.**
5. **Negating alternative better. Rampbell of the New York Times explains we can just follow the Canadian model and reprioritize our federal spending rather than increasing taxes, which allows us to reduce government waste while not interfering with economic growth**

**President Trump would veto any bill that increases taxes**, should Democrats win a House majority on Election Day, Trump's top economic adviser said Thursday. "President Trump would veto tax hikes," White House Economic Council Director Larry Kudlow said at a Washington Post event. Kudlow also said that he would personally oppose any tax increases in the context of a potential bipartisan deal to bring down the national debt.

**Romer**, CHRISTINA D. “Raising Taxes vs. Cutting Spending - Economic View.” **The New York Times**, The New York Times, 2 July **2011**, www.nytimes.com/2011/07/03/business/economy/03view.html.

President Obama pressured Republicans last week to accept higher taxes, in addition to reduced spending, as part of a plan to pare the deficit. The economic evidence doesn’t support the anti-tax view. Both tax increases and spending cuts will tend to slow the recovery in the near term, but spending cuts will likely slow it more. Over the longer term, sensible tax increases will probably do less damage to economic growth and pro- ductivity than cuts in government investment. **Tax increases and spending cuts hurt the economy in the short run by reducing demand. Increase taxes, and Americans would have less money to spend. Reduce spending, and less government money would be pumped into the economy. Professional forecasters estimate that a tax increase equiva- lent to 1 percent of the nation’s economic output usually reduces gross domestic prod-uct by about 1 percent after 18 months.** A spending cut of that size, by contrast, reduces G.D.P. by about 1.5 percent — substantially more.

**Rugy**, Veronique de. “Tax Increases Won't Cure Federal Deficit.” **Cato Institute**, 24 Mar. **2003**, www.cato.org/publications/commentary/tax-increases-wont-cure-federal-deficit.

Interestingly, while the federal budget was balanced throughout the 1920s, **the tax in- creases of the 1930s coincided with increasingly large deficits**. On the campaign trail in 1932, Roosevelt noted: “For over two years our federal government has experienced unprecedented deficits, in spite of increased taxes.” Yet, much like Gov. Davis today, Roosevelt decided to increase taxes more. He found out that a tripling of tax revenues did not balance the budget because the deficit soared from $2.2 billion in 1932 to $2.9 billion in 1940. A key problem in trying to balance the budget with tax increases is that higher taxes fuel more spending. As Milton Friedman has said, “Raise taxes by enough to eliminate the existing deficit and spending will go up to restore the tolerable deficit.” Another reason why tax hikes don’t balance the budget is because the **hikes contract the tax base by reducing economic growth and spurring greater tax avoidance. As a result, the government gains only a fraction of the revenues it hopes to receive.**

h􏰀ps://www.nytimes.com/2011/07/31/business/economy/sure-cure- for-debt-problems-is-economic-growth.html

ON the other hand, the paragon of thoughtful, growth-minded fiscal consolidation is Canada, according to Paolo Mauro, a division chief at the International Monetary Fund and editor of “Chipping Away at Public Debt: Sources of Failure and Keys to Success in Fiscal Adjustment.” Rather than making decisions under the gun**, Canada in 1994 undertook a comprehensive, McKinsey-style review of all of its federal spending over the course of a year to determine “where they were ge􏰀ing value for their money, rather than just doing across-the-board cuts**,” Mr. Mauro says. Policy makers telegraphed their conclusions and medium-term plans for reform, and subsequently pared down Canada’s debt level from one of the highest in the Group of Seven to the lowest. Since **Canada cut federal fat judiciously, it reduced its debt without much harm to growth.** American policy makers might learn a thing or two from Canada’s patient, hysteria-free pruning, at least once another clock — the counting down to an American downgrade or default — stops ticking.

### A/2: FTT

1. **Delink. Worstall of Forbes writes that because a FTT has to cut revenues from other taxes, no net revenue will be raised by the tax. If anything, the growth is predicted to be negative as Worstall finds that every 0.1 percent increase in the FTT rate leads to a 1.7 percent drop in GDP in the long term and reduce total revenue collections.**
2. **Turn. Chilton of Fox Business finds that the FTT causes investments to flee because of regulation which causes job losses and overall less economic growth because less revenue is being collected. Prefer this on probability- Chilton finds that European countries tanked after passing an FTT.**
3. **Turn. Wilberg of The Financial Times gives three issues with the FTT-**
	1. **Money will just be shifted into a market that will not be taxed**
	2. **The process of determining a fair tax rate takes too long**
	3. **The tax would just incentive investors to invest less as now every investment they make will be taxed**

**Worstall**, Tim. “How Many Times Must We Say This? A Financial Transactions Tax Raises No Revenue.” **Forbes**, Forbes Magazine, 28 Aug. **2017**, www.forbes.com/sites/timworstall/2017/08/28/how-many-times-must-we-say-this-a-financial-transactions-tax-raises-no-revenue/#138e14ad1a7b.

**No net revenue will be raised by the specific proposals that have been put forward.** This will sound strange to those who can see that there will indeed be revenue coming from the tax, but that is because while **there will indeed be revenue from the tax itself there will also be falls in revenue from other taxes. The net effect of this is that there will be less revenue in total as a result of an FTT. But of course, do not just take our word for it. That of the European Commission should be sufficient: ‘With a tax rate of 0.1% the model shows drops in GDP (-1.76%) in the long-run**. It should be noted that these strong results are related to the fact that the tax is cumulative and cascading which leads to rather strong economic reactions in the model.’ (Vol. 1 (Summary), p. 50) Revenue estimates are as follows: ‘[A] stylised transaction tax on securities (STT), where it is assumed that all investment in the economy are financed with the help of securities (shares and bonds) at 0.1% is simulated to cause output losses (i.e. deviation of GDP from its longrun baseline level) of up to 1.76% in the long run, while yielding annual revenues of less than 0.1% of GDP.’ (Vol. 1 (Summary), p. 33) A reasonable estimate of the marginal rate of taxation for EU countries is 40-50% of any increase in GDP. That is, that from all of the various taxes levied, 40-50% of any increase in GDP ends up as tax revenues to the respective governments. Thus if we have a fall of 1.76% in GDP we have a fall in tax revenues of 0.7-0.9% of GDP. The proposed FTT is a tax which collects 0.1% of GDP while other tax collections fall by 0.7-0.9% of GDP. It is very difficult indeed to describe this as an increase in tax revenue. The underlying insight here is that the Laffer Curve really is true. There're tax rates which, when we go above them, decrease, not increase, total revenue collected. A detail which we need to be aware of being that the peak of the curve is different for different forms and styles of taxation. We can load the tax onto cigarettes because demand is relatively inelastic with respect to price. This is not, as the EU has pointed out, true of stock and other financial trading. Even a tax of 0.01% is above the Laffer Curve peak**. A financial transactions tax is a lovely idea but it does have one rather large failure in that it doesn't in fact gain any extra tax revenue, far from it--it reduces total collections.**

**Chilton**, Bart. “Financial Transaction Tax: A Failure In The Making.” **Fox Business**, Fox Business, 9 Feb. **2018**, www.foxbusiness.com/markets/financial-transaction-tax-a-failure-in-the-making.

Here's what has actually transpired. **Nations, sovereign entities and geographies that have instituted a FTT have lost trading revenue and jobs as their markets migrate to FTT-free zones.** With less trading, there are correspondingly less—you guessed it—revenues. There are no magic revenue beans which equates to no additional bucket-o-cash; ergo no free college. If that weren’t enough, **jobs and economic activity related to trading were lost to other jurisdictions**. The third tragic lesson for those in search of seemingly “easy revenue” hits: the trading won’t be coming back. Gone, gone, the damage done.

**Wiberg**, Magnus. “We Tried a Tobin Tax and It Didn't Work.” **Financial Times**, Financial Times, 15 Apr. **2013**, www.ft.com/content/b9b40fee-9236-11e2-851f-00144feabdc0.

There are some lessons to be learnt from the Swedish experience. **First, on open financial markets it is easy to move transactions to untaxed markets.** The intensified use of automatic trading makes it easier to do so, which erodes the tax base. **Second, it is legally problematic to determine what constitutes a taxable transaction. This makes tax inspection difficult – and will increase trades in the financial instruments that are untaxed. Third, it is unlikely to make much money.** If the tax improves the efficiency of the market, the **tax base will shrink as a result of the decline in trading**. Even if the volume of transactions is not affected by the tax, the tax may not necessarily generate much since transactions may move to untaxed instruments.

### A/2: Investment

1. **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.**
2. **Turn. The money the government borrows is spent on programs like infrastructure development. This is key, as Shetta of American University notes that infrastructure 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.**

http://meea.sites.luc.edu/volume16/pdfs/Shetta-Kamaly.pdf

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.

### A/2: Overheating

1. **This concedes that current economic growth Is successful- because overheating is based on the idea that our economy is growing too fast.**
2. **Delink. Davidson of US News explains that the Fed increases interest rates in order to curb economic growth and prevent inflation. We can continue to increase interest rates to curb overheating.**
3. **Delink. Lazear of The Wall Street Journal gives three reasons why there won’t be overheating because there’s room to grow.**
	1. **Job growth is too high, and is keeping up with population growth meaning unemployment won’t change or spike inflation**
	2. **Current rate of employment still below full employment and is in recovery phase and there are still people to pull into the workforce**
	3. **Wage growth is consistent with productivity, meaning it is not inflationary- whenever the economy overheats, wages spike which hasn’t happened.**
4. **Delink. The internal link to overheating is that inflation should be happening. However, Coy of Bloomberg explains that growth is not fueling inflation because consumer spending growth is weak and inflation is at a manageable level.**

**The economy has been cruising lately and so the Fed is tapping on the brakes once again**. Upgrading its economic outlook, the **Federal Reserve** on Wednesday **raised its key short-term interest rate by a quarter point for the third time in 2018 and kept its forecast for another hike later this year.** “Our economy is strong, growth is running at a healthy clip, unemployment is low," Fed Chairman Jerome Powell said at a news conference. "This is a good moment for the U.S. economy." The Fed's rate hike is expected to ripple through the economy, lifting borrowing costs for variable-rate consumer loans such as credit cards, home equity lines of credit, autos and adjustable-rate mortgages. While the effects of a single hike are modest, the central bank has now bumped up its benchmark rate eight times since late 2015, noticeably increasing monthly payments for borrowers. The good news is the strategy is also finally pushing up bank savings and CD rates for Americans who have made do with paltry returns for many years. The Fed raised the federal funds rate – the rate banks charge each other for overnight loans – by a quarter point to a range of 2 percent to 2.25 percent. The central bank held the rate near zero for years after the financial crisis and recession of 2007-09 and then nudged it up only gently. **But with unemployment at 3.9 percent, near an 18-year low, and economic growth ratcheting higher, Fed policymakers have stepped up the pace of rate increases this year in a bid to head off an eventual spike in inflation.**

**Lazear**, Edward P. “Opinion | America's Economy Isn't Overheating.” **The Wall Street Journal**, Dow Jones & Company, 9 Oct. **2018**, www.wsj.com/articles/americas-economy-isnt-overheating-1539125398.

The U.S. unemployment rate declined to 3.7%, a rate unseen in almost half a century, the Bureau of Labor Statistics reported Friday. Given the booming labor market, the Federal Reserve has reason to worry that the economy may be overheating. **Although we are getting close to the peak of the business cycle, three labor-market indicators suggest we’re not there yet: Job growth is too high, wage growth is too low, and the employment rate is still slightly below the level consistent with full employment.** First, consider the rate of job creation. Jobs must be created every month to keep up with population growth. Throughout a business cycle, labor economists can determine whether the number of new jobs is sufficient to keep pace with the added population using the employment-to-population ratio. The U.S. EPOP currently stands at 60.4%. It’s always well below 100% because some people are retired, at home or in school.Population growth over the past year has averaged 227,000 a month, so the U.S. economy must create 137,000 jobs monthly—60.4% of the population change—to keep up. 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.**

https://www.bloomberg.com/news/articles/2018-05-11/no-the-u-s-economy-isn-t-overheating

### A/2: Stimulus Package

1. **They need to prove how much debt decreases in the next year during the recession to the point where we can pass their effective stimulus package. No clarity. We outweigh here-the next recession is supposed to hit by 2020 & realistically there’s no way to substantially reduce the debt before then so the better idea is to try to preserve a steady rate of growth to give the economy some sort of stability. [how much debt are we going to reduce in 1 year; how much will we honestly decrease in one year]**
2. **Their evidence assumes that interest rates remain high during a recession. The problem is during a recession, interest payments wouldn’t rise at the same pace because during times of economic recession, the Fed always lowers interest rates meaning there’s still going to be room to pass a stimulus package during recession.**
3. **They don’t understand how the fiscal policy of US is- we pass the policies and then evaluate the deficit at the end of the fiscal year, and then sell bonds to make up the debt lost. We operate on a spend first, borrow later policy which means debt is not a limiting factor. The government, however, will still spend anyways because people always borrow from the US- like China- because the public sector is the safest to go to in a recession, and people want the U.S. economy afloat.**
4. **Turn. Thomson of U.S. News explains found that “prioritizing” reducing the debt is bad, because it often times means foregoing economic growth, and drops in growth outpaced deficit reduction. This is why Thomson finds that in Europe, after prioritizing debt reduction, it is stuck in a recession, with magnified impacts such as an all-time high in umeployment and no change in debt to GDP ratio.**
5. **Delink. Sparshott of The Wall Street Journal explains why we can still pass stimulus, even after accounting for debt to GDP ratio. The U.S. always remains the best investment option as the global economy declines- we will always have funding which he concludes allows for a fiscal stimulus.**
6. **Delink. Farmer of Governing Magazine finds that the vast majority of states are prepared to survive the recession, concluding they will not need the stimulus. This means the government will have to do a lot less than they predict and can still pass a small stimulus at best, or states can redistribute.**
7. **Turn. We can just borrow more money if we need to pass the stimulus package- which means the argument is at worst terminally nonunique because it gets passed either way. This Is why we’re passing stimulus measures in the status quo like tax cuts. In fact, the Sahadi evidence from case indicates that the last stimulus package was paid by debt-when you decide to put all the power onto cracking down on debt you don’t look at initiatives to help the economy.**

**Sparshott**, Jeffrey. “Real Time Economics: Is the U.S. Ready for the Next Recession?” **The Wall Street Journal**, Dow Jones & Company, 19 Nov. **2018**, blogs.wsj.com/economics/2018/11/19/real-time-economics-is-the-u-s-ready-for-the-next-recession/.

Ah, but the federal government might not be in great shape to help. Before the Great Recession, federal debt amounted to about 35% of the country’s economic output. It more than doubled to about 77% of GDP by 2016 as the country suffered through a massive downturn and then endured one of the slowest expansions on record. The economy is humming along now but after a big round of tax cuts and spending increases, debt is again climbing—**to 78% of GDP in fiscal 2018 and likely more than 80% by 2020. That doesn’t mean more fiscal stimulus is out of the question. In a global recession, U.S. debt** could **easily remain the least ugly investment available.**

**Farmer**, Liz. “Some States Are Less Prepared for a Recession Than a Decade Ago.” **Governing Magazine**: State and Local Government News for America's Leaders, Governing, 21 Sept. **2018**, www.governing.com/topics/finance/gov-finance-roundup-states-budget-reserves-recession-moodys-sp.html.

A decade after the worst financial crisis in modern American history, **two separate analyses of government finances have found that most states are better prepared to weather the next recession. S&P Global Ratings and Moody’s Analytics have concluded that a majority of states have either adequate funds** or almost enough **to make it through the next recession without the** massive layoffs and draconian **cuts governments had to resort to following the 2008** global **financial crisis.**

**Thompson**, Kenneth. “We Need Bigger Deficits For Now.” **U.S. News & World Report**, U.S. News & World Report, 16 May **2013**, www.usnews.com/opinion/blogs/economic-intelligence/2013/05/16/reducing-unemployment-is-more-important-than-reducing-the-budget-deficit.

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** unemployen**t 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).

### A/2: Slows Growth

1. **Makes no sense. Schneider of NPR finds that the US economy has a growth rate of 3% and is on set to reach the fastest annual growth in 13 years, however at the same time the national debt has reached an all-time high.**
2. **Still outweigh.**
	1. **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, there’s less infra.**
3. **Delink. Rivlin of The Brookings Institute writes that weak economic growth reduces revenues and makes it harder to stabilize the ratio of debt to GDP.**
4. **Turn. The CRFB gives two ways in which growth can help improve debt projections.**
	1. **Faster growth produces more revenue, which is why they find every 0.1 percent increase in the annual growth rate reduces the deficit by 315 billion.**
	2. **It helps us carry more debt because a high GDP lowers the debt to GDP ratio. Thus, they find just a 0.1 percent increase in growth would decrease debt levels by 2% by 2023.**
5. **Turn. Laffer for The Hill explains that hitting a 3 percent growth allows for 3 trillion dollar spending reduction over 10 years- only sustained economic growth solves.**

**Schneider**, Avie. “U.S. Economy Grew At A 3.5 Percent Rate In 3rd Quarter.” **NPR**, NPR, 26 Oct. **2018**, [www.npr.org/2018/10/26/660489729/will-headwinds-appear-in-u-s-economic-growth-benchmark](http://www.npr.org/2018/10/26/660489729/will-headwinds-appear-in-u-s-economic-growth-benchmark).

**The economy expanded at a 3.5 percent annual rate in the third quarter**, the Commerce Department said Friday. That's slower than the second quarter's blockbuster 4.2 percent, but **it puts the economy on pace for the fastest annual growth in 13 years.** Private analysts had estimated a 3.4 percent growth rate in gross domestic product for the third quarter.

**Rivlin**, Alice M. “Growing the Economy and Stabilizing the Debt.” Brookings.edu, **The Brookings Institution**, 28 July **2016**, www.brookings.edu/testimonies/growing-the-economy-and-stabilizing-the-debt/.

**Weak economic growth—or worse, sliding back into recession—will reduce revenues and make it much harder to reduce or even stabilize the ratio of debt to GDP.** But the prospect of debt growing faster than the economy for the foreseeable future reduces consumer and investor confidence, raises a serious threat of high future interest rates and unmanageable federal debt service, and reduces likely American prosperity and world influence. Stabilizing and reducing future debt does not require immediate austerity—on the contrary, excessive budgetary austerity in a still-slow recovery undermines both goals—but it does require a firm plan enacted soon to halt the rising debt/GDP ratio and reduce it over coming decades. Financial markets will not provide advance warning of when such a plan is required to avert negative market reactions.”

“Could Faster Growth Solve Our Debt Woes?” **Committee for a Responsible Federal Budget**, 24 May **2016**, www.crfb.org/blogs/could-faster-growth-solve-our-debt-woes.

**Faster economic growth can help improve debt projections in at least two ways. First, faster growth produces more revenue -- enough to result in $315 billion of deficit reduction for every 0.1 percentage point increase in the annual growth rate. But in addition, faster growth increases the economy's capacity to carry debt**. Thought of another way: when we measure debt as a share of GDP, **a higher GDP can help lower debt-to-GDP the same as lower nominal debt levels can lower the ratio. As a result, even small improvements in growth can help slow debt accumulation. If growth were 0.1 percentage point higher annually, for example, debt levels would reach 71 percent of GDP by 2023, compared to 73 percent** under the CRFB Realistic Baseline. Even just a faster economic recovery that brings GDP back to its potential sooner would bring debt levels to 72 percent of GDP by 2023.

We recently recalculated the CBO forecast assuming that we do get to 3 percent growth on a sustained basis. After President Reagan’s tax cuts took effect, we had nearly 5 percent annual growth, and Trump has done even on the deregulation front. The long-term growth rate of the U.S. economy for the past century, which includes good times and very bad times, is still 3.3 percent. We are not shooting for the moon here. **With 3 percent real GDP growth, instead of the debt trend getting worse every year, it** will get better. With 1.9 percent annual growth, we will have an economy that reaches roughly $30 trillion by 2040. But **with 3 percent growth, the economy grows to just shy of $38 trillion. Over just 10 years, a 3 percent growth rate expands the economy and spins off $3 trillion more annual tax revenues and spending reductions.** That’s nearly the entire annual GDP of Michigan, Ohio and Indiana combined

### A/2: China

1. **Delink. David of CNBC explains that the trade war has reached a 90 day holdoff and there are negotiations to diffuse tensions on disagreements, meaning China has no reason to strike back.**
2. **Delink. Oh of Market Watch explains that China would struggle to diversify their foreign exchange reserves away from the US bond market, which has better liquidity, safety and returns for China. Outweighs their argument on probability as he finds that the last time China tried to sell off its dollar reserves from 2014-2016 to boost its economy, it dropped by half a trillion dollars- they won’t risk their economy again.**
3. **Delink. Oh furthers that the bond market has taken down a recent wave of auctions on bonds without suffering problems, and Oh thus concludes China’s bond selling would have almost no impact. Two implications:**
	1. **Outweighs on probability-we’ve seen this mass dumping before and there’s never been an impact and it won’t happen now.**
	2. **Takes out internal link too because if China knows losing bonds has no impact they’d much rather wait for some benefit.**
4. **No impact. Two warrants.**
	1. **Oh of Market Watch continues that if China decided to sell the bonds, it would flare up trade jitters, put stocks under pressure, and thus cause investors to run back to bonds. He concludes this would lead to a net zero impact.**
	2. **Lin of The South China Morning Post writes that US can manage the impact as the Federal Reserve would buy out the US treasuries in China and the dollar depreciation would be shared by all countries.**
5. **Turn. Slowing economic growth gives China the chance to overtake our economy and see themselves as a world economic hegemon- leads to less foreign power for US and less value for the dollar if other countries value China’s strength over America.**

**David**, Javier E. “US, China Call a 90-Day Truce in Trade War as Trump, Xi Agree to Continue Wide Ranging Talks.” CNBC, **CNBC**, 3 Dec. **2018**, www.cnbc.com/2018/12/01/us-china-wont-impose-additional-tariffs-after-january-1-report.html.

**Chinese President Xi Jinping and U.S. President Donald Trump put their bilateral trade war on pause momentarily, striking an agreement to hold off on slapping additional tariffs on each other’s goods** after January 1, as talks continue between both countries. In a White House readout of a dinner at the G-20 summit in Argentina, Xi and Trump discussed a range of nettlesome issues — among them the trade dispute that has left over $200 billion worth of goods hanging in the balance. “President Trump has agreed that on January 1, 2019, he will leave the tariffs on $200 billion worth of product at the 10 percent rate, and not raise it to 25 percent at this time,” the statement read. **Over the next 90 days, American and Chinese officials will continue to negotiate lingering disagreements on technology transfer, intellectual property and agriculture.**

**Oh**, Sunny. “Here's Why China Selling U.S. Treasurys ‘Might Be the Least Effective Retaliatory Measure," Says SocGen.” **MarketWatch**, MarketWatch, 19 June **2018**, www.marketwatch.com/story/why-chinas-treasury-hoard-isnt-much-of-a-weapon-in-trade-spat-with-us-2018-04-06.

Analysts and economists insist, however, **China would struggle to diversify their foreign-exchange reserves away from the U.S. bond market,** with its depth and liquidity making it prized among foreign central bankers looking to stock up on haven assets that can be quickly sold if they need to stabilize their own currencies. “**Even if it could sell its more than a trillion dollar of Treasurys without pushing the market against it, where would it park the funds? It will not be able to secure the liquidity, safety and returns that are available in the US**,” said Marc Chandler, global head of currency strategy for Brown Brothers Harriman, in a note dated June 19.

And it’s not even clear if China’s sale of Treasurys would even have the intended impact of cranking up the U.S.’s government borrowing costs. The **bond market has taken down the recent wave of larger Treasury auctions without suffering much indigestion, a sign that China selling Treasurys, which would have the equivalent effect of off-loading fresh supply onto the market, would not make a significant dent in trading.** “The [bond] supply the market copes with during a quarterly Treasury refunding is more substantial than China has sold in a given period,” said Chandler. **After all, China’s central bank burned through its dollar-denominated reserves from 2014 to 2016, in a bid to stabilize the yuan after its currency came under attack from speculators who wagered the country’s growth would stall from its breakneck pace. China’s stock of Treasurys plummeted from more than $1.6 trillion to slightly below $1.1 trillion in the summer of 2016,** though it has started to add to its holdings again last year

**Oh**, Sunny. “Here's Why China Selling U.S. Treasurys ‘Might Be the Least Effective Retaliatory Measure," Says SocGen.” **MarketWatch**, MarketWatch, 19 June **2018**, www.marketwatch.com/story/why-chinas-treasury-hoard-isnt-much-of-a-weapon-in-trade-spat-with-us-2018-04-06.

Moreover**, the decision to run down China's stock of U.S. government paper would be seen by investors as an escalation of already simmering trade tensions**, adding to fears the current war of words between the White House and Beijing could flare-up into concrete action. The tariffs and counter measures listed by Washington and Beijing have yet to be implemented and are still up for negotiation. **A further flare-up in trade jitters could put stocks under pressure, spurring investors to run to the safety of bonds, “countering any efforts to impact the Treasury market,”** said the analysts at Société Générale.

**Lin**, Zhang. “Why the Trade War Won't Prompt Beijing to Dump Its US Treasuries.” **South China Morning Post**, South China Morning Post, 18 Aug. **2018**, www.scmp.com/news/china/economy/article/2160270/why-trade-war-wont-prompt-beijing-dump-its-us-treasuries.

Meanwhile, US government departments, including social security funds, hold five times more US government bonds than China. Even if Beijing decides to sell, **the US has enough ways to manage the impact. For instance, the Federal Reserve can just buy the US Treasuries from China in a balance sheet expansion, and the following cost of dollar depreciation will be shared by all the creditor countries.** As the issuer of the world’s primary reserve currency, the US can exert its privilege.

### A/2: Environment

1. **The Union of Concerned Scientists finds that to make a dent in climate change, we need to reduce emissions by up to 80 percent globally- which has zero probability. This means one, they have no solvency, and two, there’s no real impact to economic growth because we’ve gone too far already.**
2. **Even if we aren’t past the tipping point already, plenty of other factors like the continual climate emissions of developing economies and such will push us over the brink- even if the US isn’t the one who does so.**
3. **Turn. Everett of The LEFRA explains that as economic output leads to more investment and employment, it generates investment for technology to facilitate a shift to a low carbon and resource efficient growth path and allows countries to focus on environmental challenges they face.**
4. **Turn. Only economic growth solves. McQuerry of The Houston Chronicle writes that in a strong economy, small businesses grow as disposable income is high and there is consumer confidence for purchases. However McQuerry finds that if the economy falters, small businesses become overextended, have mass layoffs and failure. Crucially, Morris of The SBA writes that small businesses lead the way in green technology, as they are 16x more productive in creating green tech and have 2.5x as many patents. Only risk of solvency on the argument.**
5. **We still outweigh. Climate change still continues in their world- what matters is the solvency. Weiner of Polytechnic University explains** **that economic growth leads to technological and infrastructure advancement, saving people from the effects of warming.**

<https://www.ucsusa.org/sites/default/files/legacy/assets/documents/global_warming/emissions-target-fact-sheet.pdf>

If we assume the world’s developing nations pursue the most aggressive reductions that can reasonably be expected of them, **the world’s industrialized nations will have to reduce their emissions an average** of 70 to **80 percent below 2000 levels by 2050.** In addition, industrialized nations’ cumulative emissions over this period must be no more than 700 GtCO2eq (approximately 40 percent of the global budget).

**McQuerrey**, Lisa. “The Economy's Effects on Small Businesses.” Small Business - Chron.com, **Chron**.com, 29 June **2018**, smallbusiness.chron.com/economys-effects-small-businesses-10269.html.

**In a strong economy**, nearly all businesses enjoy greater prosperity. **Disposable income is high, unemployment is low and consumer confidence prompts people to pump their money back into the economy** through the purchase of essential and nonessential goods and services. The **impact of a strong economy on a small business is two-fold: as business increases, so too does the need for a small business to keep pace** with demand by hiring additional employees, expanding retail space or adding new product lines. While this may be viewed as a positive, the downside is that if **the economy starts to falter, many small businesses find themselves overextended, which can result in mass layoffs and business failures.**

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\_data/file/69195/pb13390-economic-growth-100305.pdf

Despite short-term downturns and setbacks, the long-term trend in **economic output** over the last 200 years has been unambiguously upwards. It **has led to rising levels of employment and income, and remains a key factor in generating the necessary level of investment, both public and private, in technology and infrastructure to facilitate the shift to a low carbon and resource efficient growth path**. Economic growth has also provided developing countries the opportunity to improve the quality of life of their citizens, **and to rise to meet the environmental challenges they face.** Investment, aid and demand for imports from advanced economies all have an important role in supporting economic growth and development across the world.

**Morris**, Patrick. “Small Businesses Lead the Way in Green Technology Innovation | The U.S. Small Business Administration.” **Small Business Administration**, 10 Oct. **2011**, www.sba.gov/advocacy/small-businesses-lead-way-green-technology-innovation.

Washington, D.C. –When it comes to **green technology innovation, U.S. small business is leading the way** according to a report released today by the SBA Office of Advocacy. The report titled Analysis of Small Business Innovation in Green Technologies was released by Chief Counsel Winslow Sargeant at the World Green Energy Symposium in Philadelphia. The study was designed to highlight differences in the patent activity of small and large firms in green technologies and industries. **“Small businesses are leading the way in green technology innovation as they have with innovation over all,”** said Sargeant. “It is important that government help foster innovation which leads to commercialization. At Advocacy, we support this process by helping to reduce the regulatory burden on small business.” The report found that while small firms account for about 8 percent of all U.S. patents, they account for 14 percent of green technology patents. Small firms account for more than 32 percent of the patents in both smart grids and solar energy, and 15 percent of patents in batteries and fuel cells. Also eighty percent of the “prolific” inventors—those with five or more recent green patents with a citation index of 1 or more—from small green technology firms had previously worked at large companies, or large government or university labs. Small innovative firms in this study are even more productive, measured in terms of patents per employee, than was shown in previous studies. **The current study finds that small innovative firms are 16 times more productive than large innovative firms in terms of patents per employee. Small firms’ green technology patents are cited 2.5 times as often as large firms in other patent applications**

https://www.sciencedirect.com/science/article/pii/S0160791X0100032X?via%3Dihub

**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.

### A/2: Capital Flight

1. **Mihm of Bloomberg writes that historically has not happened. In the 1980s, despite the Fed increasing interest rates consistently, private capital continued flowing into emerging markets. In fact, he continues in 2006, the Fed increased the rate to an all-time high of 5.25% and yet private capital actually increased into those countries.**
2. **When you invest in developing nations the money goes to the rich- we’ve**
3. **Stiglitz of the Guardian writes emerging markets are more capable of handling outfluxes of foreign capital because now they have flexible exchange rates, making them less vulnerable to collapses of currency pegs, and also have ample reserves of funds to stay afloat through such scenarios.**

https://www.bloomberg.com/opinion/articles/2018-09-18/emerging-markets-fed-s-rate-increases-didn-t-cause-the-meltdown

What’s often forgotten is that factors other than the Fed, such as declining oil prices that hit Mexico hard, played a significant role. But even if Fed Chair Paul Volcker contributed to the crisis, this episode was an anomaly. Annual net capital flows to emerging markets actually increased after Volcker initiated his rate-raising campaign — and they continued increasing until late 1981. Only then did capital flows begin a slow decline that lasted the remainder of the decade. But this trend did not coincide with further tightening from the Fed because the central bank had begun reducing rates. Simply put, this earlier era provides little evidence in support of the idea that Fed policy drives capital to emerging economies when interest rates are low and draws it out when rates are high. The ensuing years present a similarly complicated picture. **Beginning around 1987, private inflows of capital to emerging markets turned positive, increasing at a steady pace for more than eight years. This happened as the Fed both increased rates and then cut them. It’s hard to see an obvious correlation. More recent history is equally ambiguous. The global financial crisis that hit in 2008 prompted an unprecedented response from the Fed, as it slashed rates to near zero and instituted quantitative easing. In the popular imagination, these unorthodox policies drove huge amounts of capital to emerging markets in search of higher yields. But that’s not what happened. Before 2008, the Fed had gradually hiked rates, eventually hitting a high of 5.25 percent in 2006.** Yet during that same period, the flow of private capital into emerging economies actually increased. One study observed that capital flows to emerging economies “peaked before the loosening of advanced economy monetary policies” instituted in the wake of the crash. The flows did plummet after the crash, but the Fed had no role. They rose again, peaked in 2010, and then began falling, well before the U.S. central bank took its first steps toward raising rates. But if the Fed isn’t to blame, what does cause capital to flow out of emerging markets? A recent statistical analysis that evaluated a number of possible culprits concluded that the fluctuation in capital flows to emerging-market economies is largely driven by two factors: commodity prices and the so-called “growth differential.” High commodity prices are good for emerging markets, attracting capital. But when prices decline, investors withdraw money and put it elsewhere. The same holds for the “growth differential,” the gap between growth rates in advanced versus emerging markets. When the gap narrows, emerging markets lose their appeal, and capital flows out. These forces account for two-thirds of the changes in capital flows. And they’re likely driving much of the recent shift out of emerging markets. Yet none of this means the Fed has minimal power over emerging markets? Although the aggregate flow of capital in and out has been largely unaffected by central bank policy, individual countries may have problems that heighten their vulnerability when interest rates rise. For example, a study that analyzed data from 1987 to 2014 found that the likelihood that any given emerging market would sustain a crisis — banking, currency or sovereign debt — jumped from 6.4 percent in years when the Fed wasn’t tightening versus 17.3 percent when it is raising interest rates. Even if that sounds dramatic, not all rate hikes are equal. It matters whether the Fed is keeping above or below the “natural rate of interest” — the interest rate that neither fuels economic growth nor undercuts it. According to this study, only when rate hikes are above the natural rate and unexpected does the likelihood of a crisis significantly increase. But for now**, the Fed’s rate increases have shadowed the natural rate. They’ve been modest and predictable, with the Fed offering plenty of forward guidance. Absent a sudden uptick in the inflation rate, the Fed is unlikely to shock the world with a surprise rate hike. In other words, the Fed isn’t doing much to significantly increase the risk of a crisis in any given country. Which is not to say that there won’t be problems: emerging-market economies**

<https://www.theguardian.com/business/2015/jun/30/fed-rates-hike-emerging-markets-nouriel-roubini>

# A/2: CON

### OV: Debt Brink

1. **Langdana of Rutgers writes that once the deficit to GDP ratio exceeds five percent, it is unsustainable debt. We tell you this is going to happen as soon as a decade when interest payments are 1/5th of the US budget. Langanda finds this leads to hyperinflation as we have to monetize the deficit. Two implications-**
	1. **She specifically finds this margin is when people stop giving money- this is already happening as Davies of US news writes that other countries are losing confidence in our ability to pay back the debt and as a result are pulling out- meaning we can’t keep borrowing forever because we’ll eventually run out of places to borrow from and be forced to take drastic debt reduction methods.**
	2. **Our first contention details the bad impacts on inflation- the government will never lock itself into a long term cycle of inflation as it hurts the power of the dollar and the average American which means debt does have an impact- it proves that our impacts will materialize.**

http://www.business.rutgers.edu/business-insights/when-will-us-budget-deficit-be-real-problem

Simply put, when the US cannot finance it. Responsible deficit financing is when the US Treasury borrows funds by issuing (selling) government debt; these are Treasury bills and bonds, also known as “sovereign debt.” As long as this can be done, and as long as the US can keep continuously borrowing to “roll over” the debt – that is, to sell more bonds to pay back domestic and foreign lenders, the deficit is said to be sustainable. Usually the US deficit is sustainable when the deficit/GDP ratio is under 5%. (This ratio stems from the Dornbusch model of sustainability, referenced below.)\* **When lenders stop lending** to Uncle Sam, that is, **when the ratio exceeds 5%, the deficits become non-sustainable and we have a problem. At this point the only recourse is to “monetize” the deficit, which is a fancy word for “printing money like crazy.” In the past, rampant deficit monetization has led to mind-numbing hyperinflations**

### A/2: Borrowing

1. **Delink. We are out of places to borrow from.**
	1. **Foreign. Goodkind of Newsweek explains that foreign investment has been decreased by 12% since 08’ because of the borrowing. However, Gookind finds that ownership of federal debt is essential to economic well-being. This means that the decline will hit a point where politicians will stop borrowing so we keep other countries interested.**
	2. **Domestic. Davies of US News writes that domestic investors have cut back the rate they lend us at 2% per year and the trend is only increasing.**
	3. **Private. The Congressional Budget Office writes that each dollar of additional federal debt crowds out about a third of a dollar’s worth of private capital.**
	4. **Fed. Davies continue that if we borrow from the treasury and print more money, it boosts runaway inflation and decrease the purchasing power of the average American so it won’t happen long term.**
2. **Delink. Will not borrow forever borrow forever. Two reasons**
	1. **Politics. Democrats and Republicans would call each other out for skyrocketing debt which causes each party to lose political capital- something they won’t sacrifice. In fact, Gookind finds that as we cannot borrow foreign money, we will turn to the treasury and diverge more money, slowing economic growth- either way, they lose something.**
	2. **Populism. Deist of The Mises Institute writes that as banking alternatives grow and there is a proliferation of media, the state loses control on the narrative over the deficit- which will make politicians who want votes eventually stop skyrocketing debt.**
3. **A/2 China-Delink. China will not give money forever. Trade war tensions prove to China they might have to make an economic shift in terms of relying on the US due to tariffs. Borzykowski of CNBC explains that US debt will lead to China selling off a chunk of US bonds, slowing our economy- China has already done this with 3 billion dollars’ worth, proving they may no longer want to hold our debt.**

**Davies**, Antony. “Borrowing on Borrowed Time.” **U.S. News** & World Report, U.S. News & World Report, 4 Jan. **2017**, www.usnews.com/opinion/economic-intelligence/articles/2017-01-04/the-us-is-running-out-of-sources-for-borrowing-money.

**The U.S. government is running out of places to borrow. The federal government has borrowed so much that there are few places left on the planet where it can borrow more.** Take a look at [who has loaned](https://www.fiscal.treasury.gov/fsreports/rpt/treasBulletin/current.htm) the most money to the U.S. government. At the [top of the list](https://www.fiscal.treasury.gov/fsreports/rpt/treasBulletin/b2016_4ofs.doc) are the Social Security, Medicare and various federal pension trust funds. For decades, these trust funds have collected more money than they have paid out to retirees – in total, over $5 trillion more. But every time the trust funds generated surpluses, the federal government would borrow and spend them. That makes American retirees the government's largest creditor. The second largest creditor, the Federal Reserve, owns a bit less than $3 trillion of the government's debt. Foreign governments own [$4 trillion](https://fas.org/sgp/crs/misc/RS22331.pdf) of the government's debt. Foreign people and corporations own another [$2 trillion](https://fas.org/sgp/crs/misc/RS22331.pdf). American citizens, companies, and local and state governments own the remaining [$6 trillion](http://www.gao.gov/fiscal_outlook/understanding_federal_debt/interactive_graphic/components_of_federal_debt)**. Of these four groups – foreigners, Americans, the Federal Reserve and the trust funds – three have been cutting back on their lending to the federal government for some time.** Since 2000, the federal debt has grown at an [average annual rate](https://www.treasurydirect.gov/govt/reports/pd/histdebt/histdebt.htm) of 8.2 percent. (6.7 percent excluding the Great Recession years). That's about twice the [average annual rate](http://www.economy.com/) at which the economy has grown. Over just the past eight years, the federal debt has doubled from $10 trillion to just shy of $20 trillion. But **while the government has been steadily borrowing more, lenders have been steadily lending less. Foreign investors have slowed the growth in their lending from over 20 percent per year in the early 2000s to less than 3 percent per year today. Foreign investors are no longer interested in loaning our government seemingly limitless amounts of money. And there is every indication that their willingness to lend will continue to wane.** Things are even more dire with Social Security. This year, for the first time since the program was established, the Social Security trust fund will generate a deficit – it will pay retirees more money than it collects from workers. For 80 years, the federal government borrowed Social Security surpluses to fund its profligate spending. Unless Congress overhauls Social Security, the program will never again generate a surplus for the government to borrow. In fact, the situation will reverse because the government must now start paying back to Social Security those trillions of dollars it borrowed. Growth in lending from the trust funds has slowed from 10 percent per year in the early 2000s to 4 percent today, and is projected to head into the negative numbers as early as this year. There is simply no money left there for the government to borrow. Before the Great Recession, American investors were lending the federal government 10 percent less each year. The uncertainty of the recession caused a flight back to the perceived safety of Treasury bonds, but that quickly dissipated. **Since 2001 and excluding the recession years, American investors have been lending the federal government an average of 2 percent less each year.** If federal borrowing is growing steadily at an average pace of 6 percent per year, yet foreign and American investors are slowing their lending, and the trust funds have no surpluses left to lend, where is the government getting the money it's borrowing? And where will it get more in the future? **The answer is the Federal Reserve. Prior to the Great Recession, the Fed was increasing its annual lending to the US government by almost 6 percent per year. The Fed then dramatically increased its lending during the recession** – that's what all the "quantitative easing" talk was about. On average, since 2001, the Fed has increased its lending to the federal government by over 11 percent annually. The U.S. government has borrowed more money than any government in human history. Politicians have convinced voters that government debt doesn't matter or that, by the time it does, some magical solution will present itself. The ugly truth, though, is that **there simply aren't enough investors left on the planet willing to loan the U.S. government enough to maintain its spending habits. So the Federal Reserve takes up the slack. And this is where things go from bad to worse, because the Federal Reserve prints the money it loans. When the Fed prints more money, every one of the dollars already in circulation, from those in people's savings accounts to those in their pockets, loses some value. Prices go up in response. That's inflation.** Since the end of World War II, inflation in the U.S. has averaged less than 4 percent per year. When the Fed starts printing money in earnest because the government can't obtain loans elsewhere, inflation will rise dramatically. How far is difficult to say, but we do have some recent examples of countries that tried to finance runaway government spending by printing money. Starting in 1975, Greece tried to jumpstart its economy through stimulus spending, which it paid for by printing money. For 15 years, the Greeks suffered 20 percent inflation. Following the breakup of the Soviet Union, Russia printed money to keep its government apparatus running.

https://mises.org/wire/we-cant-live-borrowed-time-and-borrowed-money-forever

**Borzykowski,** Bryan. “China's $1.2 Trillion Weapon That Could Be Used in a Trade War with the US.” CNBC, **CNBC**, 6 Apr. **2018**, [www.cnbc.com/2018/04/05/chinas-1-point-2-trillion-weapon-that-could-be-used-in-a-us-trade-war.html](http://www.cnbc.com/2018/04/05/chinas-1-point-2-trillion-weapon-that-could-be-used-in-a-us-trade-war.html).

If this trade fight does escalate, then more tariffs could be slapped on more goods. **But China could fire back in a far more significant way: selling a large chunk of the $1.17 trillion of U.S. treasury bonds it holds.** Over the last several years, China has bought scores of treasury bonds partly because it has U.S. dollars it needs to spend. Just like any investor, China wants to put some of the greenbacks it’s made off its exports to the United States into safe investments, and there’s nothing safer than U.S. bonds.

**Goodkind**, Nicole. “U.S. Debt Is Growing and Foreigners Are Buying Less: Here's Why That Could Be Disastrous for the Economy.” **Newsweek**, 2 May **2018**, www.newsweek.com/trump-tax-cuts-debt-china-907763.

America is taking on record amounts of debt to pay for tax cuts and spending increases, but foreign investors, who **currently hold about 43 percent of government debt**, are getting skittish about purchasing it. The Treasury announced Monday that it had racked up a record amount of debt in the first three months of 2018, borrowing about $488 billion, or $47 billion more than initial estimates. But as the U.S. takes on these unprecedented levels of debt during economic boom times, a potential crisis looms**: Foreign investment in U.S. debt is currently at its lowest point** since November 2016 and **has been decreasing steadily since 2008, when foreigners owned about 55 percent of American debt. Foreign ownership of federal debt is essential to the country’s economic well-being**, said Andrea Dicenso, a portfolio manager and strategist at Loomis, Sayles & Co. “We cannot exist at these growth rates with these deficit projections without foreign participation,” she told The Wall Street Journal.

If fewer foreigners buy U.S. debt, American investors will be forced to pick up the slack and buy debt instead of active investments, a problem called "crowding out." “If foreigners buy less debt, Americans buy more, and they’re buying at the expense of making productive investments in businesses and startups,” explained Marc Goldwein, senior policy director for the nonpartisan Committee for a Responsible Federal Budget. “**As a result of the dollars diverged to the treasury from other investments, our economy experiences less GDP [gross domestic product] growth, and wage growth slows.”**

https://www.washingtontimes.com/news/2011/nov/22/cbo-stimulus-hurts-economy-long-run/

As for the long-term situation, CBO said its basic assumption is that **each dollar of additional federal debt crowds out about a third of a dollar’s worth of private domestic capital.**

### A/2: Tax Cuts

1. **Make them prove that this implementation is the most likely form a tax cut and it will continue- we debate real life policymaking. Two reasons why no more tax cuts will happen.**
	1. **Foran of CNN explains there is no legislation for a tax cut which is why Trump’s own economist says cuts will not surface for a while.**
	2. **Cohen of The New York Times explains that House Democrats will block Republicans from temporary tax cuts, and current cuts are temporary.**
2. **Feeds into our link about increasing debt. Matthews of Vox News explains that the most recent tax cuts increase the deficit by more than 500 billion over 10 years. Two implications:**
	1. **Smetters of The University of Pennsylvania finds that that while the GDP may spike, 20 years down the line it will be 0.2 percent lower due to cuts.**
	2. **Matthews continues that the cuts lead to an upward pressure on interest rates, which will wholly offset investments and lead to shrinkage and negative growth.**
	3. **Turn outweighs their argument on timeframe- no matter how much growth they cause, it is only a short term spike which always leads to negative in the future effecting generations.**
3. **Turn. Thompson of The Atlantic explains that tax cuts only benefit large corporations and affluent families and historically, the Bush and Reagan cuts failed to produce revenue for low to middle class families. This is why Lubhy of CNN writes that the most recent GOP bill caused the poor to lose billions of dollars under a tax cut as they had to pay insurance premiums and eventually will lead to 13 million Americans without health insurance. This outweighs on a)probability as tax cuts have historically boosted income inequality and killed social safety nets and b)magnitude as it is structural and the poor need the most help- and there are many more middle and low class families than rich.**
4. **Turn. Tannenwald at The Center of Budget Priorities explains that money from tax cuts means cutting government programs to find the extra money- which a)results in** **lays off public employees, which spills over to the private sector and b) reduces demand since now people have less money overall.**
5. **Turn it. Tax cuts damage the economy. Two warrants why.**
	1. **The CFRB finds that because tax cuts crowd out private investment, in the long term they reduce gross national product by 11%.**
	2. **Kern of US News posits that tax cuts overheat the U.S. economy as interest rates rise and thus increase the chance of inflation and a recession, slowing long term growth.**

**Foran**, Clare. “Congress Isn't Likely to Make Trump's New Tax-Cut Pledge a Reality Anytime Soon.” **CNN**, Cable News Network, 23 Oct. **2018**, www.cnn.com/2018/10/23/politics/tax-cut-plan-congress-republicans/index.html.

The President has talked up the possibility of a 10% tax cut for middle-income Americans on the campaign trail and in the White House in recent days. But the idea, which appeared to materialize out of thin air, has taken Republicans on Capitol Hill by surprise and prompted **Trump's own economic adviser on Tuesday to concede that any cuts "may not surface for a while."** When Trump first floated the idea of a new tax cut over the weekend, he suggested it could be unveiled ahead of the midterms. The House and Senate are out of session through the midterm elections, however, which are now just two weeks away. Beyond that, **it's not clear there is any specific legislative proposal on Capitol Hill that would achieve the President's goal.** And even if Republicans push for tax cuts after the midterms, it could be difficult, if not impossible, for any new tax cut to pass both chambers when lawmakers return to Washington for a lame-duck session before a new Congress takes over in January.

**Cohen**, Patricia. “What Democratic Control of the House Could Mean for Your Wallet.” **The New York Times**, The New York Times, 7 Nov. **2018**, www.nytimes.com/2018/11/07/business/economy/house-democrats-midterm-elections.html.

The Democrats’ success in winning back control of the House comes after an election in which economic issues were often overshadowed. Still, the change on Capitol Hill will make a difference on some spending priorities and tax policy. **House Democrats are in a position to block Republicans from extending the temporary tax cuts and provisions enacted last year, and from giving further breaks to businesses.** President Trump even talked at his Wednesday news conference about working with Democrats to raise business taxes to pay for a middle-class tax cut. Teaming up to rebuild infrastructure is another possibility, the president said.

**Matthews**, Dylan. “Trump's Team Says the Tax Bill Will Pay for Itself. It Won't.” Vox.com, **Vox** Media, 30 Nov. **2017**, www.vox.com/policy-and-politics/2017/11/30/16720092/tax-bill-costs-mnuchin-joint-committee-on-taxation.

JCT didn't attempt to estimate how these growth effects will change how the law's benefits are distributed. It finds that the reduction in individual **tax rates** will increase employment levels by about 0.6 percent in the short run, but that this effect would decline as the individual cuts are phased out. Keep in mind that this is one economic projection among many. On the optimistic side, the right-leaning Tax Foundation finds that the bill would increase GDP by 2.7 percent over the long run, and increase middle-class incomes by 5 percent through supercharged growth; even they, however, find that the **bill increases the deficit by more than $500 billion over 10 years despite those effects.**

Nonpartisan modelers find much weaker effects. The broadly respected Penn Wharton Budget Model, which is overseen by UPenn economist and Bush administration veteran Kent Smetters, finds that **GDP in 2027 would be 0.3 to 0.8 percent greater, and by 2040 would be** between **0.2 percent lower** and 0.5 percent greater. Basically, they find that the JCT’s estimate is an optimistic best-case scenario.

What's worse, JCT's numbers suggest that Republicans' decision to let major cuts for individuals expire at the end of 2025 dampens the growth effect of the law. Growth raises $56.1 billion in 2025, but only $38.8 billion the next **year. Over the decades, the growth effects shrink dramatically and might even go negative: “Combined with reduced labor supply due to increasing tax rates on labor, the upward pressure on interest rates is projected to partially or wholly offset investments incentives by the end of the third decade**," JCT concludes.

**Thompson**, Derek. “Why the GOP Tax Cut Will Make Wealth Inequality So Much Worse.” **The Atlantic**, Atlantic Media Company, 19 Dec. **2017**, www.theatlantic.com/business/archive/2017/12/gop-tax-bill-inequalilty/548726/.

But another possibility is that Americans don’t like the tax bill because they understand exactly what it does. Most Americans seem to think that **the GOP tax bill overwhelmingly benefits the rich at a moment when large corporations and affluent families don’t need much legislative assistance in their multi-decade dominion over the economy. In fact, the GOP tax bill does just that.** Why are Republicans doing this? First, it is conservative economic dogma that low taxes on the wealthy encourage business expansion and job creation, so that tax cuts for the penthouse “trickle down” to the lower floors of the economy, in the form of jobs and higher wages. Recent history has either punctured or demolished this point of view, as the **Reagan and Bush tax cuts quite clearly failed to produce additional revenue or benefit middle-class wages.** Second, as a practical matter, Republicans, like Democrats, need lots of money to run for office. But on the right, these funds are mostly supplied by a small base of corporate-libertarian donors, like the Koch brothers, who have for decades encouraged lawmakers to cut taxes and welfare spending to galvanize the economy. Republican politicians might prefer to support an unpopular bill, and risk losing some votes, than pass nothing and lose the critical donor support required to procure any votes.

**Lubhey**, Tami. “Poor Americans Would Lose Billions under Senate GOP Tax Bill.” CNNMoney, Cable News Network, 27 Nov. **2017**, money.cnn.com/2017/11/27/news/economy/senate-gop-tax-bill-poor/index.html.

**Poor Americans would lose billions of dollars worth of federal benefits under the Senate GOP tax bill**, according to a new Congressional Budget Office report. This is largely because **the legislation would eliminate the individual mandate, which requires nearly all Americans to get health insurance or pay a penalty. This would result in 13 million fewer people having coverage in 2027**, the CBO found. Many of the folks who would forgo coverage would have lower or moderate incomes and would have qualified for Medicaid or federal help paying their premiums or out-of-pocket health expenses, CBO found. Those earning less than $40,000 a year would be worse off in 2025, when the bill's provisions would mostly be in effect, according to the report released Sunday. On the flip side, those with higher incomes would enjoy tax breaks.

**Tannenwald**, Robert. “The Zero-Sum Game: States Cannot Stimulate Their Economies by Cutting Taxes.” **Center on Budget and Policy Priorities**, 11 Oct. **2017**, www.cbpp.org/research/the-zero-sum-game-states-cannot-stimulate-their-economies-by-cutting-taxes.

If a state cuts a tax, it generally has to make an offsetting cut to expenditures for a program or service in order to maintain balance. This spending cut is likely to reduce demand in the state just as much as the reduction in taxes may stimulate demand. It is at best a zero-sum game, where the gains in one area are offset by the losses in another. Moreover, a tax cut designed to induce the hiring of additional private-sector workers may also cause the layoff of other workers in the public or private sector because of the loss in state or local revenue. When states cut spending, they lay off public employees, cancel contracts with private sector vendors, and eliminate or lower payments to nonprofit organizations that provide direct services. Such steps lead to job losses in the private and nonprofit sectors, as well as the public sector. Thus, state-level tax cuts may shift employment from one sector (or business) to another, but the net effect is unlikely to be positive. Because of this dynamic that occurs under a balanced budget requirement, a state cannot stimulate its economy during a fiscal crisis by cutting taxes — either through a general tax cut or one targeted to specific sectors of the economy.

 **“**CBO Finds Tax Cuts Are Bad for the Economy.” **Committee for a Responsible Federal Budget**, 17 May **2016**, www.crfb.org/blogs/cbo-finds-tax-cuts-are-bad-economy.

In testimony before the Senate Budget Committee last week, CBO Director Douglas Elmendorf quantified the impacts that extending some or all of the 2001 and 2003 tax cuts would have on the economy. CBO looked at both the near-term and in the long-term. The conclusion? CBO estimates that in 2011 and and 2012, **any extension (full or partial, permanent or temporary) of the tax cuts would increase real growth (by varying degrees) in the short-term, but by 2020 and 2040, any extension would decrease national income** (although by varying degress). The reason? **Additional debt-- financing the tax cuts through borrowing will crowd out private investment**.x To be exact, extending the **tax cuts permanently could reduce GNP** in 2020 by as much as 2% and anywhere from 2.5% **to 11% by 2040**

**Kern**, Dan. “How the Tax Plan Affects Investments.” **U.S. News & World Report**, U.S. News & World Report, 21 Dec. **2017**, money.usnews.com/money/blogs/the-smarter-mutual-fund-investor/articles/2017-12-21/how-the-tax-plan-affects-investments.

**The near-term boost and front-end loading of economic growth from tax cuts raises the odds that the U.S. economy will overheat**, making it likely that interest rates will rise at a more rapid rate in 2018 and 2019. The front-loaded benefits will likely fade absent structural changes in the supply-side of the U.S. economy. **The economy may still struggle to achieve long-term growth** of more than 2 percent, given the constraints of debt, deficit and demographic challenges. The durability of the tax bill may also be a relevant issue. The bill passed without any Democratic votes, there will be big winners and big losers resulting from the complex bill, and the potential for unintended consequences is quite high. The combination of these three factors makes a renewed battle over taxes likely whenever the Democratic Party returns to power.

### A/2: Small Businesses

1. **Delink. We’ve been prioritizing growth since 2008 recession but there’s no small businesses. Long of CNN reports that small business and startup creation is at a 40 year low and there’s been a decline in entrepreneurship. She cites a rapid increase in large corporations, excess regulation, and big company research- none of which they solve for.**
2. **Overheating hits small businesses the worst- they are the most vulnerable. By solving back for that, only we give slack.**
3. **Delink impact to tax cuts. White of Bangor News finds that only 4% of tax benefits go to the bottom 2/3rds of business owners because wealth is concentrated at the top. This is also a turn as White furthers that cuts help larger corporations save much more money than small businesses, widening the competition gap even more because large companies grow even faster.**
4. **Turn. Stiglitz of The Nation writes that monopolies have seen an increase in market power due to the current evolution of our economy, growth in current industries, and the economic growth causing a shift in services. Voting for them perpetuates the cycle where small business are limited and monopolies capitalize on our growth driven system to take over.**

**Long**, Heather. “U.S. Startups near a 40-Year Low.” **CNNMoney**, Cable News Network, 8 Sept. **2016**, money.cnn.com/2016/09/08/news/economy/us-startups-near-40-year-low/index.html.

**New business creation in the U.S.** (a fancy way of saying "**startups**") **is at nearly a 40-year low.** Only 452,835 firms were born in 2014, according to the most recent U.S. Census data released in the past week. That's well below the 500,000 to 600,000 new companies that were started in the U.S. every year from the late 1970s to the mid- 2000s. "**There's been a long-term decline in entrepreneurship**," says Arnobio Morelix, a senior research analyst at the Kauffman Foundation, which tracks startups. The Great Recession was a great killer for startups. Americans didn't start new businesses because few had the money or the guts to do it in those gloomy days. But the **expectation** was **that America's great entrepreneurial spirit would rush back as the economy recovered**. So far, that **hasn't happened**

**White**, Gale. “More Tax Cuts for the Wealthy Don't Help Small-Business Owners like Me.” **Bangor Daily News**, Bangor Daily News, 25 Oct. **2018**, bangordailynews.com/2018/10/25/opinion/contributors/more-tax-cuts-for-the-wealthy-dont-help-small-business-owners-like-me/.

The “small business” part of the new bill’s title refers to a 20 percent deduction that certain types of businesses can deduct from their income before figuring their taxes. This deduction was passed as part of last year’s tax bill, but the new bill would make it permanent. Even though the bill’s authors claim this provision is aimed at Main Street, its real benefactors are more frequently found on Wall Street. The nonpartisan Joint Committee on Taxation estimates that, by 2024, **61 percent of the tax benefits from this “pass-through” business income tax cut will go the wealthiest 1 percent of business owners, while just 4 percent will go to the bottom two-thirds. That’s because pass-through business income is highly concentrated in the hands of just a few tycoons** — people like Donald Trump, for instance, whose business empire consists of 500 such businesse

Along with huge “small businesses,” **huge corporations were the big winners from last year’s tax bill. They got hundreds of billions of dollars in tax cuts, but instead of sharing the wealth with workers or investing in local communities — as we were promised they would — they’re directing their tax savings into the pockets of CEOs** and wealthy shareholders. American corporations are on track to announce record amounts of stock buybacks this year — nearly $750 billion worth has been authorized since the tax law was enacted. Stock buybacks artificially inflate stock prices, further enriching shareholders and leading to bigger pay packages for CEOs. Proponents promised that last year’s tax cut would “pay for itself” through greater economic growth. The sad fact is it will instead balloon the national debt by $1.9 trillion within a decade. The new round of tax cuts the GOP Congress just voted for will dig us even deeper into debt, to the tune of at least $3 trillion over the next 20 years, including $132 million for the top 1 percent of earners in Maine. So what does this new **tax bill** mean for small businesses like mine? It **makes it harder for us to compete with the large corporations and out-of-state chains receiving massive tax breaks**. It means a disinvestment in our communities and in our customer base. It will cause even deeper cuts already proposed by Republicans to Medicare, Medicaid, education, food and rental assistance, giving consumers less money to spend at local businesses for groceries, haircuts, dining out and, yes, beer.

**Stiglitz**, Joseph E. “America Has a Monopoly Problem-and It's Huge.” The **Nation**, 26 Oct. **2017**, www.thenation.com/article/america-has-a-monopoly-problem-and-its-huge/.

I attributed much of the increase in inequality to this redistribution from workers and ordinary savers to the owners of these oligopolies and **monopolies**. I explained the multiple sources of this **increase in market power.** Some of it might have been a **natural result of the evolution of our economy, growth in industries with what economists call network externalities, which might lead to natural monopolies; some was the result of a shift in demand to local services, segments of the economy** where local market power, based on differential information was more significant. But much of it was based on changing the implicit rules of the game—new antitrust standards that made the creation, abuse, and leveraging of market power easier—and the failure of antitrust standards to keep up with the changing evolution of the economy. That was why two years ago, the Roosevelt Institute called for Rewriting the Rules of the American Economy, and over the past two years has amplified this message, especially as it relates to market power.

### A/2: Wages

1. **Make them prove what number and who’s wages are increasing. For example, if the wages of the top 5% increase a bit there’s no true impact. No clarity of impact on the argument.**
2. **Delink. Their numbers are skewed- wage growth is not impacted with prioritization.**
	1. **Samuelson of The Washington Post explains that wage gains only match inflation- which means there is no net change. This is why he concludes wage growth for 99 percent of the population is stagnating and has worsened inequality.**
	2. **Kline of US News reports that the average workers have the same purchasing power as in the 1970s- literally there has been no impact to current growth because the average American is not any richer that they were.**
3. **Delink impact to tax cuts as Smith of Bloomberg explains that even after Trump’s tax cuts, there was no increase in wages for American workers. If anything, turn it- Smith finds that average hourly wages fell after the tax reform was passed.**

**Samuelson**, Robert J. “Wages Aren't Rising. These Theories Could Explain Why.” The Washington Post, WP Company, 11 July **2018**, [www.washingtonpost.com/opinions/wages-arent-rising-these-theories-could-explain-why/2018/07/11/eeb938f4-8529-11e8-8f6c-46cb43e3f306\_story.html?noredirect=on&utm\_term=.24694b1d93a4](http://www.washingtonpost.com/opinions/wages-arent-rising-these-theories-could-explain-why/2018/07/11/eeb938f4-8529-11e8-8f6c-46cb43e3f306_story.html?noredirect=on&utm_term=.24694b1d93a4). **[Five warrants givien in article if they ask- go to private mode and scroll down]**

t’s a mystery. The U.S. economy seems strong. Since the nadir of the Great Recession, employers have added about 19 million workers. The unemployment rate is 4 percent, near the lowest level since 2000. By standard economic theory, the **strong demand for labor should be pushing up wages. But that isn’t happening. Wage gains of 2.7 percent** roughly **match inflation.** And no one really knows why. The puzzle is not just American. It also applies to much of Europe and Japan. “**Wage growth is still missing in action**,” declares a new report from the Organization for Economic Cooperation and Development. Worse, the “unprecedented wage stagnation is not evenly distributed across workers.” **While wages of the top 1 percent are growing, they’re stagnating for** most **others. Inequality and resentment worsen.**

**Kline**, Daniel B. “Stagnating Salaries: Real US Wages Are Essentially Back at 1974 Levels, Pew Reports.” **USA Today**, Gannett Satellite Information Network, 14 Aug. **2018**, www.usatoday.com/story/money/economy/2018/08/14/salaries-real-us-wages-back-1974-levels-pew-report/37468497/.

"**After adjusting for inflation, however, today's average hourly wage has just about the same purchasing power it did in 1978,** following a long slide in the 1980s and early 1990s and bumpy, inconsistent growth since then," he wrote. "In fact, in real terms average hourly earnings peaked more than 45 years ago: The $4.03-an-hour rate recorded in January 1973 had the same purchasing power that $23.68 would today." For some workers, the reality is actually worse. Real wages among the lowest-paid quarter of workers have increased just 4.3% since 2000, while the top tenth of earners has seen an increase of 15.7% to $2,112 a week (compared to $26 each week for the bottom 10%).

**Smith**, Noah. “Trump’s Tax Cut Hasn’t Done Anything for Workers.” Bloomberg.com, **Bloomberg**, 18 July **2018**, www.bloomberg.com/opinion/articles/2018-07-18/trump-s-tax-cut-hasn-t-done-anything-for-workers.

But it’s also important to evaluate policies like Trump’s tax reform as quickly as possible. Not only is this critical for deciding whether to change course, but as more time goes on, the effects of a policy can become harder to assess. Two years from now, plenty of other things will have had time to affect the economy, including **Trump’s** trade war and natural economic forces. And now that the **tax cut has been in effect for a half-year, the results are starting to trickle in. First, the tax reform hasn’t yet resulted in appreciably higher wages for American workers. Real average hourly compensation actually fell** in the first quarter **after the tax reform was passed:**

### A/2: Employment

1. **Even if their entire link is true, we would say employment does not change the general level of poverty because it only creates higher positions for the people at the top.**
2. **Delink. Economic growth does not help; 2 warrants.**
	1. **Daly of The CFSSE writes that as productivity increases with stimulus policies, jobs become outsourced to automation.**
	2. **No benefit. Daly continues that even if they come to American companies, people are offshored as cheap foreign labor.**
3. **Turn. Ehrenfreund of the Washington Post explains that safety net programs encourage entrepreneurship because people are more willing to engage in risky endeavors. In the case of food stamps, an expansion of the program increased the chance that eligible households would start a business by 16%. This outweighs on probability – we shouldn’t just hope that this money goes to business owners and business owners choose to invest that in funding new positions. But safety net programs 100% of the time go to helping people in need.**

<https://steadystate.org/tag/immigration/>

Traditional stimulus policies do little to reduce unemployment, for several reasons. First, the jobs that workers would have gone back to have largely been off-shored as employers sought cheap foreign labor. Second, cheap foreign labor by way of illegal immigration seems to have been welcomed by domestic employers trying to fill the remaining jobs at home. Third, jobs have been “outsourced” to automation — to robots in the factory and to the consumer, who is now her own checkout clerk, travel agent, baggage handler, bank teller, gas station attendant, etc. And fourth, quantitative easing has kept interest rates low and bond prices high to the benefit of banks’ balance sheets more than employment. The public benefits from lower mortgage rates, but loses more from reduced interest earnings on savings, which does not help employment.

**Ehrenfreund**, Max. “How Welfare Encourages People to Start Businesses.” **The Washington Post**, WP Company, 26 Mar. **2015**, www.washingtonpost.com/news/wonk/wp/2015/03/26/wonkbook-how-welfare-encourages-people-to-start-businesses/?utm\_term=.3843c2a02d13.

The "safety net" is a phrase that you hear a lot in politics, but most people probably don't encounter real safety nets often in their daily lives, so maybe it's worth remembering what they're used for: allowing people to do things that would otherwise be too risky. The governmental safety net works the same way, as [Walter Frick](http://www.theatlantic.com/politics/archive/2015/03/welfare-makes-america-more-entrepreneurial/388598/) reports in The Atlantic: One way to get more people to start companies, according to a growing body of research, is to expand the welfare state ... Entrepreneurs are actually more likely than other Americans to receive public benefits, after accounting for income, as Harvard Business School’s Gareth Olds has documented. And in many cases, expanding benefit programs helps spur new business creation. Take food stamps. Conservatives have long argued that they breed dependence on government. In a 2014 paper, Olds examined the link between entrepreneurship and food stamps, **and found that the** expansion **of the program in some states in the early 2000s** increased the chance that newly eligible households would own an incorporated business by 16 percent. (Incorporated firms are a better proxy for job-creating startups than unincorporated ones.) Interestingly, most of these new entrepreneurs didn’t actually enroll in the food stamp program. It seems that expanding the availability of food stamps increased business formation by making it less risky for entrepreneurs to strike out on their own. Simply knowing that they could fall back on food stamps if their venture failed was enough to make them more likely to take risks. Food stamps are not an isolated case...

### A/2: Infrastructure

1. **Delink. They need to prove the Trump infrastructure bill will pass, and political gridlock is too high for this to happen.**
	1. **Trump wants funding for the wall while Democrats want climate change issues to pass the bill- there are too many polarizing issues which is why the bill has not moved for a while.**
	2. **Yglesias of Vox News explains that Democrats want the plan paid by rolling back Trump’s tax cuts which he doesn’t want- means they are stuck and bill will not pass.**
	3. **Bacon of FiveThirtyEight writes that Democrats want to send funding to cities while Republicans want to send to areas and send less money- there is no agreement on how to build the bill reducing the chance to pass.**
	4. **Puts Democrats in double bind- they are appeasing Republicans and that doesn’t pander to their general voter base- Democrats pick loyalty over one policy because they’d rather preserve the larger amount of voters who dislike Trump as opposed to ones demanding refurbished infrastructure.**
	5. **All of this is why WSJ from 2 days ago says that a resolution is not going to happen- concludes measures mean there will be gridlock.**
2. **Delink impact. Plumer of Vox writes the USFG has thrown mass amounts of funding towards infrastructure improvements. For instance, Obama invested $500 billion, yet infrastructure conditions continue deteriorating. The problem is that most of the funding ends up misdirected towards areas which don’t improve conditions. For instance, the SGA found most states generally spend federal dollars towards building new roads and highways rather than fixing the deteriorating ones.**
3. **Delink. Forbes writes that because any spending in infrastructure would lead to cuts in things like entitlements, there would be no net growth. This functions as a turn on their case because we don’t know how much of the infrastructure is going towards benefiting impoverished communities because a lot of it goes to wealthy areas too, but we do know negating cuts social security programs that are 100% going to the poor.**
4. **Turn. Delgadillo of Governing News finds that high-end infrastructure increases the pull factor of housing and causes the mass influx of higher-income families displacing the lower-income families. Unfortunately, Chong of Georgetown University finds this gentrification excludes low income families and people of color who are often targeted, and also cut federal housing assistance- this traps those at the bottom in poverty.**

<https://www.abcactionnews.com/news/national-politics/president-trump-tweets-that-he-wont-sign-infrastructure-legislation-without-funding-for-wall>

<https://www.washingtonpost.com/opinions/chuck-schumer-mr-president-lets-make-a-deal/2018/12/06/aeae0188-f99e-11e8-8c9a-860ce2a8148f_story.html>

<https://www.wsj.com/articles/you-call-that-infrastructure-11546560801>

his is political logrolling disguised as public necessity. Do Democrats think it’s what Mr. Trump has in mind when he imagines a bargain on infrastructure? Biofuel tax credits, charging stations for Teslas, and light-rail lines that probably will run mostly empty? This wish list illustrates the problem of trying to engineer a coast-to-coast construction spree from a city on the Potomac. Much of the money in the Democratic plan would be given out as grants. Many of the numbers appear to be made up almost at random: “$1 billion for Indian Irrigation projects.” (Why not $2 billion, or $500 million?) The proposal is also full of stipulations—on the share of subcontracts that must go to small companies (33%), the percentage of employees who must be “workers with disabilities” (14%), the importance of hiring “Women-Owned Businesses (WOBs),” and so forth. Bureaucratic friction like this burns taxpayer money, and the plan also mandates union prevailing wages, which raises costs. A real compromise on public works would leverage some taxpayer money to raise more private funds to build the most urgent projects while easing permitting rules and political red tape. **But since that isn’t what Democrats have in mind, the most likely outcome is that old Interstate 95 standby: gridlock**

**Yglesias**, Matthew. “House Democrats Must Resist Trump's Infrastructure Trap.” **Vox**.com, Vox Media, 9 Nov. **2018**, www.vox.com/policy-and-politics/2018/11/9/18075086/house-democrats-trump-infrastructure-deal-trap.

At the moment, Senate **Democrats’ current negotiating posture is that they want a $1 trillion infrastructure plan paid for by rolling back Trump’s tax cuts. Trump obviously isn’t going to go for that,** but Democrats need to ask themselves what their response would be if he proposed doing the spending and just not offsetting it.

**Bacon** Jr., Perry. “Infrastructure Is A Political Opportunity For Trump That Will Likely Go To Waste.” **FiveThirtyEight**, FiveThirtyEight, 16 Jan. **2018**, fivethirtyeight.com/features/infrastructure-is-a-political-opportunity-for-trump-that-will-likely-go-to-waste/.

Here’s what is more likely to happen: **Republicans will come up with an infrastructure proposal opposed by nearly all Democrats and some very conservative House Republicans, and it will struggle to pass**. Why? For one, the GOP appears to have settled on an infrastructure vision that Democrats probably won’t like. Last year, Senate **Democrats proposed sending $1 trillion to states and cities over 10 years for projects like road building and improvements**, funded by increasing taxes on both wealthy people and corporations. **Republicans say they have a $1 trillion infrastructure plan, too. But they are coalescing around a plan that would provide $200 billion to localities over 10 years — much less than the Democratic proposal.** White House officials are hoping that those federal dollars inspire public-private partnerships and that eventually cities, states and businesses put up about $800 billion. Democrats say that states and cities don’t have enough money for that kind of spending.

Brad **Plumer**, 2-10-**2015**, "It doesn't matter how much we spend on infrastructure if it just gets wasted," **Vox**, https://www.vox.com/2015/2/10/8012211/infrastructure-crumbling-more-spending

By now it's become a cliche to say that America's infrastructure is in disrepair. Cue that famous stat about how 24 percent of bridges are either structurally deficient or obsolete. With that in mind, many **politicians argue that the US needs to spend a lot more money on transportation. President Obama has proposed $478 billion over six years to upgrade the nation's roads, bridges, transit, and freight — a big bump from current levels.** The American Society of Civil Engineers wants to go further, asking for $1.6 trillion between now and 2020. But in many ways, calls for more money misdiagnose the problem. **One reason America's transportation infrastructure is faltering is that the considerable amount of money we *do* spend is often misdirected — leading to bloated costs and excessive sprawl while doing little to alleviate traffic congestion or deterioration.** Over at Streetsblog, Angie Schmitt recently wrote an excellent piece on this theme titled "More Money Won’t Fix U.S. Infrastructure If We Don’t Change How It’s Spent." Her basic, crucial point is that **we don't pay nearly enough attention to where all this transportation money actually goes.** Take those "crumbling" roads and bridges we hear so much about. **Right now, the federal government kicks about $50 billion a year to state transportation agencies — with roughly 80 percent going toward roads and highways (another fifth goes to public transit).** Surely that should fix the problem? Except that, **historically, states have used the majority of their money to build brand-new roads and highways rather than fix their existing ones. Between 2009 and 2011, Smart Growth America found, states spent 55 percent of road funds on new construction — even though this represents just 1 percent of the overall system.** (The amounts vary by state: North Dakota tilts heavily toward repairs, whereas Mississippi mostly focused on new building.) The remaining 45 percent of funds went to fix the other 99 percent of roadways. If all these new roads were beneficial, that might make sense. But, as Schmitt points out, that's not always the case. One study by the Center for American Progress found that 50 percent of US roads don't even generate enough traffic to pay for themselves in gas taxes. With driving on the decline and the National Highway System reaching the end of its natural lifespan, there's a good argument for devoting more scarce resources to repairing the expensive and dilapidated system we already have. Back in 2011, UCLA economist Matthew Kahn and the University of Minnesota's David Levinson made the case that Congress should devote most or even all federal gas-tax revenue toward repairs (and set up a separate infrastructure bank for new projects). For starters, they note that the productivity gains from expanding the road system were huge back in the 1950s, but those returns have diminished over time. Meanwhile, there's a good economic case for focusing on repairs. Poor road conditions are a "significant factor" in one-third of all traffic fatalities and cause extra wear-and-tear on cars. What's more, because of how pavement deteriorates, it’s much cheaper to fix a road early on, when it’s still in "fair" condition, than when it drops down to "serious" condition:

Using third quarter numbers to illustrate, the added spending would have made the reported growth of 2.8% close to 3.3%. Putting that in perspective, the average nominal growth of the U.S. economy from 1980 until just before the last recession was 6.2%. Thus, new infrastructure spending would help, but it would not get us markedly closer to the average historical rate of growth. Bear in mind, too, that for **the economy to receive the full benefit of the $275 billion investment there can be no offsetting spending cuts in other areas.** For example, **cutting the entitlement programs to do more infrastructure spending would generate no additional economic growth.**

Natalie **Delgadillo**, 9-28-**2017**, "How Cities Can Protect Poor People and Minorities From Climate Change," **Governing**, <http://www.governing.com/topics/transportation-infrastructure/gov-climate-change-environmental-justice-cap-report.html>

To that end, the report recommends measures like a Washington, D.C., job training program, D.C. Water Works, which is meant to boost efforts to hire locally for D.C. Water’s biggest projects. It's a dual win, CAP says: While the city makes itself more resilient to climate change, it's also helping residents do the same. **The report also mentions affordable housing and the serious equity problems that can result from city efforts to increase sustainable infrastructure. As neighborhoods become more "green," they tend to become more desirable to middle- and upper-income residents and displace the low-income residents originally living there**. Los Angeles’ Measure JJJ is an example of what cities can do to mitigate these problems. The measure set affordable housing mandates for new developments near public transit and set local hiring standards for developers and construction companies building new units. Perhaps most crucially, the report stresses the importance of outreach and communication with low-income and minority communities. “These people know what a hot day feels like, they know what a flood looks like, they know they’re vulnerable,” says Kelly. “They’re in the best position to identify risks and offer solutions.”

**Chong**, Emily. “Examining the Negative Impacts of Gentrification.” Georgetown Journal on Poverty Law & Policy, **Georgetown Journal on Poverty Law & Policy**, 17 Sept. **2017**, gjplp.org/2017/09/05/examining-the-negative-impacts-of-gentrification/#\_ftnref19.

In addition to displacement due to rising property values and coercive techniques, **low-income individuals and people of color also can face exclusion from the newly planned spaces in the gentrifying location**.[16] Common in gentrification efforts is the urban planning shift from “fostering community formation” to “investing the city with money and consumption-oriented spaces that resemble suburban shopping malls that exclude low-income and people of color.”[17**] Instead of community integration, there is selective development and enforcement of distinction between different areas.[18] Moreover, when developers do build houses, they are not building these houses for low income families. There are frequent cuts in low-income housing federal assistance**, and so new buildings are usually intended for upper-income families.[19] These spaces are societally problematic because they disproportionately exclude people of color and low-income individuals.

### A/2: Recession

1. **Delink yield curve argument. Brooks of the Capital Index notes that the market can ignore the warning signs from the inverted yield curve because of the good economy. Arnold of NPR confirms that the yield curve prediction has even been wrong in 94’ and 98’.**
2. **Uniqueness evidence bad- its projected on short term downturns and government shutdowns. The macroeconomic picture is that the economy is growing at a stable rate and the shutdown was limited. Thus, Arnold of NPR explains that current predictions of recessions are inaccurate because of the actions of the Fed and other central banks to distort the bond market.**
3. **Delink. Multiple warrants as to why there will be no recession.**
	1. **Amadeo of The Balance writes that the debt to GDP ratio is not high enough for a recession- it’s a long way to go.**
	2. **Amadeo continues that here is only a bust after the boom, but our economy is growing at a stable rate. Amadeo finds that recessions only occur when GDP growth is more than 3 percent which it is under right now- meaning no chance of recession.**
	3. **Strubel Investment Management explains there are three legs of the economy including government, consumer and business spending which are all strong. They find that for a recession to happen, all 3 of these need to collapse.**
	4. **All of this is why Skiadopolous of Queen Mary University writes there is no recession in sight after analyzing forecasts done with the most updated and developed economic indicators, which utilize the predictions of more sophisticated investors than any current data.**
4. **Turn. Have to prioritize debt to solve. Ghilarducci of Forbes writes that the rising debt will leave little room to increase spending during the next recession, jeopardizing crucial initiatives. Ghilarducci of Forbes writes that due to the fact the GDP to Debt ratio was low in 2008 the US had the ability to borrow capital to finance stimulus packages that helped significantly reduce the effects of the recession. This turn outweighs their argument as Stone of US News writes that without proper federal responses the 2008 recession would have been more 3x worse, twice as long, and seen double the unemployment.**
5. **Mitigate. A recession now will be minor. The Economist explains that the banks are more resilient than they were during the 2008-2009 crisis, meaning the probability of a crisis that bad is low.**

**Arnold**, Chris. “Is The U.S. Headed For Recession?” **NPR**, NPR, 29 June **2018**, www.npr.org/2018/06/29/624241713/is-the-u-s-headed-for-recession.

That may sound ominous. But Simon says **the yield curve "hasn't been a very good predictor because it keeps predicting recessions that haven't occurred. It was wrong in 1994, it was wrong in 1998,** it was right in 2001 [and] it was also right in 2006-07." But he says he is not worried about it this time around. That's because **ever since the Great Recession, the Federal Reserve and other central banks around the world have been doing unusual things that distort the bond market. And he says that has thrown off this recession meter.**

**Turak**, Natasha. “The US Economy Has Plenty of Steam despite Bond Market and Trade Fears, Investors Say.” **CNBC**, CNBC, 17 July **2018**, www.cnbc.com/2018/07/17/the-us-economy-has-plenty-of-steam-despite-bond-market-and-trade-fea.html.

**Focusing on the flatness of the yield curve right now is a mistake**, according to Dan Veru, chief investment officer at Palisades Capital Management. **The U.S. economy still has plenty of steam,** he said. “You have to look at the shape of the yield curve right now, which I think is just putting investors on edge that the economy could be de-accelerating when, in fact, it really isn’t,” Veru told CNBC’s “Squawk Box Europe” on Monday. “It’s doing the exact opposite. A lot of this has to do with some technical issues around tax policy changes that occurred in the U.S.” Veru explained that the tax cuts have stimulated revenue and capital flows into the U.S., and that repatriation is requiring US companies to finance less through commercial paper markets and other short-term instruments, “creating some near-term distortions in the shape of the yield curve.” Carlyle Group co-Chief Executive Officer Glenn Youngkin similarly dismissed yield curve woes. “The U.S. economy is stronger than people think,” said Youngkin, whose private equity firm oversees more than $200 billion in assets under management. Carlyle predicted U.S. gross domestic product (GDP) growth of 4 percent in the second quarter as well as two more interest rate hikes this year, adding that the central bank would be more discerning about tightening in 2019 as the economic cycle continues. Youngkin cited strong retail sales, strengthened industrial production amid continuing recovery, higher capital goods orders and improved consumer health as driving the strong American economy. Standout performer — but for how long? **Kathleen Brooks, research director at Capital Index**, agreed that **while the direction of the curve does normally herald a slowdown, the economic picture was positive enough to brush off near-term fears. “At this stage, when the U.S. economy is doing very well, the market can ignore the warning signs from the inverted yield curve** and concentrate on the good news story: potentially lower interest rates in future

In fact, the **U.S. economy** is doing fine. Here are the top 10 reasons why it **won't collapse.** Included are rebuttals to the negativists' claims. **The U.S. debt is $21 trillion, more than the economy produces in a year, but although the debt-to-GDP ratio is in the danger zone, it's not enough to cause a collapse. First, the United States prints its money.** That means **it is in control of its currency. Lenders feel safe that the U.S. government will pay them back.** In fact, the United States could run a much higher debt-to-GDP ratio than it does now and still not face economic collapse. Japan is another strong economy that controls its currency. It has had a debt-to-GDP ratio above 200 percent for years. Its economy is sluggish but in no danger of collapse. The United States won't default on its debt. Most members of Congress realize a debt default would destroy America's credibility in the financial markets. The tea party Republicans in Congress were a minority that threatened to default during the 2011 debt ceiling crisis and in 2013.

Consumer confidence hit a nine-year high in 2016. Con- sumer spending drives almost 70 percent of the economy. Economic growth is slow but stable. Since the Great Recession, **the economy has grown between 1.5 - 2.7 percent per year. According to business cycle theory, a bust only occurs after a boom. That’s when GDP is more than 3 percent.** It hasn’t been that high since 2005 according to a review of GDP by year.

**Strubel Investment Management** Value. “No, The U.S. Economy Is Not Going Into A Recession.” Seeking Alpha, Seeking Alpha, 19 Dec. **2018**, seekingalpha.com/article/4229115-u-s-economy-going-recession.

Consumer spending continues to grow despite some housing and auto weakness. Government spending is adding significant financial support to the economy. Business investment may weaken but not enough to derail overall growth. The market seems to view a recession as almost a foregone conclusion. We disagree. Nothing in the economic data points to the US economy as being in danger. **The US economy can be thought of as a three-legged stool. Consumer spending, government spending, and business investment each represents a leg of the stool that helps support the economy** (the US runs a trade deficit so the foreign sector does not contribute to GDP growth). So long **as at least some of the legs are strong, they can make up for weakness in another leg.** Going through each one, we can see that there looks to be enough support to maintain economic growth.

https://www.marketwatch.com/story/a-new-economic-indicator-is-saying-theres-no-sign-of-a-us-recession-2018-06-05

A gauge built on stock index options prices highlights when sophisticated investors are risk averse owing to worries over the economy A new economic indicator, **based on stock index options prices**, predicts the U.S. economy is poised to expand robustly with no sign of a recession in sight. **Moreover,** this **highly unconventional** forecasting tool has a record of accuracy greater than traditional forecasting variables, especially noteworthy as some economists who rely on traditional indicators are forecasting a recession in 2019, and a growing number are predicting one in 2020. When the Great Recession began in December of 2007, virtually all forecasters were caught by surprise. It was clear that economic forecasting needed improvement. My colleagues — Renato Faccini of Queen Mary University of London, Eirini Konstantinidi of the University of Manchester and Sylvia Sarantopoulou-Chiourea at the Independent Authority for Public Revenue in Greece — and I believed that the financial markets, which are based on future expectations, could be helpful. The options market, in particular, tells us the degree to which investors are averse to risk. This data, the Implied Relative Risk Aversion (IRRA) can be factored into an economic forecast. An option is a contract that gives the buyer the right to buy or sell an underlying security at a specified price on a specified date. Using the OptionMetrics Ivy DB databases (academia’s definitive source of historical options pricing data) for the most liquid of stock index options contracts, those that trade based on the S&P 500 Index SPX, -0.07% we found Implied Relative Risk Aversion outperforms existing economic indicators once it is used in conjunction with them. A decrease in IRRA predicts an increase in economic growth because investors boost investments when they become less risk averse. Conversely, an increase in risk aversion points to a slowdown in growth because investors lower investments when they become more risk averse. Implied Relative Risk Aversion is currently quite low, at 3.6 for May, after readings of 3.7 in April and March, implying that traders in the S&P 500 options market anticipate an increase in U.S. economic growth. The last pop in IRRA occurred in December 2013, as seen in the accompanying graph (above), when IRRA hit 6.8. Shortly afterward, the U.S. economy contracted by 0.9% in the first quarter of 2014. Even more revealing, in the second half of 2007 IRRA rose sharply in anticipation of the recession’s beginning in December of that year. IRRA reached its historic peak of 9.3 in February 2008. Afterward, the depths of the Great Recession followed, with four consecutive quarters of negative gross domestic product (GDP). In contrast to other economic predictors, IRRA manages to forecast the future state of the U.S. economy more accurately because it is constructed by index option market prices. **Option markets tend to attract more sophisticated investors than other markets on which the standard economic indicators rely because they offer leverage and they often enjoy smaller transaction costs**. As a result, index option prices reflect the expectations of informed investors first before other markets’ prices do, and hence they are more informative about the future state of the economy. To further test the forecasting technique, we calculated IRRA for South Korea using stock index options trading on the KOSPI 200 Index, the world’s most liquid stock index options. IRRA also successfully forecast growth and contraction in the South Korean economy

**Ghilarducci**, Teresa. “Why We Should Control The Federal Debt Before The Next Recession.” **Forbes**, Forbes Magazine, 24 Sept. **2018**, [www.forbes.com/sites/teresaghilarducci/2018/09/23/why-we-should-control-the-federal-debt-before-the-next-recession/#50a610a5d33b](http://www.forbes.com/sites/teresaghilarducci/2018/09/23/why-we-should-control-the-federal-debt-before-the-next-recession/#50a610a5d33b).

And **high debt levels can leave little room to maneuver.** The IMF predicts that among rich nations, only the U.S. will increase its debt-to-GDP ratio in the next five years, the wrong direction during an economic expansion. During an expansion, especially the current nearly record-setting long one, debt should be falling, not rising. In Q3 of 2008, the government had collected revenue from the booming economy; the debt-to-GDP ratio was a low 64%. **When the Great Recession hit, the government had room to borrow to finance our fiscal lifesavers,** including the American Recovery and Reinvestment Act (ARRA) and TARP, **which helped keep the deep recession from turning into a global depression. Government deficits before a recession are even more dangerous.** Fueling a large federal deficit before a recession is a big mistake. If the economic downturn hit now the government would have less ammo to fight it. Interest payments alone will take up an ever-higher share of the budget as the debt ratio grows. **And as the Federal Reserve continues to raise interest rates, the interest share will grow even faster, again leaving little room to increase spending when the next recession comes.**

**Stone**, Chad. “It Could Have Been So Much Worse.” U.S. News & World Report, U.S. News & World Report, 23 Oct. **2015**, www.usnews.com/opinion/economic-intelligence/2015/10/23/the-great-recession-would-have-been-much-worse-without-stimulus-tarp.

In a nutshell, Blinder and Zandi estimate that **without the full set of federal responses, the recession would have been more than three times deeper and lasted twice as long; we would have lost twice as many jobs** and unemployment would have peaked at 16 percent rather than 10 percent; the budget deficit would have grown to 20 percent of GDP, reaching $2.8 trillion in fiscal 2011; and unemployment today would be 7.6 percent, not 5.1 percent. Those federal responses included: substantial fiscal stimulus (debt-financed tax cuts and spending increases), most notably the 2009 economic recovery act; extraordinary actions by the Federal Reserve, Federal Deposit Insurance Corporation and Treasury Department, together with TARP, to re-establish a stable financial system and get credit flowing again; and the Fed's aggressive monetary stimulus, first using standard monetary policy to cut short-term interest rates to zero, then making large-scale purchases of longer-term assets (so-called quantitative easing or QE) to lower longer-term rates to encourage more economic activity.

“The next Recession.” The **Economist**, The Economist Newspaper, 11 Oct. **2018**, [www.economist.com/leaders/2018/10/11/the-next-recession](http://www.economist.com/leaders/2018/10/11/the-next-recession).

The good news is that **banking systems are more resilient than a decade ago, when the crisis struck. The chance of a downturn as severe as the one that struck then is low.** Emerging markets are inflicting losses on investors, but in the main their real economies seem to be holding up. The trade war has yet to cause serious harm, even in China. If America’s boom gives way to a shallow recession as fiscal stimulus diminishes and rates rise, that would not be unusual after a decade of growth.

### A/2: P3s

1. **Turn. Garvin of Virginia Tech finds that even though P3s may appear low cost, they require expensive user fees, which is the only way that governments can convince private companies to get on board. Crucially, Slyke of Politico explains that governments are weighed down by a lack of knowledge and bureaucracy and corporations are greedy, forcing bad deals that place massive financial burdens on federal budgets.**

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.833.8198&rep=rep1&type=pdf>

The P3 arrangements are often viewed by governments as a solution to infrastructure-funding shortfalls (Orr, 2006**). This claim, however, is somewhat contentious as a government certainly has the capacity to utilize user fees, which are often an integral part of a P3 project, as the principal security for a project’s financial package while also offering its general creditworthiness as secondary security. One would expect that the cost of capital for such an arrangement would be lower than the cost that a private sponsor could obtain, even if tax exempt status is granted**. Gribbin (2006), however, has argued that innovative private financing debt-equity structures can free these assets from the conservative bond investor clientele. Indeed, he may be correct. The holders of government bonds or even private tax-exempt bonds have relatively conservative appetites for risk, which introduces fairly conservative methods for assessing value. Alternatively, an entirely private debt-equity structure introduces investors with higher tolerances for risk, which will in turn tend to generate more liberal appraisals of asset value. Although the cost of capital may indeed be higher, the perceived value of the asset under scrutiny is also likely higher. Clearly, this perception has helped drive the attraction of monetizing infrastructure assets. Indeed, the notion that infrastructure is captive capital, awaiting liberation has resonated with some though causing concern for others.

**Slyke**, David Van, et al. “Trump's Infrastructure Plan: How ‘Private’ Will He Go?” **POLITICO**, POLITICO, 7 June **2017**, www.politico.com/agenda/story/2017/06/07/trumps-infrastructure-public-private-partnership-000454.

As President Donald Trump unveils elements of his infrastructure plan this week, Democrats are attacking it as a betrayal of basic government responsibilities. This “privatization,” as they call it, would sell out rural America and allow companies to exploit public assets like roads and bridges. **But a close look at Trump’s proposal—at least what we know of it so far—reveals a plan that rests not on privatization but on public-private partnerships.** The two ideas sound similar but are actually very different, and understanding the differences is critical to accomplishing Trump’s goal of modernizing and upgrading America’s infrastructure. The Trump administration has proposed using $200 billion in federal monies to leverage an additional $800 billion from the private sector. It’s an ambitious proposal, one that, if successful, could permanently change the landscape of America. The government can reap huge benefits from public-private partnerships—but only if they are structured correctly**. All too often, though, government officials lack the knowledge and experience necessary to negotiate good deals, ultimately costing taxpayers millions, if not billions, of dollars.**In their attacks, Democrats may be misusing the word “privatization” when describing Trump’s infrastructure plan but the risks they describe are very real. Traditionally, the term “privatization” means the outright sale of a public asset or service to a private company. It’s a permanent transfer of infrastructure, with no term limits or expectations of management oversight. The government accepts payment and walks away with its only roles being enforcement of rules and regulations. Well-structured privatization can be beneficial in some situations where there is no public interest (say, a parking garage) but officials should ask themselves hard questions about why it’s getting out of delivering a particular good or service, and whether there truly is no public interest in the asset. The history of privatizations is littered with failures. Take the privatization of British Rail in the 1990s. The operation of British Rail, after privatization, had many pieces franchised and outsourced to a range of vendors with no single systems integrator. This failure to integrate infrastructure and operations created a major breakdown in coordination and singular accountability oriented toward safety, reliability and affordability and caused many safety problems—including two fatal accidents. **The biggest cases of true privatization in the U.S. have never come to fruition—including the privatization of Amtrak, the U.S. Postal Service and Social Security—because the public and private sectors could never agree on the terms of sale without compromising important public interests around access, quality and affordability.** For instance, the U.S. government is responsible for delivering transportation and mail delivery services to the entire country, even in geographically remote and sparsely populated areas. But since most services are uneconomical, the private sector would agree only to a sale that included major concessions on fees and frequency of delivery—terms to which elected officials would be loath to agree to because of public protest. In fact, what most people in the United States really mean when they use the word “privatization” is deeper private-sector involvement in the production and delivery of traditionally government-provided goods and services. Privatization and PPPs are not the same thing. The former is an outright asset sale while the latter is a market-based arrangement that is limited in term—on average about 25 years—and relies on government and its private partners to accurately evaluate, negotiate and come to terms on ownership, structure and risk issues. With well-structured PPPs, the relationship begins at the point of transaction, and the parties are mutually dependent on each other for success. With privatization, the relationship ends at the point of transaction and both parties go their separate ways for the most part, aside from government regulation. If a PPP is a marriage, then privatization is a divorce. To support $1 trillion in infrastructure investment, the Trump administration is proposing to reward state and local governments who enter PPPs and other private-sector deals with up to $200 billion in federal funding. Transportation Secretary Elaine Chao announced last month that St. Louis Lambert International Airport would become part of a test program “designed to allow airports to generate access to sources of private capital for airport improvement and development.” The city has preliminary approval to negotiate a PPP in which private firms will lease and operate the airport for a term of up to 40 years. If executed well, the city stands to gain not just millions for the initial lease but also a share in any profits, including potential new profit sources identified by private sector partners with deep expertise in this area. Public-private partnerships allow government to leverage private sector expertise to cut infrastructure costs and speed up construction. It works toward a win-win outcome based on a mutual understanding that comes from a relationship built on aligned goals, clear rules and appropriate governance mechanisms. Private sector innovation and expertise can then be integrated with government’s desire to serve the public interest while improving cost, performance and accountability. **But government is often at a disadvantage in negotiating these agreements. Most government agencies, and especially nearly all municipal governments, lack the analytical capacity and market-based pricing expertise to accurately estimate the value of their existing infrastructure assets, attract enough competition and bring the concession to closure. Meanwhile, the private sector is very astute at discerning which infrastructure assets are worth buying, at what price, for what duration, and with what potential return on their investment over a fixed period of time.** Take, for example, the infamous case of [Chicago Parking Meters LLC](https://www.washingtonpost.com/blogs/govbeat/wp/2013/09/13/how-parking-meters-killed-privatization-of-midway-airport/?utm_term=.14573b63fbcd). The city of Chicago entered a 75-year deal with a private corporation for control of its 36,000 parking meters in exchange for $1.15 billion. After the rushed and poorly conceived deal, which aldermen had just one day to review and approve, the city’s inspector general estimated that government underpriced the value by about $1 billion. Further, the private company enacted profit-driven changes with direct implications on public access and affordability such as reducing the number of handicapped spaces, creating smaller overall spaces, instituting congestion pricing, and raising hourly costs—leading to public outrage, boycotts and vandalized meters. Consider also the indirect public harm to economic development that parking issues can have on a community. It’s a prime example of short-term thinking that believes we can offload public assets, many at the municipal level, and gain cash in the short term, without considerations for the longer-term implications of the important economic development role that high-quality, public infrastructure plays in communities and states all around the country and the impact of poorer service quality and potentially higher costs on the public. The best way for government officials to ensure that a public-private partnership benefits their constituents is to take the necessary time to understand the proposed deal, run the numbers and perform the due diligence. It's easy to rush into a desire to engage a PPP without considering the importance of public involvement. In the trade-off between the speed of decision-making and the necessity of citizen and stakeholder engagement, speed wins way more often than it should. And that could get a lot worse under Trump. Speaking to a Senate committee recently, [Chao was asked](http://www.cnn.com/2017/05/17/politics/chao-infrastructure-senate/) about the administration’s delays in releasing its infrastructure plan. She responded, “Obviously, the president is very impatient**.” In the world of public-private partnerships, though, impatience will lead only to bad deals for both the public and private partners with citizens potentially losing the most in terms of access, quality and affordability**

### A/2: Reducing Debt

1. **This is ridiculous- we’ve been prioritizing economic growth with every measure imaginable since the 08’ recession. Schneider of NPR finds that the US economy has a growth rate of 3% and is on set to reach the fastest annual growth in 13 years, however at the same time the national debt, and deficit spending has reached an all-time high.**
2. **Even if there is economic growth, if the US government passes legislation that only increases the debt it will always outpace incoming revenue from growth. This is why Davies of US News explains the debt is growing at twice the rate of the economy. Prefer these empirics over their purely hypothetical warrants.**
3. **Delink. The CRFB explains that even a significant improvement in growth would not be enough to address the debt crisis for two reasons.**
	1. **Increases in economic growth are also accompanied by increases in spending, leading to no net change**
	2. **The debt is already so massive that it would be almost impossible to reach levels of economic growth necessary to outpace debt.**
4. **Turn. This boom in economics leads to a bust long-term.**
	1. **Amadeo of The Balance writes that an increasing national debt dampens growth over the long term as debt holders demand larger interest payments which slow the economy with more and more cuts.**
	2. **Boccia of The Heritage Foundation explains that high debt empirically slows economic growth. She finds that economies with high debt levels grew 1.3 percent slower than their low debt counterparts and that every decade of debt drag reduces the income of the typical family by 11 thousand.**

**Schneider**, Avie. “U.S. Economy Grew At A 3.5 Percent Rate In 3rd Quarter.” **NPR**, NPR, 26 Oct. **2018**, [www.npr.org/2018/10/26/660489729/will-headwinds-appear-in-u-s-economic-growth-benchmark](http://www.npr.org/2018/10/26/660489729/will-headwinds-appear-in-u-s-economic-growth-benchmark).

**The economy expanded at a 3.5 percent annual rate in the third quarter**, the Commerce Department said Friday. That's slower than the second quarter's blockbuster 4.2 percent, but **it puts the economy on pace for the fastest annual growth in 13 years.** Private analysts had estimated a 3.4 percent growth rate in gross domestic product for the third quarter.

<https://www.usnews.com/opinion/economic-intelligence/articles/2017-01-04/the-us-is-running-out-of-sources-for-borrowing-money> [davies]

“Could Faster Growth Solve Our Debt Woes?” **Committee for a Responsible Federal Budget**, 24 May **2016**, [www.crfb.org/blogs/could-faster-growth-solve-our-debt-woes](http://www.crfb.org/blogs/could-faster-growth-solve-our-debt-woes).

Suggesting that the U.S. can grow our way out of debt – increasing economic growth to stabilize or shrink debt as a share of GDP – is a popular idea among candidates, but it is not a very plausible solution by itself. Importantly, **while faster economic growth does lead to higher revenue collection, it also leads to more spending.** Programs like Social Security are directly linked to wage growth and thus grow faster by design when the economy does. Other areas of spending, such as Medicare and interest rates, also tend to increase with economic growth on average.

A number of commentators have recently suggested that our budget problems could be solved if only we focused more on promoting economic growth. Economic growth, they argue, would generate more revenue and thus make painful tax increases and spending cuts unnecessary. We've taken on this claim before (http://crfb.org/blogs/deficits-are-first-order-problem), demonstrating that even a significant improvement in long-term growth would not be enough to prevent debt from growing faster than the economy**.** Over the medium term, the story is similar**.** Still, while faster growth cannot solve our medium-term debt problems, it certainly can help. Rules of Thumb for Growth and Deficits
The actual impact of economic growth on budget deficits will depend on the source of the growth, but a broad rule of thumb suggests that every dollar increase in GDP will produce 20 to 25 cents more in revenue. For 2023, when GDP is projected to be nearly $27 trillion, a one percent increase in the size of the economy will yield about $60 billion in revenue.

**Amadeo**, Kimberly. “Why You Should Care About the Nation's Debt.” **The Balance** Small Business, The Balance, 25 Sept. **2018**, [www.thebalance.com/what-is-the-national-debt-4031393](http://www.thebalance.com/what-is-the-national-debt-4031393).

**An ever-increasing national debt** slowly **dampens growth over the long term. Debt holders know in the back of their minds that it must be repaid one day. They demand larger interest payments.** They want compensation for an increasing risk that they won't be repaid. That **increases interest rates and slows the economy.** Businesses borrow less. They don't have the funds to expand and hire new workers. That reduces demand. As people shop less, firms slash prices. As they make less money, they lay off workers. If interest rates continue to rise, it can cause a recession. The national debt becomes a sovereign debt crisis when the country is unable to pay its bills. The first sign is when the country finds it can no longer get a low-interest rate from lenders. Banks worry that the country cannot afford to pay the bonds. They fear that it will go into debt default. They require higher yields to offset their risk. That costs the country more to refinance its debt.

**Boccia**, Romina. “Cutting the U.S. Budget Would Help the Economy Grow.” **The Heritage Foundation**, 20 Nov. **2013**, [www.heritage.org/budget-and-spending/report/cutting-the-us-budget-would-help-the-economy-grow](http://www.heritage.org/budget-and-spending/report/cutting-the-us-budget-would-help-the-economy-grow).

**“Excessive federal spending and high debt slow economic growth.** De- spite a broad consensus that the U.S. fiscal path is unsustainable without significant reductions in spending—especially in the growing spending on entitlements—many policymakers are hesitant to embrace large-scale budget cuts for fear of slowing the economy. This fear is misplaced **because** **significant budget cuts today would enable stronger economic growth tomorrow. If lawmakers neglect entitlement reform and further spending reductions, growing spending and high debt will significantly depress U.S. economic growth.”** “Academic research by a number of economists finds that **countries with high debt levels experience lower economic growth.** Carmen M. Reinhart, Vincent R. Reinhart, and Kenneth S. Rogoff found that **debt levels between 90 percent and 120 percent of GDP correlate with slower growth of 1.2 per-centage points** .[8] Similarly, Manmohan S. Kumar and Jaejoon Woo report **that** **advanced economies with high levels of debt grew 1.3 percentage points slower annually than their low-debt (below 30 percent) counterparts.** Kumar and Woo additionally emphasize tha t **the negative effects of debt increase as debt grows from 30 percent to 90 percent** .[9] Finally, Stephen CeccheĴi, Mad-husudan Mohanty, and Fabrizio Zampolli identified **84 percent of GDP as the point at which high debt becomes most harmful.[10] The U.S. is on track to exceed this level before the end of the decade. Slower growth directly affects American families.** As Heritage Foundation economist Salim Furth calculated, **a decade of debt drag would reduce the in- come of the typical American family by $11,000** **.** [11] Moreover, lower growth means fewer available jobs and fewer opportunities for Americans to im-prove their economic circumstances.”

### A/2: Foreign Aid

1. **Delink. Harris of the Borgen Project explains that foreign aid cuts currently won’t reduce debt. She warrants this is because:**
	1. **They are less than 1% of the US budget meaning the money cut makes no impact-means there’s no incentive for government to scrap around.**
	2. **Trump’s aid cuts are more used to repurpose money towards things like the military- not to pay back debt.**
2. **Delink. No chance of cuts as Francis of Foreign Policy reports** **that 6 pieces of aid legislation have passed, providing aid for things like water, energy, and food sustainability, and the measures are extremely bipartisan- won’t sacrifice political capital among public and politicians just to make a small change to debt which is why Trump’s promised aid cuts haven’t happened.**
3. **Turn. If interest rates continue to increase and skyrocket debt, we eventually will have to cut in order to pay back our debt. This means that they lead to even larger cuts in the future because now we need to cut to the bare minimum to pay back money.**
4. **Turn. Foreign aid is always a bad thing.**
	1. **Conflict. Nunn of Harvard quantifies that increasing aid by 10 percent increases the incidence of conflict by 4 percent.**
	2. **Corruption. Rajan of the National Bureau of Economic Research finds increasing aid by 1% of the GDP decreases economic growth by 0.1% per year. Tirmizi of The Express Tribune thus concludes that no country in the world that has successfully made the leap from being an underdeveloped to a developed economy has relied heavily on foreign aid.**
	3. **Ear of The World Economic Forum write that aid instills a sense of lethargy amongst government officials that promotes corrupt or inefficient uses of money. This is why now, Kenney at the Center for Development writes that 76 percent of US funding goes to corrupt regimes. Outweighs on probability- more likelihood of our turns triggering.**
	4. **Prefer this evidence over our opponents because it checks for long term growth, while theirs only looks at short term growth. This is because although aid in the short term might provide some economic boost, in the long term it increases dependency and decreases the incentive for governments to take active steps to be accountable for their people.**

**Harris**, Lindsay. “Why Cutting Foreign Aid Won't Really Reduce U.S. Debt.” **The Borgen Project**, 20 Mar. **2018**, borgenproject.org/cutting-foreign-aid/.

Why **Cutting Foreign Aid Won’t Reduce U.S. Debt** President Trump is counting on cutting foreign aid to sustain his controversial new budget plan. He intends to introduce massive tax cuts while simultaneously pledging to increase defense spending. This plan would increase the already steep national debt of $600 billion per year. The president needs to slash other areas of the budget to prevent this. Reducing foreign assistance is one of the major proposed solutions. The only problem? **Foreign aid accounts for less than one percent of the federal budget. This year, the U.S. plans to spend $36.5 billion on foreign assistance. Even cutting that entire amount does not come close to offsetting** the suggested $54 billion increase in defense spending.

**Francis**, David. “Will Foreign Aid Get Cut on Trump's Chopping Block?” **Foreign Policy**, Foreign Policy, 23 Nov. **2016**, foreignpolicy.com/2016/11/23/will-foreign-aid-get-cut-on-trumps-chopping-block/.

“In the last 18 months, **six pieces of bipartisan global development legislation have been passed,” said Schrayer, including backing for water projects, electricity for African states, global food security initiatives, transparency in aid, and women’s education efforts. “There is real bipartisan support for … global development, diplomacy, and foreign assistance,”** she said. During his time on the House Foreign Affairs committee, Vice President-elect Mike Pence pushed for U.S. programs to help stem the spread of HIV/AIDS, malaria, and tuberculosis. He said in 2008 that the United States had a “moral obligation to lead the world in confronting the pandemics of HIV/AIDS.”

<https://scholar.harvard.edu/files/nunn/files/faidconf_20130806_final_0.pdf>

For a country that receives the sample mean quantity of US food aid of approximately 27,610 MT **($7.6 million in 2008**) and experiences the mean incidence of conflict (17.6 percentage points), **our estimates imply that increasing** food **aid by 10 percent increases** the incidence of conflict by approximately 0.70 percentage points. This increase equals approximately **4 percent of the** mean **incidence of conflict.**

**Tirmizi**, Farooq. “Why Foreign Aid Does Not Help.” **The Express Tribune**, The Express Tribune, 4 Oct. **2010**, [tribune.com.pk/story/58059/why-foreign-aid-does-not-help/](http://tribune.com.pk/story/58059/why-foreign-aid-does-not-help/)

It can be argued, however, that foreign aid – **regardless of how efficiently it is utilised – causes massive long-term damage for minimal short-term gains. No country in the world that has successfully made the leap from being an underdeveloped to a developed economy has relied heavily on foreign aid.** Indeed, one of the hallmarks of being a dynamic emerging economy is the lack of reliance on charity from the developed world.

 “How Much Aid Is Really Lost to Corruption?” **Center For Global Development**, 23 Jan. **2017**, [www.cgdev.org/blog/how-much-aid-really-lost-corruption](http://www.cgdev.org/blog/how-much-aid-really-lost-corruption)

The trouble with measures of bribe payments, however, is that they only capture one form of corruption, and one of its impacts. They don’t capture officials simply stealing funds on their own account. And if the bribe goes to cover up substandard work which means the aid-financed road falls apart or the aid-financed drugs don’t work, the impact of corruption is far bigger than the bribe payment made. Again, we don’t have a measure of this broader corruption specific to aid flows, but you can ask a bunch of people how corrupt they think a country is in general as one potential indicator. Using one such ‘expert perceptions’ measure, **Bill Easterly at one point calculated that 76 percent of US foreign aid went to countries judged to be corrupt.**

**Ear**, Sophal. “Does Foreign Aid Fuel Corruption?” **World Economic Forum**, 3 Dec. **2012**, [www.weforum.org/agenda/2012/12/does-foreign-aid-fuel-corruption/](http://www.weforum.org/agenda/2012/12/does-foreign-aid-fuel-corruption/)

Even debt forgiveness is bad for the economy in the long run since **it [aid] sends a signal to the government that borrowed money need not be repaid. This in turn inculcates a sense of lethargy amongst government officials that promotes corrupt or inefficient uses of money.** If loans have to be paid back, donors are likely to ask for a clear plan to raise the money for repayments. Such a plan is likely to benefit the long-term fiscal health of the country.

On the other hand, if one combined both current domestic revenues and estimates of corruption, Cambodia would have the required resources to develop on its own. However, it is likely that the steady influx of aid is disrupting the relationship between citizens and the administration. Using 2002-2010 data from the WDI, for every dollar spent by the central government, more than 94 cents of net foreign aid was received. **Essentially, for every dollar the government spent, it received almost one dollar. The motivation to independently develop is lost.**