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

**Contention One is who gives a fuck**

**Amadeo 18 of The Balance** finds that debt has accumulated because Congress sets a limit on debt but always raises the ceiling. In fact, according to a **CRS** report in 2015, Congress has increased the debt ceiling 14 times since 2001. Raising our debt has no ramifications for two reasons.

1. First, Interest Rates will never rise. According to **Davidson of Time Magazine,** although debt has doubled since the financial crisis, the minimum payment has actually increased even as total debt has risen. He furthers that the more people want to buy U.S. debt i.e, Treasury bonds, the lower interest payments the government needs to offer in order to incentivize those purchases, and American bonds are in high demand because they’re seen as a relatively safe investment in a troubled economic climate. As a result, the United States is forking over less in debt interest payments (as a percentage of GDP) now than it has since the late 1970s—even though the country owes significantly more. This is why **Hassan of LTU 15** analyzes five industrial economies and concludes that there was no long-term increase in interest rates.
2. According to **Hendricks in 2018,** if the United States were to default on its debt, it would cause a global economic crisis due to the influence that American currency has on the global market. This is why **Annie Louge** finds that other countries who hold majority of U.S. bonds are desperate to keep the United States debt. Thus, **Obrien of the Atlantic** concludes that the United States can borrow forever without the financial burden ever going up

However, Economic growth will naturally cut the deficit. The **CRFB** finds that fast growth can solve any debt woes, as just a 0.1 percent increase in growth will reduce deficit spending by 315 billion dollars over a decade.

**Contention Two is Slashing Welfare**

Reducing the federal debt by cutting welfare programs would be devastating, particularly in the status quo. **Guarnieri ‘18** reports that Trump and congressional republicans want deep cuts to programs used by millions of low-income Americans, including food stamps, Medicare, and other social services.

Indeed, **Long ‘17** explains that Trump wants at least 6 million Americans off of government welfare, and **Elis ‘18** furthers that in the Republicans most recent budget proposal, there would be $537 billion cut from Medicare, $1.5 trillion from Medicaid, and $2.6 trillion in other anti-poverty programs.

The impact is preventing loss of life

**Rosenbaum ‘18** finds that the proposed 30% cut to SNAP in the 2019 budget would cut off at least 4 million people

And **Aron-Dine ‘18** of the CBPP furthers that the proposed cut to healthcare would cause 21 million people to lose coverage

This would be devastating, as **Bump ‘17** warns that being uninsured increases the risk of death by 17%, concluding that at least 28,600 deaths would result from the healthcare cut in the first year alone.

**Contention Three is Small Businesses, Big Moves**

For the past few decades, small businesses have been the main driving force of economic growth, accounting for nearly [50% of total GDP](https://2012books.lardbucket.org/books/an-introduction-to-business-v2.0/s09-02-the-importance-of-small-busine.html). Now, more than ever, encouraging startups is especially important as [Heather Long of CNN](http://money.cnn.com/2016/09/08/news/economy/us-startups-near-40-year-low/index.html) in 2016 reports new business creation in the US is at a 40 year low.

Prioritizing Growth will reverse the trend **by encouraging riskier investment.** Indeed, [Nanda of the Harvard Business School reports in 2012](https://www.hbs.edu/faculty/Publication%20Files/12-032_87eecafd-ac01-4b6d-83e8-390b7c03539a.pdf) that investors invest significantly more into startups during periods of high economic activity. This makes sense: During times of economic growth, investors have higher amounts of capital and thereby are more willing to experiment, and fund more novel, risky investments.

[Nanda](https://www.hbs.edu/faculty/Publication%20Files/12-032_87eecafd-ac01-4b6d-83e8-390b7c03539a.pdf) furthers that a 10% increase in the funding activity in a given quarter is associated with a $6.5 million increase in the value of a firm if it goes public and enters the stock market. Thus, times of economic growth not only create opportunity for startups, but also significantly increase their capacity to expand.

**The impact is job creation**.

[Moore of the Cato Institute](https://object.cato.org/sites/cato.org/files/pubs/pdf/pa242.pdf) in ‘95 indicates that these businesses create up to 80% of all new jobs in the US, playing a crucial role in the economy. But it gets better, as these startups create low skilled jobs. In fact, Kuhn notes that startups are responsible for employing 60% of all low-skill jobs in the United States, which is important because [60% of the currently unemployed](https://books.google.com/books?id=SbsBCwAAQBAJ&pg=PA324&lpg=PA324&dq=60%25+of+jobs+are+inaccessible&source=bl&ots=Z8aFkJiPfI&sig=qiWVo2WXMCCRliek-hV0x69o8KI&hl=en&sa=X&ved=0ahUKEwiSp6KNhJ3ZAhVjF2MKHdmQC8UQ6AEINzAC#v=onepage&q=60%25%20of%20jobs%20are%20inaccessible&f=false) are with low education.

This is critical because an [ICIC](https://psmag.com/economics/can-development-reduce-poverty-3943) analysis of nearly 100 of the nation's largest central cities concludes in 2009 that for every 1 percent increase in central cities job growth results in a 0.9 percent decrease in poverty. Thus, through the creation of startups, we help break the cycle of poverty for millions.