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

Our sole contention is Preventing Disaster.

Recessions are inevitable for two reasons.

The First is Economic Interconnectedness

Young of the Royal Economic Institute explains that because global economies are becoming more interconnected a recession in one country often creates a domino effect in another.

She concludes that because the global economy is not under the control of any one body, recessions are becoming increasingly inevitable.

The Second is Bubbles

Haralambie of the Journal of Theoretical and Applied Economics writes that financial crises are an inevitable feature of the capitalist system as any increased profit opportunities in one sector of the economy often creates an explosion in investment. However, as investors realize the market has reached a maximum and attempt to transform their overvalued assets into cash or other assets, more and more investors join in causing a collapse in prices, therefore bursting the bubble.

Depresio of Investopedia explains that these bubbles have cascading effects throughout an economy causing economic reces sions.

Ultimately this is why the AIER concludes that recessions are a permanent and inevitable aspect of the economic landscape.

Unfortunately, high debt makes recessions harder to recover from for two major reasons.

The First is Bonds

The American bond system is one of the largest sources of paying off the debt.

Unfortunately, as the federal debt is rising Goodkind '18 of Newsweek found that investment into American bonds is reaching an all time low, in fact it has steadily decreasing since 2008 following the massive influx of debt.

Commented [1]: Neg increases income inequality in two unique ways
1. IF RUNNING AUTOMATION:
Richard Florida, Atlanatic, 2017
Innovation directly leads to the rise of inequality that's why innovation intensity empirically causes 57 percent of the economic inequality we see in the US. This is because the poor are pushed out of their jobs, while only the rich receive the benefits
2. Inequality DA – Alexander of the University of Melbourne finds that for each $100 increase in overall economic growth, only 60 cents go to alleviating poverty. Subsequently, Riley explains that growth empirically worsens income inequality and widens the gap between the rich and the poor.
a. This is only a sustainable path for so long. The New York Times explains that income inequality just means the people at the top gain and hold onto money, reducing consumption and slowing down the whole economy. Thus, Lederman of the World Bank finds that a 1% increase in inequality leads to a long-term reduction in economic growth by 6%.
3.

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Commented [4]: ThE uS cAn BoRrOw FoReVer

Commented [5]: the rest of the world is starting to invest elsewhere as the US is becoming increasingly dangerous

Commented [6]: "Recessions are extraordinarily difficult to predict, since global economies are not under the control of any one body which also adds to their inevitability. George Soros in his theory of reflexivity disagrees that markets tend towards equilibrium believing that "markets move away from a theoretical equilibrium almost as often as they move towards it and can get caught up in initially self reinforcing but eventually self defeating processes". A current example of reflexivity is the collapse of the housing market in the US, leading to a credit crunch and banking collapse. This was initiated, not by our political leaders, but by greedy short term bankers who despite the high risks continued to offer unsecured lending to US householders and compounded that ris ...

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Commented [8]: https://www.investopedia.com/articles/investing/082515/how-do-asset-bubbles-cause-recessions.asp

Commented [9]: https://www.aier.org/sites/default/files/Files/Documents/Standard/RecessionStudy_FINAL.pdf

Commented [10]: https://www.newsweek.com/trump-tax-cuts-debt-china-907763

Goodkind concludes that foreign unwillingness to buy US debt will move beyond increased domestic purchasing and into a financial crisis. This is why the "quick sell off method" is going to prevent the US government from responding to a recession.

This is why Collins concludes the next recession will be much longer and more painful.

The Second is because Debt reduces Government Stimulus

Collins furthers that in 2008, the government had relatively minimal debt, and thus could direct many of its financial resources into a stimulus package to help rescue the economy.

However high debt changes this response as the Peterson Foundation explains that as federal debt increases, the government will spend more of its budget on interest costs, increasingly crowding out public investments.

The trend of the status quo is incredibly problematic, as Bixby of Brookings explains that due to the increasing amount of money being accumulated as debt, absent change, by 2030 all federal government revenue will be needed just for interest payments and mandatory spending. This is incredibly damaging as the Peterson Foundation furthers that this limits the ability of the US to respond to recessions effectively.

Empirically, Princeton economist Alan Blinder estimates that without the stimulus package of 2008, the economy would have shrunk by 14%, rather than the actual 4%, and more than twice as many jobs would have been lost.

Kannan finds that a recession with low government consumption would take twice as long to recover from.

The impacts are threefold.

First, American Poverty

Recessions have enormous impacts in both the short and long term, and in the immediate aftermath, Seefeldt '13 of IU writes that 3 million people fall into poverty every year after a recession.

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Commented [12]: https://www.pgpf.org/the-fiscal-and-economic-challenge/fiscal-and-economic-impact

Commented [13]: https://www.brookings.edu/wp-content/uploads/2016/07/Bixby-MacGuineas_FINAL.pdf

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Crucially, Harvard University Economics Professor Karen Dynan argued that the recession of 2008 undid savings and investments from 12 years prior to the recession, overall meaning that recessions undo economic growth.

Commented [17]: https://www.aarp.org/money/investing/info-08-2013/lessons-from-the-recession.html

Second, Worldwide Poverty

In the immediate aftermath following the 2008 recession, the International Labour Organization concluded that 50 million people fell into poverty around the globe.

Commented [18]: https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_101462/lang--en/index.htm

Evans of Reuters explains that a recession could increase global poverty rates by 6%.

Commented [19]: https://www.reuters.com/article/us-financial-poverty/recession-adds-6-percent-to-ranks-of-global-poor-u-n-idUSTRE56502P20090706

It gets worse, as the International Labour Organization found that while the unemployment in developed countries skyrockets following recessions, the burden disproportionally falls on those who are already poor.

Commented [20]: https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_policy/documents/publication/wcms_174964.pdf

Third, Long Term Instability

Cerra of the IMF writes that according to traditional theory, poor countries should catch up to income levels of rich countries. However under extended recessions poor countries suffer much longer as it is harder for them to recover lost investment resulting in little sustainable growth.

Commented [21]: https://blogs.imf.org/2018/03/21/the-economic-scars-of-crises-and-recessions/

This is incredibly damaging as the World Bank explains 736 million people live in extreme poverty in the developing world.

To preserve the stability, we affirm.

The AIER evidence is the reason you vote for us. It indicates that recessions are a permanent and inevitable aspect of the economy today.
There are two reasons recessions outweigh.

1. **First is magnitude. The Evans evidence from case indicates that a recession in the US could increase global poverty rates by 6%, which is literally hundreds of millions of people who are being thrust into poverty as a result of the recession, and this poverty kills, according to the Borgen evidence, which means that hundreds of millions of lives will be lost as a result of the recessions.**
2. **Second is as a prerequisite. Recessions undo economic growth, as economic growth goes away when recessions hits. For example, Bernstein of the New York Times writes that the 2008 recession has lasting impacts to this day, and the level of GDP after the recession was 7.3 percent below the old projection of what GDP would have been without the recession. This means that if recessions happen, then negating is pointless because the economic growth will go away whenever the recession comes. The aff case comes first.**

If you believe that recessions are the biggest impact, then you are always going to vote pro because according to the Kannan evidence, a recession with high interest and low government consumption, like in the neg world, would take twice as long to recover from and that is twice as long for all of our impacts to be occurring. Even if they win their case, you're still voting for us because recessions come first.

https://economix.blogs.nytimes.com/2014/03/03/undoing-the-structural-damage-to-potential-growth/

Some 50 million Americans are living in poverty, and that number keeps on growing. Between 2006 and 2010, the number of poor Americans increased by 27% although the country's population only grew by 3.3% during that period. Millions of people who were once solidly middle class can no longer feed their families. More people are experiencing long-term unemployment than at any time since the statistic was first recorded. Fellow citizens hit worst by the Great Recession were those who had historically suffered from previous economic downturns: African Americans, Hispanics, and households headed by women. Poverty grew even faster among children, with 16 million of our precious children—one out of every five—now growing up without enough money for basic necessities like food, clothing, and utilities.

Here in this prosperous nation, we are seeing the type of poverty that is typically associated only with the poorest of developing countries. Close to 3 million American children and their families now live on less than $2 a day.

Poverty, much of it abject poverty, is the new American norm.

would be received for working during the full year.

EITC claims have risen by almost 3 million since 2006, from 23 million households to nearly 26 million. While this increase is pronounced, claims had been rising steadily since the mid-1990s. EITC has always enjoyed relatively high participation rates compared to programs that are more administratively burdensome and socially stigmatized. The somewhat sharper increase in EITC claims after the recession began in 2007 was aided by provisions in the 2009 stimulus package that increased the income limit for married couples and for families with three or more children.[197] Total outlays for the EITC increased at a somewhat higher rate than total returns, due to increases in the amount of the credit for qualifying families.

The Federal Reserve controls short-term interest rates. The Fed is is currently in the midst of a hiking cycle that began at 0.25% in December 2008. The S&P 500 actually bottomed three months later, in March 2009, shortly after President Obama first took office. Short-term rates have slowly risen since then, by another 50 bps to 0.75% in late 2016, by an additional 75 bps to 1.50% in 2017, and by another 75 bps to 2.25% thus far in 2018.
Federal fund futures, financial contracts that represent market opinion of where the official federal funds rate will be at at various points in the future, are currently pricing in an 80% chance of an additional 25 bps hike to 2.50% at the December 19th Federal Open Market Committee (FOMC) Meeting.

In the Squo debt is increasing exponentially>>>>> regardless of what happens on interest rates the us is going to pay more and more money on debt

Cangero '17 of AIER explains that because higher debt means the government must borrow more money, there are more borrowers in the market leading to higher interest rates.

The Tax Policy Center explains that the government competes with American families and businesses for loans. As the government borrows more, it leaves fewer loans for everyone else, this is known as the crowding out effect.

Hence why Engen of the NBER found that an increase in federal debt by 1% would increase interests rates by up to 1%.

Commented [22]: https://www.aier.org/research/federal-deficit-and-debt-trouble-ahead&sa=D&ust=1544560361923000&usg=AFQjCNFk6Cq1fi0hf4SMt9qOilqTS9n_eQ

This is incredibly damaging as Schoen of CNBC explains that lower interest rates help correct recessions by making it easier to borrow and spend. As consumers and businesses borrow and spend, the economy gradually starts expanding again.

Collins '18 of USA Today furthers that mounting debt and in turn high interest rates, reduce the amount of private and public capital available for investments, which leaves the U.S. with less flexibility to respond to a financial crisis.

Kannan of the IMF quantifies that a 1 percent increase in interest rate decreases the probability of exiting a recession by 6 percent.

This is why Collins concludes the next recession will be much longer and more painful.