We affirm.

Our sole contention is *Bubbling Over*.

Unfortunately, Pandit '19 of JPMorgan explains that central banks around the globe, including the Federal Reserve, have adopted a policy of **utilizing** aggressive monetary stimulus whenever the economy needs boosting. Nikolic '19 of FEE explains that this practice has created a constant misallocation of capital in the US economy. Indeed, Gils '19 of Countach Research finds that asset and credit bubbles pose deep risks to the US economy, similar to the '08 recession ten years ago.

Commented [1]: explain how misallocation = bubbles

Fortunately, a UBI would alleviate these economic risks in three ways.

First, is by allowing consumers to pay off debt.

Due to stagnant wages and rising costs, **Nuttmen of Market Watch** '19 explains that the middle class has turned to taking out loans, and are now drowning in debt. **Nuttmen** continues that the private debt to gdp ratio has skyrocketed to 240%, the highest it's ever been in history.

These debt levels are unsustainable.
Wang '16 of Democracy Journal explains that extremely high levels of debt mean that any small shock in growth and consequent decline in incomes could trigger a mass wave of loan defaults, putting the economy into a deep recession.

CNN '20 contextualizes that there are many bubbles on the verge of popping such as the housing, auto, and student loans bubbles.

Fortunately, a UBI would give Americans money to pay down the debt.
Brown of Yes Magazine '17 quantifies that for many Americans, a basic income would go directly into paying off subprime loans, ultimately quantifying over half of a UBI would likely be used for that purpose.

History agrees.
In Alaska, **James of Policy Project '16** quantifies that over 75% of their UBI went to paying back loans or saving, reducing the risk of bubble formings substantially.

Second, is by preventing predatory lending.

Debt in the US is spiking.

Tempkin '19 of Bloomberg writes that as the costs of living rise the middle-class has responded by borrowing thousands to make ends meet. Unfortunately, these loans are accompanied by exorbitant interest rates that are drowning the working class in debt.

Fortunately, basic income provides a solution for the plight of the middle-class.

King '17 of Policy Project explains that having a UBI would significantly reduce the need for Americans to take unsustainable loans during emergency situations since it would be an unwavering source of income.

Any loans that are still needed would be much safer. Hemel '19 of Harvard explains that a UBI would likely be used as a collateral for loans, decreasing the risk that banks don't get paid back, and in turn allowing banks to lower the interest rates at which they loan.

Growing debt threatens the economy.

Vague '16 of the University of Pennsylvania outlines that sudden spikes in private debt often create credit bubbles as people borrow too much, increasing susceptibility to even slight economic shocks and growing the chances of a recession. Moreover, Gulker '17 of American Institute of Economic Research continues that private debt also makes recessions harder to recover from, as households and corporations face high loan repayments alongside plummeting incomes.

Third, is by stopping risky monetary policy.

Howlett '20 of BBI writes that the Federal Reserve's adoption of monetary stimulus to increase inflation has created a cycle of debt and asset bubbles in the economy by provoking over-lending and over-investment. In fact, Bernake '05 of Harvard University finds that a .25 cut in interest rates increases stock prices across the board by 1 percent, as money is funneled into the hands of wealthy investors and hedge funds, driving risky speculation. Moreover, Kandrac '17 of the Federal Reserve finds that quantitative easing and the other monetary policies through which central banks lower interest rates, increases bank lending by 5.5% and causes banks to shift to more risky lending. Thus, Nikolic '19 of FEE confirms that the Fed created the '01 and '08 bubbles.

Commented [2]: I think this explanation is right?

Fortunately, Howlett finds that by propping up consumer inflation by giving money directly to the middle class a UBI allows the Federal Reserve to tighten its monetary policy and end the trend of disastrous bubbles. Furthermore, Sri-Kumar '17 of the Milken Review explains that the fiscal stimulus of consumer spending due to a UBI would allow the Fed to raise interest rates, allowing for policy flexibility in the next downturn.

US recessions affect everyone on the globe.

Bradford '13 of the IMF explains that the 2008 recession went global, pushing 900 million people into poverty.