Atharva and I affirm the resolution.

Contention one is saving the stimulus.

A recession is imminent, as **Colvin '18** explains that the economy "has begun [rapidly overheating]… producing more than its sustainable long-term potential," leading **Laursen '18** to conclude that "the next recession will arrive by 2020."

A fiscal stimulus will be necessary to respond to the coming recession.

Kenton '17 defines financial stimulus as "economic measures [created] by a government to stimulate a floundering economy… by boosting employment and spending." Importantly, **Collins '18** finds that "the U.S. had relatively modest debt when the [2008] recession hit… so… the government could direct many of its financial resources into… [a fiscal] stimulus."

Unfortunately, high national debt hurts the stimulus by crowding out the budget.

The **Peterson Foundation** explains that "under current law… net interest costs [from the national debt] will nearly triple over the next 10 years [totaling $6.9 trillion]… [and are] projected to be the third largest category in the federal budget by 2026." **Bixby '16** corroborates, "by 2030 all federal government revenue will be needed just for interest payments and mandatory spending."

The effect on fiscal stimulus is clear.

The **CRFB '15** explains that "carrying greater amounts of outstanding debt in normal times mean there is less scope to respond to emergencies." Indeed, **Roubini '18** writes that "the space for fiscal stimulus is [being] limited by a massive public debt."

The impact is worsening poverty.

Blinder '15 estimates that "without [those 2008] policy responses… more than 17 million jobs would have been lost." **Stone '15** furthers that, "[without stimulus], the recession would have been [over] three times deeper and lasted twice as long."

Contention two is FDI.

Chen '18 defines foreign direct investment, or FDI, as "an investment made by a firm or individual in one country into business interests located in another country." Importantly,

Santander reports that "the United States… [is] the largest investor in the world with FDI outflows reaching $342 billion."

Problematically, negating hurts FDI in two ways.

First, passing tax cuts.

Depersio '18 explains that "measures [used for] economic growth include… tax cuts and… rebates." Indeed, **Frazee '18** explains that "Trump has… credited [his] tax law with boosting economic growth," which **Tankersley '18** finds "[reduced the corporate tax rate to] 21 percent… from… 35 percent… [adding] nearly $1 trillion of… debt."

Unfortunately, when taxes are reduced, investment shifts from the developing world to the U.S as **Semuels '16** explains that "lower taxes… convince companies that have offshored some of their business to bring those parts back [into the US]."

This leads **Reuters '18** to find that "[as a result of Trump's tax cuts], global foreign direct investment outflows tumbled 44 percent… due to… large repatriations of profits by U.S. parent companies from their foreign affiliates."

Second, crowding out investment.

McBride '18 reports that "the publicly held U.S. debt will… [rise] to 100 percent of GDP [in the next decade]." This will be well above the critical point, which **Grennes '10** defines as a "77 percent public debt-to-GDP ratio."

Unfortunately, **Amadeo '18** explains that "when… the debt is approaching a critical level, investors… start demanding a higher interest rate… [as they] want more return for the higher risk." Indeed, **BBC '18** already finds that "Fed officials expect… [to raise the] federal funds rate to about 3.4% [by 2020]."

Unfortunately, when investors are enticed by government bonds, there is less capital to invest in the private sector. **Kenton '17** defines this phenomenon as crowding out, furthering that it "drives down or even eliminates private sector spending." Empirically, **Appelbaum '17** reports that "each dollar of debt reduces private-sector investment by… [up to] 50 cents." Unfortunately, less investment into the private sector means that corporations have less capital to budget toward FDI.

As a result, **Goodman '18** writes that "as the [Fed] steadily lifts interest rates… [global FDI has dropped by 67% as] investors have been pulling money out of… developing countries… [which is] making basic goods more expensive for [their people]."

The impact is global poverty.

Jackson '17 writes that "the share of [U.S foreign] investment going to developing countries has fallen [to only 26%]." Critically, the **WBG '17** writes that "foreign direct investment… benefits developing countries [by] enhancing workforce skills, increasing productivity, generating business for local firms and creating better-paying jobs." **Magombeyi '17** quantifies that "a 1% increase in FDI reduced poverty by… 0.46%."

Thus, we affirm.