**We Negate**

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

**First with an observation**

**Pettinger explains[[1]](#endnote-1)** that economic growth policies are any policy that stimulates the economy. **Pettinger furthers** how education and infrastructure improvements are in included in the category of economic growth policy and that is our advocacy in today’s round. Since the resolution does not cite any spending changes, prioritizing general reformation of education and infrastructure follow the resolution’s instruction.

**Next is prioritizing impacts in the round. Whichever team mitigates structural oppression should win the round**

**Winter and Leighton[[2]](#endnote-2)** explain that combating structural violence is the best standard for determining the round because solving for issues of oppression only happens when we recognize that there exist inequalities in our society and make fixing these problems the focal point of our deliberation. The alternative of shifting back to more traditional modes of decision-making result in the perpetuation of in groups and out groups that are the root cause of structural violence. We contend that a focus on combating structural violence solves on two levels:

**First-** Within the context of the debate topic we can make policy decisions that make our society less oppressive than it was before.

**Second-** Engaging in discourse within this round that focuses on redressing structural violence makes a stride towards fixing systems of inequality in the real world

**Our Sole Contention is Breaking the Poverty Trap**

**UC Davis[[3]](#endnote-3)** **states** that 40 million American’s currently live in poverty. This is especially problematic as **Kirk explains[[4]](#endnote-4)** that marginalized communities only have a 16 percent chance of escaping the cycle of poverty inherited from their families. Luckily, promoting economic growth in three areas can help solve the issue.

**Subpoint A is through Education Reform**

**The U.S Department of Education finds[[5]](#endnote-5)** that 40 percent of low-income public schools do not receive proper funding from the government due to misallocation. This historically has a very negative effect on the students who attend these marginalized schools. That’s why **Baker of the Alber Shanker Institute concludes[[6]](#endnote-6)** through a meta-analysis that schools that are properly-funded have far higher success rates. **Rumberger explains[[7]](#endnote-7)** that high-school drop-out rates can also be prevented through boosting the potential academic achievement and further improving the efficiency of the educational system. **Santiago writes[[8]](#endnote-8)** that quality of education is key to breaking the cycle of poverty. In fact, **Semuels furthers[[9]](#endnote-9)** that the lack of high-quality education is the key reason for marginalized families being stuck in these never-ending cycles of poverty.

**Subpoint B is through Reviving Infrastructure**

**Bernstein finds[[10]](#endnote-10)** that infrastructure investment is currently ineffective and underfunded. **Bernstein furthers** that through analysis of 10 cities, redesigned infrastructure spending was successful in a 25 percent decrease in people living in poverty. He explains that Infrastructure is not a cost, but an investment in the future economy. In fact, **Austin of EPI writes[[11]](#endnote-11)** that the U.S infrastructure system is falling behind from The Great Recession. **Austin explains** that by providing construction jobs better public transportation systems, the marginalized communities would be exposed to more jobs and higher quality of life. He concludes that infrastructure investment can help solve for the gap relating to income inequality. **Chen writes[[12]](#endnote-12)** that poor infrastructure is a very strong factor in why people in poverty are found in a trap that they cannot escape.

**Subpoint C is through Entrepreneurial Subsidies**

**Li[[13]](#endnote-13)** finds that government policies such as subsidy programs targeting impoverished entrepreneurs are incredibly effective in creating jobs in poor and marginalized communities. **Perry[[14]](#endnote-14)** explains that incentivizing entrepreneurship in marginalized communities is key as small businesses are more likely to hire from distressed communities, which often suffer from a lack of entry level jobs. **Goldwater Institute[[15]](#endnote-15) quantifies** that every 1 percent increase in entrepreneurship decreases poverty by 2 percent.

**The Impact is ending the cycle of poverty**

**Semuels explains[[16]](#endnote-16)** that in the status quo, those who grow up poor, often stay poor. This is especially problematic as **Basu of Brookings Institute explains[[17]](#endnote-17)** that income-inequality fueled by poverty in marginalized communities causes supremist identities and social problems such as the opioid epidemic. **Pianin concludes[[18]](#endnote-18)** that over 7 million children are already being exposed to extreme poverty. Fortunately, by promoting economic growth through re-investment in these policies, you create a clear path to escape.

**Because your family’s history should not decide your ability to succeed,**

**We urge you to negate**

1. Tejvan **Pettinger**, 7-18-**2017**, "Policies for Economic Growth," **Economics Help**, <https://www.economicshelp.org/blog/5272/economics/policies-for-economic-growth/>

   **Government policies to increase economic growth are focused on trying to increase aggregate demand (demand side policies) or increase aggregate supply/productivity (supply side policies)** Demand side policies include: Fiscal policy (cutting taxes/increasing government spending) Monetary policy (cutting interest rates)

   **Supply side policies include: Privatisation, deregulation, tax cuts, free trade agreements (free market supply side policies) Improved education and training, improved infrastructure.** (interventionist supply side policies) Demand side policies are important during a recession or period of economic stagnation. Supply side policies are relevant for improving the long run growth in productivity. Demand side policies Demand side policies aim to increase aggregate demand (AD). This needs to be done during a recession or a period of below trend growth. If there is spare capacity (negative output gap) then demand side policies can play a role in increasing the rate of economic growth. However, if the economy is already close to full capacity (trend rate of growth) a further increase in AD will mainly cause inflation. ad-increase In this case, the economy at Y1 has spare capacity. Therefore an increase in AD leads to a rise in real GDP. Monetary Policy Monetary policy is the most common tool for influencing economic activity. To boost AD, the Central Bank (or government) can cut interest rates. Lower interest rates reduce the cost of borrowing, encouraging investment and consumer spending. Lower interest rates also reduce the incentive to save, making spending more attractive instead. Lower interest rates will also reduce mortgage interest payments, increasing disposable income for consumers. econ-growth In 2009, base rates were cut to 0.5% to try and stimulate economic growth in the UK. More detail on the effect of lower interest rates. Evaluation of Monetary Policy Lower interest rates may not always boost spending. In a liquidity trap, lower interest rates may not increase spending because people are trying to pay back debts. In 2009, UK interest rates were cut to 0.5%, but spending remained subdued. Banks were unwilling to lend because of liquidity shortages. Therefore, although in theory, it was cheap to borrow, it was hard to actually create credit. Therefore, this shows monetary policy can be ineffective in boosting economic growth Another criticism of monetary policy is that cutting interest rates very low could distort future economic activity. For example, the US cut interest rates following the economic uncertainty of 9/11. These low-interest rates encouraged people to take on ambitious loans and mortgages; this was a factor behind the US housing bubble. Therefore cutting interest rates, at the wrong time, can contribute to a future housing and asset bubble which will destabilise economic growth. However, in 2009-12, the depth of the financial crisis means there is no immediate danger of a housing bubble, so it was appropriate to keep interest rates at zero. 2. Quantitative Easing In a liquidity trap, where lower interest rates fail to boost demand, the Central Bank may need to pursue more unconventional types of monetary policy. Quantitative easing involves increasing the money supply and buying bonds to keep bond rates low. The hope is that the increase in the money supply and lower interest rates will boost investment and economic activity. The fear is that increasing the money supply could cause inflation. Though evidence from 2009-12 suggests that the inflationary impact was minimal. Without quantitative easing, the recession was likely to be deeper, though QE alone failed to return the economy back to a normal growth projection. 3. Fiscal Policy The government can boost demand by cutting tax and increasing government spending. Lower income tax will increase disposable income and encourage consumer spending. Higher government spending will create jobs and provide an economic stimulus. The problem with expansionary fiscal policy is that it leads to an increase in government borrowing. To finance this extra spending, the government have to borrow from the private sector. If the economy is already growing, then higher government borrowing can crowd out the private sector. Expansionary fiscal policy is also criticised by those who fear it is an excuse to permanently increase the size of the government sector. However, if the economy sees a rapid fall in private spending, and rise in the saving ratio, expansionary fiscal policy can help provide a boost to demand in the economy without causing crowding out. [↑](#endnote-ref-1)
2. **Winter and Leighton in 1999** (Deborah DuNann Winter and Dana C. Leighton. Winter: Psychologist that specializes in Social Psych, Counseling Psych, Historical and Contemporary Issues, Peace Psychology. Leighton: PhD graduate student in the Psychology Department at the University of Arkansas. Knowledgable in the fields of social psychology, peace psychology, and ustice and intergroup responses to transgressions of justice) (Peace, conflict, and violence: Peace psychology in the 21st century.  Pg 4-5)

   Finally, **to recognize the operation of structural violence forces us to ask questions about how and why we tolerate it**, questions which often have painful answers for the privileged elite who unconsciously support it. A final question of this section ishow and why we allow ourselves to be so oblivious to structural violence. Susan Opotow offers an intriguing set of answers, in her article Social Injustice. She argues **that our normal perceptual/cognitive processes divide people into in-groups and out-groups. Those outside our group lie outside our scope of justice. Injustice that would be instantaneously confronted if it occurred to someone we love or know is barely noticed if it occurs to strangers or those who are invisible or irrelevant.** We do not seem to be able to open our minds and our hearts to everyone, so we draw conceptual lines between those who are in and out of our moral circle. **Those who fall outside are morally excluded, and become either invisible, or demeaned in some way so that we do not have to acknowledge the injustice they suffer**. Moral exclusion is a human failing, but Opotow argues convincingly that it is an outcome of everyday social cognition.**To reduce its nefarious effects, we must be vigilant in noticing and listening to oppressed, invisible, outsiders. Inclusionary thinking can be fostered by relationships, communication, and appreciation of diversity.** Like Opotow, all the authors in this section point out that s**tructural violence is not inevitable if we become aware of its operation, and build systematic ways to mitigate its effects.** Learning about structural violence may be discouraging, overwhelming, or maddening, but these papers encourage us to step beyond guilt and anger, and begin to think about how to reduce structural violence. All the authors in this section note that the same structures (such as global communication and normal social cognition) which feed structural violence, can also be used to empower citizens to reduce it.  [↑](#endnote-ref-2)
3. **UC Davis Center for Poverty Research**, 10-15-**2018**, "What is the current poverty rate in the United States?," <https://poverty.ucdavis.edu/faq/what-current-poverty-rate-united-states>

   **The official poverty rate is 12.3 percent, based on the U.S. Census Bureau’s 2017 estimates. That year, an estimated 39.7 million Americans lived in poverty according to the official measure.** According to supplemental poverty measure, the poverty rate was 13.9 percent. The official poverty measure was developed in the 1960s in conjunction with President Lyndon Johnson’s War on Poverty. **Each September the U.S. Census Bureau releases an update of the national poverty rate for the prior year. The official measure today is based on data from the Current Population Survey Annual Social and Economic Supplement.** The survey is sent to U.S. households, so the poverty estimates do not include those who are homeless. The sample also excludes military personnel who do not live with at least one civilian adult as well as incarcerated adults. While poverty rates according to the official and supplemental measures fluctuate from year to year, so do incomes relative to the Federal Poverty Level (FPL). According to the Census Bureau, 18.5 million people reported deep poverty, which means a household income below 50 percent of their 2017 poverty threshold. These individuals represented an estimated 5.7 percent of all Americans and 46.7 percent of those in poverty. How high has the poverty rate in the U.S. been historically? Historically, the official poverty rate in the United States had ranged from a high of 22.4 percent when it was first estimated for 1959 to a low of 11.1 percent in 1973. Since its initial rapid decline after 1964 with the launch of major War on Poverty programs, the poverty rate has fluctuated between around 11 and 15 percent. [↑](#endnote-ref-3)
4. Mimi **Kirk**, 5-19-**2017**, "Most Kids Who Grow Up in Poverty Can't Escape. (And the Ones Who Do Aren't As Poor.) ," **CityLab**, <https://www.citylab.com/solutions/2017/05/how-some-kids-escape-poverty/527409/>

   **Just 16 percent of children who grow up in poverty manage to become economically successful adults.** How do they do it? **More than 1 in 10 American children spend more than half their childhood in poverty—that’s a whopping nine million kids.** Most of these children, **the majority of whom are African American, are trapped in a cycle of deprivation: As young adults, they’re unlikely to be in school or working, and their children will likely follow a** **similar path. But a small percentage manage to escape their circumstances and become economically successful**. Recommended Where the American Dream Lives and Dies TANVI MISRA MAR 23, 2017 Economically Diverse Neighborhoods Give Poor Black and Latino Youth a Leg Up MIMI KIRK MAR 10, 2017 Buying ice cream from an ice cream truck. The Discrimination Muslim Women Face: Lessons for City Planning Outreach MEHRI MOHEBBI DEC 5, 2018 Researchers with the U.S. Partnership on Mobility from Poverty—an initiative supported by the Urban Institute—set out to determine what factors help make it possible for this group to succeed. Their report, published yesterday, is based on data from the University of Michigan’s Panel Study of Income Dynamics, which has tracked 18,000 individuals and their descendants since 1968, looking at such areas as employment, income, health, marriage, and child development. Caroline Ratcliffe and her co-author Emma Cancian Kalish found that 16 percent of “persistently poor children” (those living more than half of their lives from birth to 17 years in poverty) become successful young adults, meaning that between the ages of 25 and 30 they are consistently working or in school, and are not poor. Some of what differentiated these children from less-successful counterparts had to do with behavior—they were less likely to have had a teen birth and more likely to have attained higher levels of education. But much of what determined their outcome was beyond their control. For one, they spent fewer years living below the poverty line and were less likely to have been poor very early in life (before age 2). They also had a parent or head of household who worked at least part-time. This more successful group was also much less likely to have lived with a parent or head of household with a mental or physical disability, especially during adolescence. (Only 8 percent of the most successful persistently poor children lived in such a family between the ages of 12 and 17, while 40 percent of the least successful children did.) The most successful group grew up in less segregated cities, with less segregated neighborhoods and schools. Neighborhoods and schools, particularly their degree of segregation, had a significant effect on the children’s success. The most accomplished group grew up in less segregated cities, with less segregated neighborhoods and schools. While it’s good news that some children born into poverty are able to transcend the steep obstacles in their path, they are among a small minority—and they come from at least somewhat better circumstances. “Eighty-four percent of persistently poor children aren’t succeeding. That’s a big number,” says Ratcliffe. “While there are costs to these children and families, there are also costs to society—namely tens of billions of dollars a year in lost productivity and expenses related to poor health and crime.” It’s long been known that the first two years of life strongly affect children’s chances for later success. (Early poverty, for instance, is linked to “toxic” stress that harms brain development.) So Ratcliffe and Kalish recommend that hospitals connect parents in poverty with programs and services before a child is born, such as cash and food assistance and public health insurance. Follow-up home-visiting and parenting programs can also give children born into poverty a boost. [↑](#endnote-ref-4)
5. NOVEMBER 30, **2011**

   <https://www.ed.gov/news/press-releases/more-40-low-income-schools-dont-get-fair-share-state-and-local-funds-department->

   **A new report from the U.S. Department of Education documents that schools serving low-income students are being shortchanged because school districts across the country are inequitably distributing their state and local funds**. The analysis of new data on 2008-09 school-level expenditures shows that many high-poverty schools receive less than their fair share of state and local funding, leaving students in high-poverty schools with fewer resources than schools attended by their wealthier peers. **The data reveal that more than 40 percent of schools that receive federal Title I money to serve disadvantaged students spent less state and local money on teachers and other personnel than schools that don't receive Title I money at the same grade level in the same district.** "Educators across the country understand that low-income students need extra support and resources to succeed, but in far too many places policies for assigning teachers and allocating resources are perpetuating the problem rather than solving it," said U.S. Secretary of Education Arne Duncan said. "The good news in this report is that it is feasible for districts to address this problem and it will have a significant impact on educational opportunities for our nation's poorest children." In a policy brief that accompanies the report, **a Department analysis found that providing low-income schools with comparable spending would cost as little as 1 percent of the average district's total spending.** The analysis also found that extra resources would make a big impact by adding as much as between 4 percent and 15 percent to the budget of schools serving high numbers of students who live in poverty. The Title I program is designed to provide extra resources to high-poverty schools to help them meet the greater challenges of educating at-risk students. The law includes a requirement that districts ensure that Title I schools receive "comparability of services" from state and local funds, so that federal funds can serve their intended purpose of supplementing equitable state and local funding. In recent years a growing number of researchers, education advocates, and legislators have highlighted that by not requiring districts to consider actual school-level expenditures in calculating "comparability of services," the existing comparability requirement doesn't address fundamental spending inequities within districts. Instead, districts can show comparability in a number of easier ways, such as by using a districtwide salary schedule. This masks the fact that **schools serving disadvantaged students often have less experienced teachers who are paid less. It also undermines the purpose of Title I funding**, as districts can use federal funds to fill state and local funding gaps instead of providing additional services to students in poverty. For the study, Education Department researchers analyzed new school-level spending and teacher salary data submitted by more than 13,000 school districts as required by the American Recovery and Reinvestment Act (ARRA) of 2009. This school level expenditure data was made available for the first time ever in this data collection. Using the data from the ARRA collection, Department staff analyzed the impact and feasibility of making this change to Title I comparability. That policy brief finds that: [↑](#endnote-ref-5)
6. Bruce D **Blake** (PhD), xx-xx-**2016**, "Does Money Matter in Education? Second Edition," **Shanker Institute**, <http://www.shankerinstitute.org/resource/does-money-matter-second-edition>

   (Credentials: **Bruce Baker is a professor in the Graduate School of Education at Rutgers in New Jersey**. From 1997 to 2008**, he was a professor at the University of Kansas in Lawrence**. **He co-authored Financing Education Systems, a graduate-level textbook on school finance policy, and has written a multitude of peer-reviewed research articles on state school finance policy, teacher labor markets, school leadership labor markets, and higher education finance and policy.** His recent work has focused on measuring cost variations associated with schooling contexts and student population characteristics, including ways to improve state school finance policies and local district allocation formulas (including weighted student funding) to better meet the needs of students. Baker has also consulted for state legislatures, boards of education, and other organizations on education policy and school finance issues, and has testified in state school finance litigation in Arizona, Kansas and Missouri.)

   To be blunt, money does matter. **Schools and districts with more money clearly have a greater ability to provide high- er-quality, broader and deeper educational opportunities to the children they serve. Furthermore, in the absence of money, or in the aftermath of deep cuts to existing funding, schools are unable to do many of the things they need to** PAGE 20 Does Money Matter in Education? do in order to maintain quality educational opportunities. Without funding, efficiency tradeoffs (like focusing on teacher quality versus teacher quantity) and innovations (like online learning) being broadly endorsed are suspect**. One cannot trade spending money on class size reductions to increase teacher salaries to improve teacher quality if funding is not there for either—if class sizes are already large and teacher salaries noncompetitive.** While these are not the conditions faced by all districts, they are faced by many. It is certainly reasonable to acknowledge that providing more money, by itself, is not a comprehensive solution for improving school quality. Clearly, money can be spent poorly and have limited influence on school quality. On the flip side, money can be spent well and have substantive positive influence. However, money that’s not there can’t do either. The available evidence leaves little doubt: **Sufficient financial resources are a necessary underlying condition for providing quality education.**  [↑](#endnote-ref-6)
7. Russell W. **Rumberger** PhD, May **2013**, "Poverty and high school dropouts,", **American Psychology Association,** <https://www.apa.org/pi/ses/resources/indicator/2013/05/poverty-dropouts.aspx>

   Community poverty also matters. Some neighborhoods, particularly those with high concentrations of African-Americans, are communities of concentrated disadvantage with extremely high levels of joblessness, family instability, poor health, substance abuse, poverty, welfare dependency and crime (Sampson, Morenoff, & Gannon-Rowley, 2002). Disadvantaged communities influence child and adolescent development through the lack of resources (playgrounds and parks, after-school programs) or negative peer influences (Leventhal & Brooks-Gunn, 2000). For instance, students living in poor communities are more likely to have dropouts as friends, which increases the likelihood of dropping out of school. **The adverse effects of poverty on school dropout can be mitigated through two primary strategies. One is to improve the academic achievement, attitudes and behaviors of poor and other students at risk for dropping out through targeted intervention programs. The U.S Department of Education’s What Works Clearinghouse maintains a list of proven programs; it also issued a Dropout Prevention Practice Guide in 2009 with a set of research-based practices (Dynarski et al., 2008).** This approach is limited to the extent that students continue to be exposed to the adverse settings of poor families, poor schools and poor communities. The second strategy is to improve the settings themselves. Effectively, that would mean reducing the poverty level of families, schools and communities and the adverse conditions within them. This would require considerable, political will, and public support to reduce the huge disparities in family income, access to health care, school funding and student composition, and community resources. A 2005 United Nations report found that the U.S. had the highest rate of child poverty among all 24 Organization for Economic and Cooperative Development (OECD) countries exceeded only by Mexico (UNICEF, 2005). The report further found that variation in government policy — particularly the extent to which the government provides social transfer programs for low-income families — explains most of the variation in poverty rates among countries. A recent follow-up report examined five dimensions of child well-being — material well-being, health and safety, education, behaviors and risks and housing and environment — in 29 developed countries, and the U.S. ranked 26th (UNICEF, 2013). Maybe it is not a coincidence that the U.S. also ranks 22nd in the world in high school graduation rates (OECD, 2112, Chart A2.1). If the U.S. ever hopes to achieve President Obama’s stated goal of becoming first in the world in college completion rates, then it is imperative that we greatly increase rates of high school graduation and child well-being. [↑](#endnote-ref-7)
8. Gloria Bonilla-**Santiago**, 1-24-**2017**, "Education: Key to Breaking Cycle of Poverty," **HuffPost**, <https://www.huffingtonpost.com/gloria-bonilla-santiago/education-key-to-breaking_b_14369716.html>

   Indeed, the work that my colleagues and I have led in Camden, New Jersey provides evidence and hope for the possibilities to adapt new practices to different settings where social and economic conditions disconnect the most vulnerable members of our communities from opportunity and prosperity. **If you provide children with quality education options,** support families and children holistically in a community setting and enlist the support of universities as partners with community, **you produce better academic results and improved community outcomes. Then what happens? Eventually, the cycle of poverty breaks. One family at a time.** The school I founded, the LEAP Academy University Charter School in Camden, provides an example of what can be — for those cities that are open to the change. LEAP is built on the premise that a school can enhance the education and future career opportunities for urban minority children and families. The School has a dual focus on closing the achievement gap and ensuring college preparation and completion among African American and Latino students who are poor and mostly first-generation college students. LEAP has successfully developed a comprehensive educational Pipeline program that integrates pre-kindergarten through secondary education, all in one street. Several elements have contributed to the School’s success in college placement and graduation rates, including: [↑](#endnote-ref-8)
9. Alana **Semuels**, 12-24-**2014**, "A Different Approach to Breaking the Cycle of Poverty," **Atlantic**, <https://www.theatlantic.com/business/archive/2014/12/a-different-approach-to-breaking-the-cycle-of-poverty/384029/>

   ATLANTA—This neighborhood south of downtown is bleak, with empty parking lots fenced in by barbed wire, and skeletons of buildings covered in graffiti. **Many of the people walking the long blocks of Mechanicsville grew up poor, and their children are likely to be poor, too. It’s part of the vicious cycle of poverty—without access to high-quality education, kids born into poverty are likely to remain there for their whole lives, despite the promise of the American Dream**. According to the Kids Count Data Center, a project sponsored by the Annie E. Casey Foundation, **39 percent of African American children lived in poverty in 2013, the highest rate of any racial group. And one study found that 42 percent of African Americans born into the lowest-income category remained there as adults.** Policymakers have some ideas about what can help ensure that children born into poverty succeed**. In one oft-cited study from the 1970s, the Abecederian Project randomly selected certain infants from low-income families to attend full-time, high-quality education from infancy through age 5, while others were put in a control group. The children who participated in the education program had higher cognitive test scores, were more likely to attend a four-year college, and put off having a first child for longer.** Similarly, **the Perry Project in the 1960s randomly selected African American children born into poverty for high-quality pre-school and followed those students throughout their lives; those who attended pre-school had higher earnings**, were more likely to hold a job and had committed fewer crimes than the control group that did not attend pre-school. But high-quality pre-school is expensive, and most parents struggle to afford any daycare, much less a program that meets quality benchmarks. Dayisja Davis, 19, discovered this when she had a daughter, who she named Maileia, 10 months ago. She was working for Popeye’s and was about to begin attending a medical assistant program. She thought she’d be able to work and go to school if she could find good childcare, so she applied for CAPS, a Georgia childcare subsidy for low-income parents. She was denied because she would have been required to work 25 hours a week, but her fast-food hours were unpredictable and she sometimes didn’t get assigned enough shifts. Since she didn’t have anyone to care for Maileia, she quit her job to take care of her daughter. And then she didn’t have enough money to go to school, so she quit school, too. “At first, when I was working, I thought I could do it, but it’s not that easy,” she told me, pushing a baby carriage down a busy street in Mechanicsville as trucks rattled by. That’s why a foundation is sponsoring a new approach to breaking the cycle of poverty just a few blocks from where Davis and I spoke. It tries to give children access to high-quality, early-childhood education while helping parents get better jobs and build stronger families. It’s called the two-generation approach, and has been found to be one of the best bets in helping families escape poverty. [↑](#endnote-ref-9)
10. Scott **Bernstein**, 3-16-**2017**, "It's Time to Rethink That Infrastructure Question," **Center for Neighborhood Technology**, <https://www.cnt.org/blog/its-time-to-rethink-that-infrastructure-question>

    **CNT performed similar analyses this year for Akron, Charlotte, Detroit, Gary, Long Beach, Macon-Bibb, Miami-Dade, Philadelphia, San Jose, and St. Paul identifying a set of efficiency strategies that could reduce expenses and expand income to reduce the population living in poverty by 25 percent.** Such change is essential, because incomes are not keeping up with rising costs and economic growth is not benefitting all households. This is why places such as Minneapolis and St. Paul can outpace the nation in wage growth and reduced unemployment yet see a continued increase in poverty. **All of this means that it's time to redirect infrastructure from large-scale, centralized and throughput-oriented systems to more distributed systems that capture benefits for customers and communities.** This makes engineering sense, and also boosts the chances for inclusive economic recovery. As climate change increases the risk to communities from abrupt weather events, retrofitting urban places for increased resilience will boost those chances even more. As our nation faces a multi-trillion-dollar price tag for infrastructure, there's a best way to spend that money. Infrastructure investments must foster transformative land-use and environmental changes that make our metro areas more livable and sustainable. **The investments must support jobs and businesses that help our cities become leaner, more productive and more competitive worldwide. And they must bring jobs and economic vitality to all communities, even the poorest. Shared prosperity will result, and that’s not a cost.** It’s an investment we can’t afford to miss. [↑](#endnote-ref-10)
11. Algernon **Austin**, 3-14-**2013**, "Infrastructure investments and Latino and African American job creation," **Economic Policy Institute**, <https://www.epi.org/publication/infrastructure-investments-latino-african/>

    **The jobs crisis caused by the Great Recession is not over. And our infrastructure is in poor shape.** The good news is that **meeting all the country’s infrastructure needs would put millions of Americans to work, including hundreds of thousands of Latinos and African Americans**. We can simultaneously address our jobs crisis and infrastructure needs by making infrastructure investments now. **This issue brief examines the jobs impact that infrastructure investments would have for Latinos and African Americans.** It finds: The American Society of Civil Engineers, the Environmental Protection Agency, and the Federal Transit Administration all agree that the country has tremendous infrastructure needs. **Latinos would likely receive a relatively large share of jobs from infrastructure investments because they are well represented in construction and transportation occupations. African Americans receive jobs from infrastructure investments, generally; however, they receive a larger share from public transit investments. The right infrastructure investments can help reduce the Hispanic-white and black-white unemployment gaps.** Full employment for **Latinos and African Americans requires big jobs proposals In the fourth quarter of 2012, the non-Hispanic white unemployment rate was 6.0 percent, still 2.3 percentage points higher than at the start of the recession, in the fourth quarter of 2007**. While whites at the end of 2012 continued to face elevated unemployment, the situation was worse for Latinos and blacks. The Latino unemployment rate was 9.7 percent in the fourth quarter of 2012 and 3.9 percentage points higher than at the start of the recession. The black unemployment rate was 13.4 percent at the end of 2012 and 5.0 percentage points higher than at the end of 2007 (author’s analysis of CPS various years). As of January, the United States needed 9 million jobs to return to the unemployment rate it had before the recession in 2007 (Economic Policy Institute 2013). The Hispanic and African American unemployment rates, however, are persistently higher than the white rate. For the Latino and black unemployment rates to be as low as the white rate was before the recession, the country needs about another 1.5 million jobs (author’s analysis of CPS various years). Thus, the true jobs deficit we face, if we wish to have full employment for not just whites but also Latinos and blacks, is about 10.5 million jobs. Infrastructure investments are one way to generate millions of jobs for the economy as a whole, as well as hundreds of thousands of jobs for Latinos and blacks. Infrastructure investments deliver a big job-creation bang for each dollar spent­—far greater than most tax cuts (Zandi 2011). Additionally, we have tremendous infrastructure needs. In 2008, the Environmental Protection Agency found that the nation needed nearly $300 billion in investments in wastewater pollution control (Gordon et al. 2011, 19). In 2009, the American Society of Civil Engineers gave the United States’ infrastructure a D grade. In 2010, the Federal Transit Administration reported that we would need to invest over $160 billion to bring all of our transit assets into a state of good repair (Pollack and Thiess 2010). In the World Economic Forum’s 2012 Executive Opinion Survey, American executives gave the U.S. infrastructure an overall rating that placed it 25th in the world (Schwab 2012, 361). [↑](#endnote-ref-11)
12. Caleb **Silver** / James **Chen** / Julia **Kagan** / Will **Kenton**, 4-12-**2018**, "Poverty Trap," **Investopedia**, <https://www.investopedia.com/terms/p/poverty-trap.asp>

    **The poverty trap is a mechanism, which makes it very difficult for people to escape poverty.** A poverty trap is created when an economic system requires a significant amount of various forms of capital in order to earn enough to escape poverty. When individuals lack this capital, they may also find it difficult to acquire it, creating a self-reinforcing cycle of poverty. BREAKING DOWN Poverty Trap **Many factors contribute to creating a poverty trap, including: limited access to credit and capital markets, extreme environmental degradation (which depletes agricultural production potential), corrupt governance, capital flight, poor education systems, disease ecology, lack of public health care, war and poor infrastructure.** In order to escape the poverty trap, it is argued that individuals in poverty must be given sufficient aid so that they can acquire the critical mass of capital necessary to raise themselves out of poverty. This theory of poverty helps to explain why certain aid programs which do not provide a high enough level of support may be ineffective at raising individuals from poverty. If those in poverty do not acquire the critical mass of capital, then they will simply remain dependent on aid indefinitely and regress if aid is ended. In his book The End of Poverty, Jeffrey Sachs recommends that, as a way of combating the poverty trap, aid agencies should function as venture capitalists that fund start-up companies. Sachs proposes that, just like any other start-up, developing nations should receive the full amount of aid necessary for them to begin to reverse the poverty trap**. Sachs points out that the extreme poor lack six major kinds of capital: human capital, business capital, infrastructure, natural capital, public institutional capital, and knowledge capital**. Sachs details that point of view: The poor start with a very low level of capital per person, and then find themselves trapped in poverty because the ratio of capital per person actually falls from generation to generation. The amount of capital per person declines when the population is growing faster than capital is being accumulated ... The question for growth in per capita income is whether the net capital accumulation is large enough to keep up with population growth. **The Public and Private Role in Addressing the Poverty Trap Sachs further postulates that the public sector should concentrate their efforts on investments of human capital (health, education, nutrition), infrastructure (roads, power, water and sanitation, environmental conservation), natural capital (conservation of biodiversity and ecosystems), public institutional capital (a well-run public administration, judicial system, police force), and parts of knowledge capital (scientific research for health, energy, agriculture, climate, ecology)**. Business capital investments, he says, should be the domain of the private sector, which Sachs claims would more efficiently use funding to develop the profitable enterprises necessary to sustain growth enough to lift an entire population and culture out of poverty. [↑](#endnote-ref-12)
13. Wenli **Li**, September **2002**, "Entrepreneurship and government subsidies: A general equilibrium analysis," **Journal of Economic Dynamics & Control**, <https://www.sciencedirect.com/science/article/pii/S0165188901000112>

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    Targeting poor entrepreneurs **In this experiment, entrepreneurs receive an interest subsidy whenever their assets fall below some threshold designated by the government.** **Compared with the benchmark case, where agents in the targeted group remain targeted independently of what they do,** this new targeting rule makes sure that all poor entrepreneurs will benefit from the subsidies. Since the entrepreneurs with good entrepreneurial abilities will benefit the most, the new rule works better at the margin. In other words, agents who are at the margin of becoming entrepreneurs are likely to be the ones that are constrained by their limited asset holding. Thus, **overall business quality as measured by average entrepreneurial ability will also improve.** On the cost side, however, the incentive to save will be distorted for all entrepreneurs. Private capital will be crowded out and the interest rate will rise even further. As a consequence, agents will be discouraged to undertake their projects. In our simulation, we choose the cutoff asset level and the subsidy rate so that in equilibrium, 5.4 percent of total business loans are subsidized, while subsidy expenditures are the same as in the benchmark economy. **Our simulations indicate that total output in our new economy is about 0.26 percent higher relative to the benchmark economy, the rate of entrepreneurship is 8.75 percent higher.** Comparing the optimal subsidy case in both economies, total output is 0.37 higher with the new targeting rule, and the rate of entrepreneurship is 9.31 percent higher. Note that although output does not increase much under our new targeting rule, the rate of entrepreneurship, that is the fraction of agents engaging in entrepreneurial activity, is considerably higher. 5.2.2. Targeting all entrepreneurs One may argue that in practice, it is costly for the government to verify the actual level of agents' assets. Indeed under the new targeting rule, agents have an incentive to under-report their asset level. An alternative is then to subsidize all entrepreneurs indiscriminately. It is clear that among the three targeting rules studied, targeting all entrepreneurs has the least marginal effect. Most direct gains under this targeting rule are likely to accrue to borrowers who would have become entrepreneurs without government subsidies. The subsidies, therefore, represent pure windfall gains for the recipients, with no obvious corresponding societal benefits. However, the disincentive to save will also be smaller under the new rule precisely because the less discriminate nature of the rule. To explore the latter issue, we calibrate the new economy by choosing a subsidy rate with equilibrium tax expenditures being the same as in the benchmark economy. We "and that in the new economy, total output is 0.76 percent higher than in the benchmark economy, and the rate of entrepreneurship is 1.52 percent higher. At the optimal subsidy rate, however, the new economy's output is 0.10 percent lower than in the benchmark economy, and the rate of entrepreneurship is 2.1 percent lower. These results suggest that when subsidies are excessive, the less distortionary nature of the new targeting rule dominates the fact that the new rule does not benefit the marginal borrowers. The reverse is true when the subsidy rate is set optimally. The above experiments indicate that in terms of alternative subsidy instruments, the non-distortionary income subsidy outperforms the interest subsidy in promoting entrepreneurship and improving output. **In terms of targeting rules, a program that provides more incentives to marginal and relatively poor entrepreneurs is most effective.** [↑](#endnote-ref-13)
14. Oscar **Perry**, 10-18-**2016**, "Where Small Businesses Are Powering Inner-City Neighborhoods," **Next City**, <https://nextcity.org/daily/entry/small-businesses-power-inner-city-economy-icic-study>

    **ICIC defines an inner city as a set of contiguous census tracts in a city that have higher poverty and unemployment rates than the surrounding metropolitan area** and, in aggregate, represent at least five percent of a city’s population. These neighborhoods also must have a poverty rate of at least 20 percent, and unemployment rates at least 150 percent of metropolitan area unemployment (or a median household income that is 50 percent or less than median income for the metropolitan area). **So, while inner-city areas remain economically depressed, they are also safer than they’ve ever been. Perhaps it’s because entrepreneurship is connected with lower violent crime**. After all, minorities, particularly black women, are the fastest growing segment of entrepreneurs. In L.A., small businesses account for 74 percent of aggregate jobs. In L.A. inner-city areas, small businesses account for 77 percent of jobs. Both were the highest percentages in the study, which points to the film and entertainment industry as a possible cause for those high percentages. One small business developer to told ICIC, “There are a lot of small businesses in the entertainment industry. The studios outsource a lot — almost everything. There is a real symbiosis between major entertainment studios and the small businesses that serve them.” In D.C., a city of only 659,000 people within district limits, small businesses account for 220,785 jobs, or 62 percent of aggregate jobs. In D.C. inner-city areas, mostly in the far northeast and southeast parts of the city, small businesses account for 74 percent of jobs. In Chicago, small businesses accounted for 58 percent of jobs overall, compared with 70 percent of jobs in inner-city areas. Detroit small businesses accounted for 108,465 jobs, or just 53 percent of all jobs within city limits. Detroit’s inner-city map is striking, covering nearly the entire city. Small businesses accounted for 64 percent of jobs in Detroit inner city areas. Dallas was the exception, with small businesses accounting for 48 percent of jobs overall and just 38 percent of jobs in Dallas inner-city areas. The study points to Dallas’ historical strategy of “attracting and retaining” large employers. Considering Dallas’ inner-city areas are mostly in the southern parts of the city, that strategy hasn’t worked out well at all for those neighborhoods. **One easily ignored reality that the report points out: Inner cities aren’t economically isolated pockets of survival-driven entrepreneurs with no options elsewhere. In fact, they are deeply embedded within larger regional economies.** While small businesses account for most jobs located in inner-city areas, most inner-city residents leave inner cities to get to work. The small businesses that are located in inner cities serve neighbors employed in other parts of the city and all over metropolitan areas. In the cities ICIC studied, only 11-25 percent of inner-city residents also work in the inner city; in Detroit, 67 percent of inner-city residents leave the city entirely to find work. **The report points to other studies showing that Detroit suffers from a lack of entry-level job opportunities, forcing many Detroiters to find work elsewhere.** Detroit would need to increase small business jobs by 63 percent in order to eliminate inner-city unemployment, ICIC estimates. None of the other cities needed more than an 18 percent increase in small business jobs to eliminate inner-city unemployment. The report includes a playbook for supporting urban small business job creation. None of the cities studied had a comprehensive small business plan, although every city had other plans or frameworks in place for inner-city job creation and economic development, such as Detroit Future City, which involved over 1,000 residents in a comprehensive sustainable development planning process. JPMorgan Chase funded the ICIC report, which comes out just as they’ve also announced a new $75 million, three-year commitment to support women, minority and veteran-owned small businesses. In a statement announcing the new commitment, JPMorgan Chase’s Janis Bowdler said that “**recent research from ICIC shows small businesses are more likely to hire from distressed neighborhoods where unemployment is high, reinforcing that small businesses are critical for employment.”** [↑](#endnote-ref-14)
15. Stephen **Slivinski** [Senior Economist], November 13, **2012**, "Increasing Entrepreneurship is a Key to Lowering Poverty Rates", **Goldwater Institute**, <https://www.realclearmarkets.com/docs/2012/11/PR254%20Increasing%20Entrepreneurship.pdf>

    **The average entrepreneurship share by state. We are most interested in this variable**. **If there is a link between entrepreneurship and the poverty rate, we should see a strong and statistically significant relationship even after adjusting for all of the factors listed previously.** The full results of the analysis appear in appendix A. In sum, the main result suggests that the share of entrepreneurship in a state is indeed significantly related to declines in the poverty rate even after adjusting for all of the other factors. **In fact, every 1 percentage point increase in the average entrepreneurship rate in a state corresponds to a 2 percent decline in the poverty rate. The overall growth of a state’s economy was also significant.** What do those results mean for a state like Arizona? With a poverty rate today of around 18.6 percent, a 1 percentage point increase in the share of entrepreneurs in the economy—as measured by sole proprietorships—could bring the poverty rate down to 18.3 percent. That reduction in the poverty rate translates to around 19,000 fewer people in poverty in the state. High Tax Burdens Hurt the Growth of Entrepreneurship If an important part of poverty reduction depends on the extent of entrepreneurial activity in an economy, the next obvious question is what specific policies can most influence entrepreneurship. Some of the answers can come from a review of the published analysis on what policy factors positively benefit entrepreneurship. Low taxes have tended, in one way or another, to correlate to higher rates of entrepreneurship. If an entrepreneur were to consider starting a business, he or she would be rightly worried about the tax bite that might await him or her at the end of the year. That tax bite might have an effect on how many people could be hired and how the business might be structured. In addition, the entrepreneur might also be interested in expanding the business over time, which might require incorporating and could subject the business to the corporate income tax. A number of studies have found that high tax burdens inhibit growth in the number of people in a state who decide to become entrepreneurs.13 A study published by the U.S. Small Business Administration authored by University of Tennessee economist Donald Bruce and Creighton University economist John Deskins studied how a number of different tax policies affected the level of entrepreneurship. They found that high income tax burdens tended to decrease the share of entrepreneurship in a state. They also discovered that high rates of entrepreneurship are related to declines in the poverty rate.14 [↑](#endnote-ref-15)
16. Alana **Semuels**, 12-24-**2014**, "A Different Approach to Breaking the Cycle of Poverty," **Atlantic**, <https://www.theatlantic.com/business/archive/2014/12/a-different-approach-to-breaking-the-cycle-of-poverty/384029/>

    ATLANTA—This neighborhood south of downtown is bleak, with empty parking lots fenced in by barbed wire, and skeletons of buildings covered in graffiti. **Many of the people walking the long blocks of Mechanicsville grew up poor, and their children are likely to be poor, too. It’s part of the vicious cycle of poverty—without access to high-quality education, kids born into poverty are likely to remain there for their whole lives, despite the promise of the American Dream**. According to the Kids Count Data Center, a project sponsored by the Annie E. Casey Foundation, **39 percent of African American children lived in poverty in 2013, the highest rate of any racial group. And one study found that 42 percent of African Americans born into the lowest-income category remained there as adults.** Policymakers have some ideas about what can help ensure that children born into poverty succeed**. In one oft-cited study from the 1970s, the Abecederian Project randomly selected certain infants from low-income families to attend full-time, high-quality education from infancy through age 5, while others were put in a control group. The children who participated in the education program had higher cognitive test scores, were more likely to attend a four-year college, and put off having a first child for longer.** Similarly, **the Perry Project in the 1960s randomly selected African American children born into poverty for high-quality pre-school and followed those students throughout their lives; those who attended pre-school had higher earnings**, were more likely to hold a job and had committed fewer crimes than the control group that did not attend pre-school. But high-quality pre-school is expensive, and most parents struggle to afford any daycare, much less a program that meets quality benchmarks. Dayisja Davis, 19, discovered this when she had a daughter, who she named Maileia, 10 months ago. She was working for Popeye’s and was about to begin attending a medical assistant program. She thought she’d be able to work and go to school if she could find good childcare, so she applied for CAPS, a Georgia childcare subsidy for low-income parents. She was denied because she would have been required to work 25 hours a week, but her fast-food hours were unpredictable and she sometimes didn’t get assigned enough shifts. Since she didn’t have anyone to care for Maileia, she quit her job to take care of her daughter. And then she didn’t have enough money to go to school, so she quit school, too. “At first, when I was working, I thought I could do it, but it’s not that easy,” she told me, pushing a baby carriage down a busy street in Mechanicsville as trucks rattled by. That’s why a foundation is sponsoring a new approach to breaking the cycle of poverty just a few blocks from where Davis and I spoke. It tries to give children access to high-quality, early-childhood education while helping parents get better jobs and build stronger families. It’s called the two-generation approach, and has been found to be one of the best bets in helping families escape poverty. [↑](#endnote-ref-16)
17. Kaushik **Basu**, 3-30-**2018**, "The ethics of reducing inequality," **Brookings**, <https://www.brookings.edu/opinions/the-ethics-of-reducing-inequality/>

    **Around the world, the effects of alarmingly high economic inequality are spilling over into politics and society**. Economic insecurity is a driving force behind violent conflicts in the Middle East and the rise of fascist elements in some European countries, not least Hungary and Poland. **Even in older democracies such as the United States, economic marginalization has led to a strengthening of chauvinist and supremacist identities and other social problems such as the opioid epidemic**. These trends have been ongoing for some time. But, according to Branko Milanovic of the City University of New York, a big shift occurred between 1988 and 2008. During this period of “high globalization,” the two segments of the world making gains were the wealthiest 1 percent in rich and poor countries and the middle class in a few Asian countries—namely China, India, Indonesia, Thailand, and Vietnam. Meanwhile, the World Bank has shown that 766 million people —around 10 percent of the global population—were still living below the extreme-poverty threshold of $1.90 per day as of 2013. Much has been written about the policies needed to rectify this dismal picture. And yet, powerful voices in both rich and developing countries—and, tragically, even among the misinformed poor—claim that current income disparities are fair because they are a result of free markets. Convincing them to support remedial interventions, then, will require a deeper look at the underlying logic and morality of inequality. I was thinking about this as I read Chris Hughes’ marvelous book Fair Shot: Rethinking Inequality and How We Earn. Hughes co-founded Facebook with Mark Zuckerberg and is now staggeringly wealthy at the ripe age of 34. His book gives a moving account of growing up in small-town North Carolina, trying awkwardly to fit in with the “white, wealthy kids,” eventually coming out as gay, and doing well enough in school to gain admission to Harvard University. Hughes ended up rooming with Zuckerberg, which was sheer luck. Indeed, a large part of his book deals with the role of luck in determining individual success. Though Hughes’ father taught him that realizing the “American dream” is a matter of pulling oneself up by one’s bootstraps, Hughes eventually reached the opposite conclusion. “My success at Facebook,” he writes, “taught me that seemingly small events like who you choose to room with in college can have an outsized impact on the rest of your life.” [↑](#endnote-ref-17)
18. Eric **Pianin**, 5-8-**2015**, "Why So Many Americans Are Trapped in ‘Deep Poverty’," **Fiscal Times**, <http://www.thefiscaltimes.com/2015/05/08/Why-So-Many-Americans-Are-Trapped-Deep-Poverty>

    While politicians in both parties continue to voice concern about the economic plight of the middle class, **a more urgent crisis may be the growth in the number of American families trapped in “deep” or “extreme” poverty.** The problems of the poorest of poor in the U.S. received scant discussion during the recent round of budget talks that produced a fiscal 2016 Republican blueprint for gradually eliminating the deficit. The plan would require more than $5 trillion in cuts to domestic spending over the coming decade – many in social safety-net programs for low-income Americans. The Surprising Fact of Hunger in America President Obama and Democratic lawmakers are demanding far more money for key domestic programs, including some vital to the country’s poorest families, before they sign off on specific spending bills for the coming year. **According to recent research, the number of households living on $2 or less in cash income per person per day in a given month increased from about 636,000 in 1996 to about 1.65 million in mid-2011, a growth of nearly 160 percent. What’s more, over six percent of the population – including 7.1 million children – live in “deep poverty,” which experts define as having a household cash income of less than half the federal poverty threshold.** To give that some added context, the threshold for being in deep poverty today is having an annual cash income of less than $5,886 for an individual, $7,965 for a single parent with one child or $12,125 for a married couple with two children. By comparison, the median household income last year was $53,891. Related: Puzzling Rise in Food Stamp Use as Economy Improves This troubling growth in the number of the poorest of poor Americans is likely a byproduct of the past historic recession and the long-term residual effects of the 1996 welfare reforms approved by Congress and former President Bill Clinton, according to a new analysis by the Brookings Institution.. “Strengthened work requirements and newly implemented time limits meant that many low-income families entered work, received higher tax credits and improved their situation,” wrote Richard V. Reeves, a senior fellow in economic studies at Brookings and research assistants Emily Cuddy and Joanna Venator. “But those unable or unwilling to move from welfare to work as intended received less cash assistance from the government and became reliant on a hodgepodge of government support, such as [food stamps], housing subsidies, Medicaid/CHIP.” For the small portion of those in deep poverty who managed to find and hold jobs, the federal government provides them with some important assistance, including the Earned Income Tax Credit (EITC), Child Tax Credit (CTC), and Additional Child Tax Credit (ACTC). For example, a married couple with two children and earning $10,000 a year are eligible for a $5,060 cash refund through the EITC and ACTC. That boosts their disposable income by just over 50 percent. [↑](#endnote-ref-18)