Affirmative: Responsibility

By Kirstin Erickson

***Resolved: Economic stability is more important than economic growth***

When presenting this case, you’ll want to come across as reasonable, rational, and realistic. The point is not that economic growth is bad, but merely that it’s irresponsible to value it *above* stability. We want our economy to flourish, but we need to go about it in a wise manner. Economic stability is the only responsible option for a number of reasons: keeping the economy safe and protecting citizens, stewarding the environment, and encouraging growth at a manageable and stable level. You can draw on the underlying assumptions and beliefs that everyone, including your judge, shares: the desire for the government to be responsible and trustworthy. In the pursuit of good judgment, economic stability is clearly the most valuable.

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Affirmative: Responsibility

There’s a reason that politics is supposed to be a taboo topic in polite conversation. Differences in political opinions can be intensely divisive, as the same decisions that cause half the country to cheer elicit bitter criticism from the other half. Yet, these divisions highlight a deeper shared belief that transcend these arguments. While people disagree on what the right decisions might be, you’ll be hard pressed to find someone who doesn’t agree that the government ought to exercise good judgment. We might disagree on the best course of action, but the underlying assumption remains: the government ought to act responsibly. Because of this, please join me in affirming that: *Economic stability is more important than economic growth.*

DEFINITIONS

Economic Stability

Frank Shostak 2019 (Frank Shostak is an Associated Scholar of the Mises Institute. His consulting firm, Applied Austrian School Economics, provides in-depth assessments and reports of financial markets and global economies. He received his bachelor's degree from Hebrew University, his master's degree from Witwatersrand University, and his PhD from Rands Afrikaanse University and has taught at the University of Pretoria and the Graduate Business School at Witwatersrand University.) “Does Economic Stability Contribute to Growth?” <https://mises.org/wire/does-economic-stability-contribute-growth>

Economic stability refers to an absence of excessive fluctuations in the overall economy. An economy with constant output growth and low and stable price inflation is likely to be regarded as stable. An economy with frequent boom-bust cycles and variable price inflation would be considered as unstable.

Economic Growth

Jim Chappelow 2019 (Jim Chappelow has 13 years of experience in economic development, forecasting, research, teaching, content creation, and strategic consulting. He has worked in the public sector as an economic development specialist and state labor market analyst. In academia, Jim has been a researcher and instructor in applied economics and strategic management at the University of Missouri and Southern New Hampshire University. He is a former Managing Economist and lead editor at ITR Economics. He has written and edited hundreds of reports, articles, and economic analyses for the general public, policy officials, academic audiences, and private consulting clients)“Economic Growth” <https://www.investopedia.com/terms/e/economicgrowth.asp>

Economic growth is an increase in the the production of economic goods and services, compared from one period of time to another. It can be measured in nominal or real (adjusted for inflation) terms. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.

VALUE: Responsibility

Definition

The resolution asks us to make a decision: whether governments ought to pass policies with the goal of economic stability or economic growth. The best way to determine that is to use the standard of responsibility, meaning responsible decision-making. Whichever side is the most responsible option should win the debate. Responsibility is defined as:

Cambridge English Dictionary “Responsibility” <https://dictionary.cambridge.org/us/dictionary/english/responsibility>

Good judgment and the ability to act correctly and make decisions on your own

Reason to Prefer: Duty of Government

Ideally, a government ought to serve its people and always act in the best interests of its citizens. Henry Clay, speaker of the House and Secretary of State in the early 1800s, put it this way:

The Center for Civic Education (a nonprofit, nonpartisan organization based in California and dedicated to promoting an enlightened and responsible citizenry committed to democratic principles and actively engaged in the practice of democracy in the United States and other countries) “Quotations about Democracy, Politics and Government, and Related Matters” <https://www.civiced.org/quotations-about-democracy>

Government is a trust and the officers of the government are trustees, and both the trust and the trustees are created for the benefit of the people.

*End quote.*

It’s true that no government is perfect, and some are extremely flawed. Yet, government’s failure to uphold this standard does not mean that the duty is erased. Only by acting responsibly and exercising good judgment can a government uphold this fundamental duty.

CONTENTION 1: Valuing economic growth over economic stability is irresponsible

Prioritizing economic growth above all else is irresponsible

Alana Semuels 2018 (Alana Semuels is a former staff writer at The Atlantic) “Does the Economy Really Need to Keep Growing Quite So Much?” <https://www.theatlantic.com/business/archive/2016/11/economic-growth/506423/>

It’s not just that maximizing growth doesn’t necessarily help people, but also that rapid growth can itself come at a cost, such as when the pursuit of growth is used to push through policies that are expected increase the GDP but may have negative consequences for millions. For example, companies often say they could grow more quickly and produce more with fewer regulations, but loosening those regulations might also lead to more pollution and accidents in factories. Other times, policies that might be necessary for the country’s long-term survival are avoided because of fears they might harm GDP. For example, conservatives criticize climate accords because they say that cutting greenhouse gases will reduce GDP by trillions of dollars. “The pursuit of growth can be quite dangerous,” Peter Victor, an economist and environmental scientist at York University in Toronto, told me.

Economic growth has negative consequences

John L. Cornwall (John Cornwall is Professor of Economics at Dalhousie University in Halifax, Nova Scotia. He is the author of The Theory of Economic Breakdown and others) “Economic Growth” <https://www.britannica.com/topic/economic-growth>

The belief that governments should have a large say in choosing the “right” rate of growth has also led some writers to challenge the social and economic value of economic growth in an advanced industrial society. They attribute to growth such undesirable side effects of industrialization as traffic congestion, the increasing pollution of air and water, the despoiling of the landscape, and a general decline in man’s ability to enjoy the “real” amenities of life.

Application: Economic growth causes inflation

Tejvan Pettinger 2017 (Tejvan Pettinger is the creater of Economics Help and contributes articles to the Economic Review. He is an economics teacher at Greenes College in Oxford) “Is inflation caused by economic growth?” <https://www.economicshelp.org/blog/3511/economics/is-inflation-caused-by-economic-growth/>

Typically, higher inflation is caused by strong economic growth. If Aggregate Demand (AD) in an economy expands faster than aggregate supply, we would expect to see a higher inflation rate. If demand is rising faster than supply this suggests that economic growth is higher than the long run sustainable rate of growth.

Inflation often increases when economies experience booms in the economy. The UK long had a history of boom and bust economic cycles. High growth leading to inflation (e.g. the late 1980s / early 90s when inflation increased to 8% as a result of high growth)

Policies that create instability are irresponsible

International Monetary Fund 2020 (The International Monetary Fund (IMF) is an organization of 189 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world) “How the IMF Promotes Global Economic Stability” <https://www.imf.org/en/About/Factsheets/Sheets/2016/07/27/15/22/How-the-IMF-Promotes-Global-Economic-Stability>

Promoting economic stability is partly a matter of avoiding economic and financial crises, large swings in economic activity, high inflation, and excessive volatility in foreign exchange and financial markets. Instability can increase uncertainty, discourage investment, impede economic growth, and hurt living standards.

CONTENTION 2: Valuing economic stability over economic growth is responsible

Policies focused on stability are responsible, while policies focused on growth are irresponsible

Karen A. Campbell 2009 (Karen Campbell, Ph.D., is Policy Analyst in Macroeconomics in the Center for Data Analysis at The Heritage Foundation) “The Economic Role of Government: Focus on Stability, Not Spending” <https://www.heritage.org/monetary-policy/report/the-economic-role-government-focus-stability-not-spending>

Government spending and government deficits automatically increase during economic downturns due to more demands on social-safety-net provisions and falling tax revenues. Such spending can have a stabilizing effect on the economy because it happens automatically rather than through legislative acts, and the money is spent at times it is needed most. Borrowing and spending to stimulate the economy using legislative discretion is much more difficult to time for the right moment, and is thus much riskier. The funds are often not spent until long after the downturn has taken place, and can prolong the downturn by crowding out productive investment and spending that would have otherwise occurred.

Application: Prioritizing stability improves sustainability

Alana Semuels 2018 (Alana Semuels is a former staff writer at The Atlantic) “Does the Economy Really Need to Keep Growing Quite So Much?” <https://www.theatlantic.com/business/archive/2016/11/economic-growth/506423/>

A new economy could also focus more on the health of the environment. While the government has put in place polices that express other values, such as environmental protection—those policies are often said to be directly at odds with economic growth, instead of seen as being in concert with a suite of goals that involve trade-offs. After all, growth depends on countries producing more and more goods, often using natural resources to do so. An economy more focused on environmental health than GDP growth could measure the resources it is consuming—like timber, for instance—and make sure it doesn’t extract them at a faster rate than they can be regenerated. “We’ve had this system that has relied on consumption growth to keep people employed over the last 50 years,” said O’Neill, who is also the chief economist at the Center for the Advancement of the Steady State Economy, which advocates for an economy that consumes materials at the same level that they can be replaced.

Negative Counter-Brief: Responsibility

As with any negative strategy, you’re best off using a multi-faceted approach. The first section is intended to set you up by refuting the value, showing that we shouldn’t use the standard of responsibility because determining the true causal impact of fiscal policies is too difficult. The second section builds on this by providing counterevidence. Sure, the affirmative has found evidence showing that economic stability is responsible, but that’s not the whole picture. There are just as many sources showing the practical necessity of economic growth. The final section includes a couple cards specifically addressing the inflation application, showing that while economic growth is correlated with inflation, it does not necessarily cause inflation (and thus, is not an irresponsible goal).

Responsibility is a vague standard

Determining the true causal impact of fiscal policies is difficult

Nick Bunker 2018 (Nick Bunker is a Policy Analyst with the Washington Center for Equitable Growth. Prior to joining the Washington Center for Equitable Growth, he was a Research Assistant with the economic policy team at the Center for American Progress. He graduated from Georgetown University in 2010 with a degree in International Economics) “What have we learned about geographic cross-sectional fiscal multipliers?” <https://equitablegrowth.org/category/economic-stability/>

The limits of monetary policy during the Great Recession pushed fiscal policy back to the forefront of macroeconomic policy discussions in the United States. Yet empirical estimates of the effects of fiscal policy vary. Two main challenges dominate economic thinking. First, fiscal policy can respond to a changing economic trajectory, as when the American Recovery and Reinvestment Act of 2009 increased spending precisely because unemployment was already rising. Second, changes in spending often coincide with changes in taxes or other policies. Both challenges mean that the naïve relationship between government spending and subsequent outcomes may not measure the true causal impact.

Economics does not have clear cause-and-effect impacts like the hard sciences

Nick Bunker 2016 (Nick Bunker is a Policy Analyst with the Washington Center for Equitable Growth. Prior to joining the Washington Center for Equitable Growth, he was a Research Assistant with the economic policy team at the Center for American Progress. He graduated from Georgetown University in 2010 with a degree in International Economics) “When it comes to causality, no one technique should have all that power” <https://equitablegrowth.org/when-it-comes-to-causality-no-one-technique-should-have-all-that-power/>

When it comes to showing causation in a hard science like physics or chemistry, the path forward is relatively well tread: Set up an experiment that controls for all the factors except the one you want to understand the impact of. But that’s not exactly possible when it comes to a social science like economics. You might want to understand what happens to economic growth when you implement a new policy, but it’s really hard to sort out the impact of everything else going on in the economy.

Economic growth is a responsible goal

Economic growth is necessary to provide public services

Alana Semuels 2018 (Alana Semuels is a former staff writer at The Atlantic) “Does the Economy Really Need to Keep Growing Quite So Much?” <https://www.theatlantic.com/business/archive/2016/11/economic-growth/506423/>

Economists often say that without growth it will be impossible to address income inequality. The more economic activity being created, they say, the more room people have to move up the economic ladder and perform to their full potential. “Growth is conducive to meritocracy,” Marshall Steinbaum, a senior economist at the Roosevelt Institute, told me. “In a world of high growth, the future is wealthier than the past.”

Mainstream economists also say that a nation’s economy needs to grow in order to provide more public services to its population, such as universal pre-K. Without growth, said Gordon, the Northwestern economist, if the country wanted to add those programs within its existing budget, it would have to cut something else or raise taxes. “There’s always a demand for more services, whether there’s growth or not. Growth gives you the funding to pay for it,” Gordon said. This goes for paying Social Security and Medicare, too, which are funded through taxes. As the population ages and more people receive Social Security, the economy needs to grow so their benefits can be paid for, he said. Of course, this assumes that the country has a political system that can adequately tax people.

Economic growth has many positive effects

Kimberly Amadeo 2020 (Kimberly Amadeo has over 20 years of senior-level corporate experience in economic analysis and business strategy. She is the U.S. Economy expert for The Balance and is president of WorldMoneyWatch, which produces publications about the global economy that are easy to understand, succinct, and full of practical information) “Economic Growth, Its Measurements, Causes, and Effects” <https://www.thebalance.com/what-is-economic-growth-3306014>

Economic growth creates more profit for businesses. As a result, stock prices rise. That gives companies capital to invest and hire more employees. As more jobs are created, incomes rise. Consumers have more money to buy additional products and services. Purchases drive higher economic growth. For this reason, all countries want positive economic growth. This makes economic growth the most-watched economic indicator.

Economic growth improves quality of life

Jim Chappelow 2019 (Jim Chappelow has 13 years of experience in economic development, forecasting, research, teaching, content creation, and strategic consulting. He has worked in the public sector as an economic development specialist and state labor market analyst. In academia, Jim has been a researcher and instructor in applied economics and strategic management at the University of Missouri and Southern New Hampshire University. He is a former Managing Economist and lead editor at ITR Economics. He has written and edited hundreds of reports, articles, and economic analyses for the general public, policy officials, academic audiences, and private consulting clients)“Economic Growth” <https://www.investopedia.com/terms/e/economicgrowth.asp>

In simplest terms, economic growth refers to an increase in aggregate production in an economy. Often, but not necessarily, aggregate gains in production correlate with increased average marginal productivity. That leads to an increase in incomes, inspiring consumers to open up their wallets and buy more, which means a higher material quality of life or standard of living.

A/T Inflation: No correlation with economic growth

There are alternate causes to inflation

Tejvan Pettinger 2017 (Tejvan Pettinger is the creater of Economics Help and contributes articles to the Economic Review. He is an economics teacher at Greenes College in Oxford) “Is inflation caused by economic growth?” <https://www.economicshelp.org/blog/3511/economics/is-inflation-caused-by-economic-growth/>

Note, it is possible to have economic growth without rising inflation. If economic growth is close to the long run trend rate if demand increases at a similar rate to supply. (Monetarists would put emphasis on money supply increasing at same rate as productive capacity)

e.g. in the great moderation (1994-2007), we had a long period of economic growth and fairly stable inflation rate.

It is possible to have rising prices and a higher inflation rate, despite low growth. This occurred in

- Early 2008

- 2010/11

In these cases, rising prices were caused by rising costs of production, e.g. rising oil prices were the main factor behind inflation in early 2008. This type of inflation is often just temporary.

Economic growth itself does not cause inflation

Dr. Roy Cordato 2018 (In June 2019 Roy Cordato retired from his full time position as Senior Economist and Resident Scholar at the John Locke Foundation and currently holds the position of Senior Economist Emeritus at the Foundation. In addition to his emeritus position at JLF, Cordato holds the title of Lecturer at the School of Public and International Affairs at NC State University) ““Too Much Growth” Doesn’t Cause Inflation” <https://www.johnlocke.org/update/too-much-growth-doesnt-cause-inflation/>

We are told that there can be “too much” economic growth and that the economy can “overheat” and this will actually cause inflation. That kind of thinking is a relic of Keynesian economics that is, in fact, nonsense.

The fact is that economic growth, defined as an increase in goods and services throughout the economy, cannot cause inflation, regardless of the strength of that growth. In fact, as suggested above, it is likely to lead to a general decline in prices, thereby making each dollar worth more.

Economic growth actually leads to a fall in prices

Frank Shostak 2019 (Frank Shostak is an Associated Scholar of the Mises Institute. His consulting firm, Applied Austrian School Economics, provides in-depth assessments and reports of financial markets and global economies. He received his bachelor's degree from Hebrew University, his master's degree from Witwatersrand University, and his PhD from Rands Afrikaanse University and has taught at the University of Pretoria and the Graduate Business School at Witwatersrand University.) “Does Economic Growth Cause Inflation?” <https://mises.org/library/does-economic-growth-cause-inflation>

From here we can deduce that it is erroneous to suggest that stronger economic growth must lead to higher price inflation. As we have seen, on the contrary, stronger economic growth for a given money supply must lead to a fall in prices. Observe that the fall in prices here is the manifestation of real-wealth expansion. It means that a every holder of dollars can now have access to more real wealth, i.e., goods. Contrary to conventional thinking then, a fall in prices whilst real wealth is rising is great news.

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