Negative: Ends Over Means

By Kirstin Erickson

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

This case is going to be a bit different from most negative cases you’ll come across. Rather than using a value as a weighing mechanism between the two sides of the resolution, it frames a simple philosophical argument into the thesis: Growth is more important than stability because growth is the end goal, while stability is only a means to that end. The two contentions are the two burdens that this thesis hinges upon. Don’t let the nontraditional structure or the lack of a value turn you off. The case is powerful because it allows you to accept that stability is a good thing, yet subsume all those benefits as furthering economic growth. It’s also flexible, as it can adapt to a number of affirmative values. Approach this case as you would any other, and it can serve you well.

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Negative: Ends Over Means

Imagine that you’ve been unemployed for several years. You’ve been searching for a job in your field of expertise, but nothing has turned up. Finally, you land a position, but it’s not what you’ve been expecting. Instead of a meaningful career, you’re stuck with an uninteresting, routine job. You’re not excited, but you need a way to cover the bills, so you accept. After several months, you’re astonished to see how much money you’ve made – enough saved up to cover a short vacation. The job might be boring, but it pays well.

Now, let me ask you a question. The job was necessary to make money, and that money was essential to finance your vacation. But which did you value the most? The job, and even the money, were merely means to an end. The vacation, your end goal, was by far the most important. I’d like you to keep this framework in mind, and join me in negating the resolution: *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

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>

Economic growth, the process by which a nation’s wealth increases over time. Although the term is often used in discussions of short-term economic performance, in the context of economic theory it generally refers to an increase in wealth over an extended period.

THESIS: Growth is the end goal, while stability is only a means to that end.

While most LD cases use a value to weigh the two sides of the resolution, this case is going to be a bit different. The thesis presents a key fact about the resolution that we must keep in mind when deciding between stability vs. growth. In any policy, the end goal is the most valuable, while the means to achieving that goal are of secondary importance, since they’re only necessary for the final desirable outcome. Therefore, since growth is the end goal, while stability is only a means to that end, it follows growth is more important than stability.

CONTENTION 1: Economic stability enables economic growth

Economic stability enables economic growth

Economics Online (Economics Online is a digital resource for students of economics, providing information and analysis on a comprehensive range of topics) “Stabilisation and growth” <https://www.economicsonline.co.uk/Global_economics/Policies_for_stability_and_growth.html>

Economic stability enables other macro-economic objectives to be achieved, such as stable prices and stable and sustainable growth. It also creates the right environment for job creation and a balance of payments. This is largely because stability creates certainty and confidence and this encourages investment in technology and human capital.

Economic stability is a key driver of growth

Valeriano Martinez-San Roman and Blanca Sánchez Robles 2012 (Valeriano Martinez-San Roman has a Ph.D. in economics and is associate professor of economics at Universidad de Cantabria in Spain. Blanca Sánchez Robles has a Ph.D. in economics and is associate professor of macroeconomics at the National University of Distance Education in Madrid) “Macroeconomic Stability and Growth in Central and Eastern Europe” <https://www.researchgate.net/profile/Valeriano_Martinez-San_Roman/publication/259885635_Macroeconomic_Stability_and_Growth_in_Central_and_Eastern_Europe/links/5a903debaca2721405621ff5/Macroeconomic-Stability-and-Growth-in-Central-and-Eastern-Europe.pdf>

In this paper we have carried out an empirical analysis of potentially important factors of growth in Eastern Europe countries. Results point to the importance of domestic investment and macroeconomic stability - as reflected by low levels of inflation and a balanced budget - as key drivers of growth.

These results seem reasonable. In a long term growth framework, deficits are detrimental to growth since they are associated to corruption, rent seeking, an excessive size of government and distortions in the resource allocation. A low rate of inflation suggests an effective degree of market liberalization. Furthermore, in a heavily competitive environment characterized by strong rivalry because of the arrival of foreign firms, price stability is key.

Economic growth is an indicator of economic stability

Aylin İDİKUT ÖZPENÇE 2017 (Dr. Aylin İDİKUT ÖZPENÇE, Ph.D., Assistant Professor of Public Finance at Pamukkale University in Denizli, Turkey) “Economic Stability and Growth: The Case of Turkey” <https://doi.org/10.5296/rae.v9i3.12041>

As the theory of economy began to mature, unemployment and economic growth became one of the fundamental macroeconomic indicators. Price stability, full employment and economic growth constitute the basic conditions of economic stability. If, in an economy inflation and unemployment rates reach to high levels and economic growth rates reach to low levels, economic instability will arise.

CONTENTION 2: Economic growth is the end goal

Government focus on stability allows for economic growth

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 can provide a stable environment for economic growth when it can be depended upon to maintain the stability of the currency, enforce and defend property rights, and provide oversight that assures private citizens that their transaction partners in the marketplace are held accountable. This will allow market participants to begin putting their resources back to work in the areas where they are most beneficial.

Many believe there is a danger of doing too little. In fact, the danger probably lies in trying to do too many different things in the hope that one of them will restore economic growth. By doing too much there is a greater chance that policy effects will offset one another (for example, providing a tax cut on investments that gives people an incentive to invest, while increasing government investment that raises the cost of investing).

The investment ambitions, while admirable, can be achieved in a decentralized way if the government once again focuses on its supportive role of providing a solid economic foundation. Given a stable foundation, private individuals can invest and produce the vibrant standard of living that meet the changing needs and wants of society.

We ultimately want economic stability that leads to economic growth

George Leland Bach 1950 (George Leland Bach, Ph.D., is considered one of the outstanding influential figures in American business education. He was dean of the business school at Carnegie-Mellon University, Professor of Economics and Public Policy at the Stanford Graduate Business School, and author of one of the most popular textbooks in economics) “Economic Requisites for Economic Stability” <https://www.jstor.org/stable/1818036>

Surely what we want is not stability in the static sense of constancy of employment and output, but rather stability in the dynamic sense of growth in output and employment at some optimal rates, coupled (probably) with static stability of some index of prices of goods and services to consumers. Moreover, given present American thinking, a major constraint must be recognized; namely, that stability must be operative with something like the present degree of freedom of economic behavior for the individual, the group, and the firm.

Stated more precisely, I suggest that economic stability, in the sense of a fundamental social desideratum, can be most meaningfully defined by the two following major characteristics (recognizing the freedom of economic behavior constraint):

1. Growth of national real output at an optimum rate dependent primarily upon the growth in the labor force (given the prevailing social standards as to working age-spans, hours, and intensity of labor) and the increase in productivity (which is in turn dependent on techno- logical advance, development of skills, capital investment, and other factors). I shall term maintenance of this growth rate "dynamic stability."' The particular concept of dynamic stability used here thus implies the maximum growth rate consistent with the labor force and productivity factors stated above and with the availability of other resources, recognizing also social and private restrictions on the rate of other resource use (e.g., controls over the exhaustion of oil reserves). Several writers have suggested that this growth rate for total output is about 3 per cent per annum, but the stability rate need not be constant from year to year. Given this total real output objective, "full" or "high-level" employment need not be stated as a separate goal since the output objective specifically implies such employment; employment is taken as a (declining) function of the level of output.

2. Constancy (static stability) of some index of prices; more fundamentally, a price level or national money income basis for business and consumer expectations that will permit orderly business and individual planning on the basis of reasonable static or dynamic stability of total money income and demand for goods and services.

Stability is only necessary insofar as it promotes growth

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>

A dynamic market economy necessarily involves some degree of volatility, as well as gradual structural change. The challenge for policymakers is to minimize instability in their own country and abroad without reducing the economy’s ability to improve living standards through rising productivity, employment, and sustainable growth.

The government should provide stability so that investors will create economic growth

Valeriano Martinez-San Roman and Blanca Sánchez Robles 2012 (Valeriano Martinez-San Roman has a Ph.D. in economics and is associate professor of economics at Universidad de Cantabria in Spain. Blanca Sánchez Robles has a Ph.D. in economics and is associate professor of macroeconomics at the National University of Distance Education in Madrid) “Macroeconomic Stability and Growth in Central and Eastern Europe” <https://www.researchgate.net/profile/Valeriano_Martinez-San_Roman/publication/259885635_Macroeconomic_Stability_and_Growth_in_Central_and_Eastern_Europe/links/5a903debaca2721405621ff5/Macroeconomic-Stability-and-Growth-in-Central-and-Eastern-Europe.pdf>

Generally speaking, nonetheless, there is a number of authors suggesting that, as far as growth is concerned, one of the main tasks of the State should be providing the adequate framework for the activity of private agents. In this regard, the public powers should warrant the necessary conditions in the economy in order for crucial inputs (human or physical capital, knowledge, technology) to accumulate. This implies ensuring that the economy has the desired degree of macroeconomic stability to warrant the confidence of investors, provide incentives for the most productive destination of the inputs and rend the accumulation of inputs feasible and profitable at reasonable rates of risks. In contrast, an economy marked by macroeconomic instability will present an excessive degree of uncertainty, that in turn will deter agents from investing or will cause them make wrong decisions regarding the allocation of resources to alternative projects.

Affirmative Counter-Brief: Ends Over Means

This is a unique case, so your strategy against it will probably be different than most of your other rounds. You have two burdens of proof. First, that economic stability and economic growth are separate concepts with different goals, rather than stability being a mechanism to achieve growth. Second, that the goal of stability is preferable to growth. You can adapt the specific evidence in your affirmative case to uphold the second burden, so the evidence in this counter-brief are mostly focused on the first. Stability is not just part of the process of achieving growth. It’s a distinct concept, in and of itself, and ought to be the goal of economic policies.

Economic sustainability is separate from (and preferable to) economic growth

Center for the Advancement of the Steady State Economy (CASSE is a U.S.-based nonprofit organization promoting the transition from unsustainable growth to a steady state economy as a sustainable alternative to growth) “Downsides of Growth” <https://steadystate.org/discover/downsides-of-economic-growth/>

When economic growth threatens the environment and economic sustainability, social unrest is the result, and national security is compromised. Economic growth was once used for building military power, but in an overgrown global economy, economic sustainability is more conducive to diplomacy and stability among nations.

Policies focused on stability are quite different from policies focused on growth

Herbert Stein 1956 (Herbert Stein was an American economist, a senior fellow at the American Enterprise Institute and was on the board of contributors of The Wall Street Journal. He served on the Committee for Economic Development for 22 years. He was chairman of the Council of Economic Advisers under Richard Nixon and Gerald Ford. From 1974 until 1984, he was the A. Willis Robertson Professor of Economics at the University of Virginia) “Policies for Economic Growth and Stability” <https://www.jstor.org/stable/1234532>

All three of these differences mean, in my opinion, that we cannot have an economic policy for growth in the same sense as we can have an economic policy for stability. Stability policy consists of the use of a few selected instruments almost exclusively for the purpose of achieving a fairly well defined and measured goal. In the case of growth we do not have the defined and measured goal or the instruments dedicated to its achievement.

Policies having to do with stability are different and more specific than policies for growth

Herbert Stein 1956 (Herbert Stein was an American economist, a senior fellow at the American Enterprise Institute and was on the board of contributors of The Wall Street Journal. He served on the Committee for Economic Development for 22 years. He was chairman of the Council of Economic Advisers under Richard Nixon and Gerald Ford. From 1974 until 1984, he was the A. Willis Robertson Professor of Economics at the University of Virginia) “Policies for Economic Growth and Stability” <https://www.jstor.org/stable/1234532>

However, it is possible to isolate particular policies as having a special relation to the objective "stability." These are policies that have much more to do with stability than anything else does and much more to do with stability than they have to do with anything else. Specifically, in my view economic policy for stability is monetary and fiscal policy, other means being distinctly secondary for this objective and monetary and fiscal policy is policy for stability, other objectives being distinctly secondary for these instruments.

The situation is entirely different with respect to policy for growth. The list of government policies that have something to do with economic growth is long. Some of these policies seem to be more important for growth than others, but it is not possible to select a short list of policies that have clearly much more to do with growth than other policies do. Neither is it possible to select a list of policies that are much more important for growth than they are for other objectives.

Government spending should be focused on stability rather than growth

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: Indonesia values stability over growth

Roland Rajah 2018 (Roland Rajah is the Lead Economist and Director of the International Economics Program at the Lowy Institute. Before joining the Lowy Institute Roland was a Senior Economist and Country Manager at the Asian Development Bank, where he worked on macro-fiscal policy, economic growth, and development issues in the Pacific region. Prior to this Roland was based in Indonesia with the Australian Department of Foreign Affairs and Trade, managing a wide-ranging economic reform advisory program covering macroeconomics, public finance, trade and investment policy, and the financial sector) “INDONESIA'S ECONOMY: BETWEEN GROWTH AND STABILITY” <https://www.lowyinstitute.org/publications/indonesia-economy-between-growth-and-stability>

Indonesia is widely seen as a future economic giant. Today, it is the world’s seventh-largest economy by purchasing power parity. Consistently solid economic growth has some analysts arguing it could be the fifth-largest economy in the world by 2030 and fourth soon after. On a market exchange rate basis, Indonesia ranks 16th in the world but will likely enter the top ten by 2030. Yet fear of financial instability perennially lurks beneath the surface, raising its head whenever market volatility strikes, as it has in recent months.

Prevailing views of the Indonesian economy tend to oscillate between these two extremes. However, such views increasingly get the story backwards. Since the 1997–98 Asian financial crisis, Indonesian economic policy has consistently prioritised stability over riskier pathways to rapid economic growth.

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