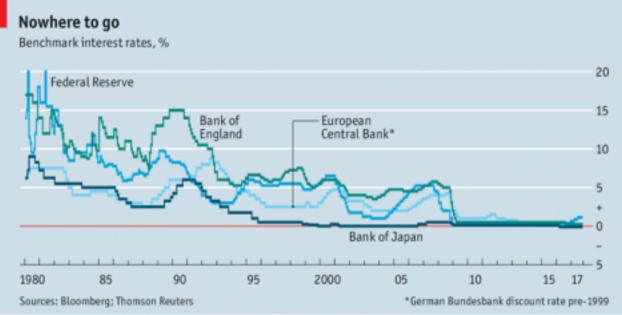
Macroeconomics Intro

| Issue | Prosecution | Defense | Verdict (Why?) |
|---|-------------|---------|----------------|
| U.S. companies now pay only a 21% tax while 90 comapnies on the fortune 500 paid none at all in the past year. Companies also receive tax benefits to move their operations abroad and manufacturing has declined since the Trump tax bill of 2017. Resolved: the corporate tax rate from 21% to 28%, impose a tax on businesses that outsource jobs and double the tax on foreign earnings of U.S. companies located overseas. | | | |
| Resolved: America despite America's national debt, the country should undertake a massive policy of fiscal stimulus including a major infrastructure initiative while interest rates are low and allow the FED to raise interest rates to fight the current recession. | | | |
| Resolved Tax Rates on the rich should be raised: Raising their total tax burden to 40 percent for the e highest tax bracket would generate about \$157 billion in revenue the first year. Increasing it to 45 percent brings in a whopping \$276 billion. | | | |

Macroeconomics Intro

ONE day, perhaps quite soon, it will happen. Some gale of bad news will blow in: an oilprice spike, a market panic or a generalized formless dread. Governments will spot the danger too late. A new recession will begin. Once, the response would have been clear: central banks should swing into action, cutting interest rates to boost borrowing and investment. But during the financial crisis, and after four decades of falling interest rates and inflation, the inevitable occurred (see chart). The rates so deftly wielded by central banks hit zero, leaving policymakers grasping at untested alternatives. Ten years on, despite exhaustive debate, economists cannot agree on how to handle such a world.

During the next recession, the "zero lower bound" (ZLB) on interest rates will almost certainly bite again. When it does, central banks will reach for crisis-tested tools, such as quantitative easing (creating money to buy



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bonds) and promises to keep rates low for a long time. Such policies will prove less potent than in the past; bond purchases are less useful, for instance, when credit markets are not impaired by crisis and long-term interest rates are already low. In the absence of a solid policy consensus, the use of any unorthodox` tool is likely to be too tentative to spark a fast recovery.

ALL Students Read this article for Question #2: <u>https://www.cbsnews.com/news/how-congress-can-help-fight-the-next-recession/</u>

AP Students: Print out and Interactively read this article:

https://www.economist.com/news/finance-and-economics/21730423-new-study-imf-finds-no-strong-correlation-between-lower-taxes-and-higher?zid=295&ah=0bca374e65f2354d553956ea65f756e0