

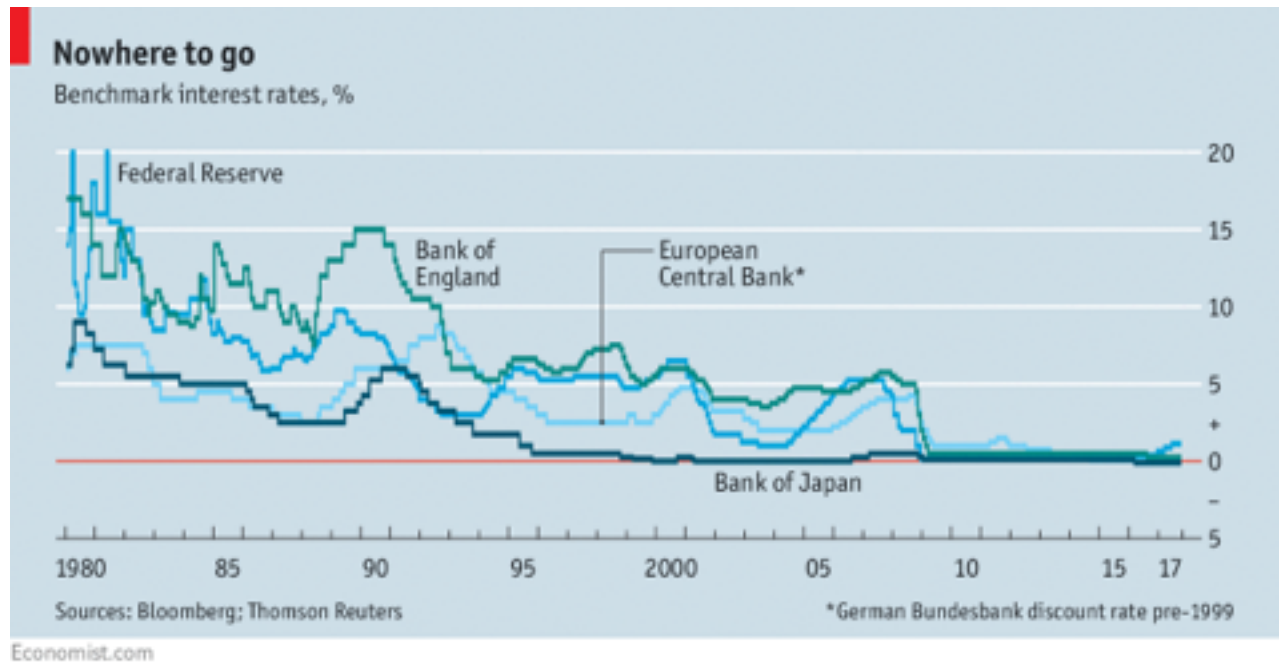
## Macroeconomics Intro

Issue	Prosecution	Defense	Verdict (Why?)
U.S. companies pay the highest corporate tax rate (35%) in the industrialized world. Yet many are not paying nearly that rate and are coming up with creative ways to avoid paying their legally-required share. Notably, a growing number – at least 50 in the last two decades with the number rising sharply in recent years -- are undertaking so-called inversions in which they move their corporate headquarters overseas in order to avoid paying U.S. taxes. The U.S. is losing billions each year in revenue. Resolved we lower the corporate tax rate:			
Resolved: America 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 next recession.			
Resolved Tax Rates on the rich should be raised: Raising their total tax burden to 40 percent 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 oil-price 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 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:

<https://www.cbsnews.com/news/how-congress-can-help-fight-the-next-recession/>

**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>