# Spending DA

# 1NC

US economy has strong projected growth in 2013 – holding ground on taxes and spending cuts are key

Moore 6/21

[William Moore, writer for star chron, “US Economy is rushing toward a fiscal cliff”, <http://www.chron.com/opinion/outlook/article/U-S-economy-is-rushing-toward-a-fiscal-cliff-3653546.php>]

Catastrophes come in two categories: Black Swan disasters that catch everyone off guard and predictable surprises that arrive with clear warnings and can easily be avoided. **Brace yourself for a predictable surprise for the U.S. economy - a completely avoidable recession and market crash, beginning next year**. Absent action by Congress, **the U.S. government will take our economy over a fiscal cliff at the beginning of 2013 when large spending cuts and tax increases are scheduled to take effect.** **These cuts and taxes - about 3.5 percent of gross domestic product - are simply too big for a wobbly U.S. economy to handle and would almost certainly cause a recession. Alternatively, the Congressional Budget Office (CBO) forecasts that if Congress steps back from this fiscal cliff, real GDP growth in calendar year 2013 will be a strong 4.4 percent.**

# 1NC

Improving infrastructure conditions is very costly

Guevarra 11

[ Leslie Guevarra is an editor at GreenBiz.com. She has been a reporter and editor online and in print, an associate producer and public affairs program host on television, and a podcaster, “US Infrastructure Woes Mount to $2 Trillion for Repairs Alone”, <http://www.greenbiz.com/news/2011/05/18/us-infrastructure-woes-mount-2-trillion-repairs-alone>]

China invests 9 percent of its GDP on infrastructure; the United States, a paltry 3 percent. Western Europe is cutting greenhouse gas commissions as it links rail and road systems for moving people and freight efficiently. Canada and Australia also are trying to contend with aging systems and have leaped beyond the U.S. in doing so. The Urban Land Institute and Ernst and Young have tracked infrastructure investment trends in the United States, among its global peers and in developing countries for five years. So it's not news that the U.S. has long been a laggard when it comes to looking after roads, bridges, transportation networks and systems for treating, delivering and storing water, ULI and E&Y note in their latest report. What's striking about the study released this week are its details on how far the U.S. has fallen behind and the report's strongly worded criticism. "In contrast with its global competition, the United States is lurching along a problematic course -- potentially losing additional ground," said the report, "Infrastructure 2011: A Strategic Priority," the fifth in a series of annual studies. Furthermore, the report said: "After more than 30 years of conspicuously underfunding infrastructure and faced with large budget deficits, increasing numbers of national and local leaders have come to recognize and discuss how to deal with evident problems. But a politically fractured government has mustered little appetite to confront the daunting challenges, which include finding an estimated $2 trillion just to rebuild deteriorating networks ...

# 1NC

Unchecked spending kills the economy

Cohn 6/18

Dr. Alan Cohn, writer APP.com, “Spend less bring in more to balance the federal budget, http://www.app.com/article/20120619/NJOPINION02/306190006?odyssey=mod|mostcom]

It is an economic reality that every dollar our government spends must be paid with tax dollars. This includes our $15 trillion dollars of debt. Common sense indicates that there are only two legitimate ways to balance a budget and pay off debts. First, reduce spending enough so that income exceeds expenses, and second, increase income, i.e. tax revenue, so that it exceeds spending, and then use the surplus to pay down the debt. Job creation has always been the most effective way to increase the tax base and tax revenue, but not all jobs accomplish this goal. Public-sector jobs, which must be paid with tax dollars, increase government spending, whereas private job creation increases the tax base and the tax revenue. To balance the budget, politicians should focus on reducing both spending and as many public-sector jobs as possible, while at the same time encouraging the growth of private-sector jobs. Sadly, the fear of not being re-elected renders impotent our politicians’ will to reduce governmental spending and public-sector jobs. Our government has two additional tools for dealing with our debt. First, as improbable as it may seem, the U.S. could default on its loans, just as Greece has done. Second, the U.S. could do what most governments have done when faced with a huge debt and a faltering economy, take to the printing presses and attempt to inflate our way to prosperity. Unfortunately, this pathway invariably results in economic ruin and social upheaval, and nothing indicates that this time will be any different.

# 1NC

Impact – Econ decline causes world war

Mead 09

Walter Russell Mead, Senior Fellow, US Foreign Policy, Council on Foreign Relations, 2/4/09, “Only Makes You Stronger,” The New Republic, <http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2>)

History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises. Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born? The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

# \*\*\*Links\*\*\*

# Link – Infrastructure

Improving infrastructure would cost 2 trillion dollars

The Daily Tribune 5/31

[“The US Cant Afford to delay fixing Infrastructure”, [http://www.dailytribune.com/article/20120531/OPINION01/120539924/u-s-can-t-afford-to-delay-fixing-infrastructure&pager=2](http://www.dailytribune.com/article/20120531/OPINION01/120539924/u-s-can-t-afford-to-delay-fixing-infrastructure%26pager%3D2)]

**Eventually**, the report says, **the federal gas tax will be increased; water bills will rise to pay for pipe and sewer replacement; property and sales taxes will increase; and private companies will play a much larger role in funding and maintaining public projects.** **Cost of repairing the nationwide system is estimated to be $2 trillion.** Not doing so will be a lot more of a hassle than having to boil water. We could become trapped in our own rubble and fall to Third World status within 50 years, according to the Institute.

# Link – Infrastructure

Fixing current infrastructure will take atleast 45 billion dollars

Hammerman 6/18

[Luke Hammerman, writer for the observer, Wasted Money, “Wasted Time: U.S Lags Behind on Infrastructure”, <http://observer.com/author/luke-hammerman/>

Who wants to spend tax money on new roads and bridges and infrastructure? Not the U.S.! We hate taxes here, after all. The U.S. slowed down to from fifth to 24th in a ranking of infrastructure quality on a global level, according to a report released by the Council of Foreign Relations. And quality is not the only thing slowing down. Time and fuel wasted in traffic congestion cost the country $101 billion—or $713 per commuter in 2010. The percentage of economic growth in 2011 would have been .2 percentage points higher had the necessary infrastructure maintenance and improvements been made, according to the report, which was the first first installment of the Renewing America Report and Scorecard series. The answer? More money! The immediate cost of fixing the roads, bridges and railroads cannot be done with the $48 billion the government invests, but needs an increase of at least 60 percent. The report warns that the longer the government waits to fix the transit systems in place the cost ticks upwards.

# \*\*\*Internal Links\*\*\*

# IL – Spending Kills Econ

Unchecked spending destroys the economy

Butler 11

Stuart Butler, Ph.D., Distinguished Fellow and Director, Center for Policy Innovation, Alison Acosta Fraser, Director, Thomas A. Roe Institute for Economic Policy Studies, and William Beach, Director, Center for Data Analysis, 5/10/11, Saving the American Dream: The Heritage Plan to Fix the Debt, Cut Spending, and Restore Prosperity, Heritage Foundation Special Report #91, <http://www.heritage.org/Research/Reports/2011/05/Saving-the-American-Dream-The-Heritage-Plan-to-Fix-the-Debt-Cut-Spending-and-Restore-Prosperity>

We have come to a time of decision. For far too long, Congress has been on an unsustainable binge of spending, taxing, and borrowing. Our nation is going broke, and we are passing the costs of these misguided policies to our children and their children. Over time, our national government has become bloated, overextended and unrestrained, oblivious of its core functions, operating far beyond its means and vastly outside of its proper constitutional bounds. Unchecked, the course we are on now will cripple our economy, undermine our prosperity, and lead to fiscal insolvency. By robbing the future of opportunity and freedom, it will destroy the American Dream for future generations.

# IL – Spending Kills Econ Brink

Lowering spending necessary in the status quo

**Warren 6/22**

[reporter @ Big Government, Cut, “Cap, and Balance or Else!” <http://biggovernment.com/capitolconfidential/2012/06/21/cut-cap-and-balance-or-else/>]

These lawmakers shrewdly see that a balanced budget amendment as one of the few means by which we can begin to return to fiscal sanity as a nation. Year after year, leaders in Washington fail to rein in out-of-control federal spending, and now the United States is on the brink of fiscal collapse. Either our lawmakers can require a constitutionally mandated balanced federal budget, or international bankers and US debt-holders – including China, Russia, and oil-exporting countries – will do it for us, just as they’re now forcing austerity upon Greece, Ireland, Portugal, Spain, and other debt-ridden countries. These debt-ridden countries have seen their unemployment rates nearly double since their financial woes came to a head. Passage of a balanced budget amendment is a major ingredient to getting our national fiscal health back on track

# IL – Fiscal Discipline Key to Econ

Failure to address the budget deficit ensures a second global recession and collapse of U.S. leadership

**Bergsten 9**

[C. Fred, Director of the Institute for International Economics, former Assistant Secretary of the Treasury for International Affairs and Assistant for International Economic Affairs to the National Security Council

(Dec, “The Dollar and the Deficits,” Foreign Affairs, lexis]

A first step is to recognize the dangers of standing pat. For example, the United States' trade and current account deficits have declined sharply over the last three years, but absent new policy action, they are likely to start climbing again, rising to record levels and far beyond. Or take the dollar. Its role as the dominant international currency has made it much easier for the United States to finance, and thus run up, large trade and current account deficits with the rest of the world over the past 30 years. These huge inflows of foreign capital, however, turned out to be an important cause of the current economic crisis, because they contributed to the low interest rates, excessive liquidity, and loose monetary policies that—in combination with lax financial supervision—brought on the overleveraging and underpricing of risk that produced the meltdown. It has long been known that large external deficits pose substantial risks to the US economy because foreign investors might at some point refuse to finance these deficits on terms compatible with US prosperity. Any sudden stop in lending to the United States would drive the dollar down, push inflation and interest rates up, and perhaps bring on a hard landing for the United States—and the world economy at large. But it is now evident that it can be equally or even more damaging if foreign investors do finance large US deficits for prolonged periods. US policymakers, therefore, must recognize that large external deficits, the dominance of the dollar, and the large capital inflows that necessarily accompany deficits and currency dominance are no longer in the United States' national interest. Washington should welcome initiatives put forward over the past year by China and others to begin a serious discussion of reforming the international monetary system. If the rest of the world again finances the United States' large external deficits, the conditions that brought on the current crisis will be replicated. To a large extent, the US external deficit has an internal counterpart: the budget deficit. Higher budget deficits generally increase domestic demand for foreign goods and foreign capital and thus promote larger current account deficits. But the two deficits are not "twin" in any mechanistic sense, and they have moved in opposite directions at times, including at present. The latest projections by the Obama administration and the Congressional Budget Office (CBO) suggest that both in the short run, as a result of the crisis, and over the next decade or so, as baby boomers age, the US budget deficit will exceed all previous records by considerable margins. The Peterson Institute for International Economics projects that the international economic position of the United States is likely to deteriorate enormously as a result, with the current account deficit rising from a previous record of six percent of GDP to over 15 percent (more than $5 trillion annually) by 2030 and net debt climbing from $3.5 trillion today to $50 trillion (the equivalent of 140 percent of GDP and more than 700 percent of exports) by 2030. The United States would then be transferring a full seven percent ($2.5 trillion) of its entire economic output to foreigners every year in order to service its external debt. This untenable scenario highlights a grave triple threat for the United States. If the rest of the world again finances the United States' large external deficits, the conditions that brought on the current crisis will be replicated and the risk of calamity renewed. At the same time, increasing US demands on foreign investors would probably become unsustainable and produce a severe drop in the value of the dollar well before 2030, possibly bringing on a hard landing. And even if the United States were lucky enough to avoid future crises, the steadily rising transfer of US income to the rest of the world to service foreign debt would seriously erode Americans' standards of living. Hence, new record levels of trade and current account deficits would likely levy very heavy costs on the United States whether or not the rest of the world was willing to finance these deficits at prices compatible with US prosperity. Washington should seek to sharply limit these external deficits in the future—and it is encouraging that the Obama administration has indicated its intention to move in that direction, opting for future US growth that is export-oriented, rather than consumption-oriented, and rejecting the role of the United States as the world's consumer of last resort. Balancing the budget is the only reliable policy instrument for preventing such a buildup of foreign deficits and debt for the United States. As soon as the US economy recovers from the current crisis, it is imperative that US policymakers restore a budget that is balanced over the economic cycle and, in fact, runs surpluses during boom years. Measures that could be adopted now and phased in as growth is restored include containing the cost of medical care, reforming Social Security, and enacting new taxes on consumption. The US government's continued failure to responsibly address the fiscal future of the United States will imperil its global position as well as its future prosperity. The country's fate is already largely in the hands of its foreign creditors, starting with China but also including Japan, Russia, and a number of oil-exporting countries. Unless the United States quickly achieves and maintains a sustainable economic position, its ability to pursue autonomous economic and foreign policies will become increasingly compromised.

# \*\*\*Uniqueness\*\*\*

# Uniqueness – Spending Cuts

No new spending in sqo

Young 6/21

[JT Young, “Mandatory Spending Balloons As Defense Spending Shrinks”, <http://news.investors.com/article/615654/201206211729/entitlement-spending-booms-while-defense-spending-contracts.htm>]

Apparently this 40-year old history is what last year's Budget Control Act — the deal allowing passage of the most recent debt limit increase — mistook for the present. It is the budgetary equivalent of believing Elvis is still recording. The Budget Control Act legislated $2.1 trillion in deficit reduction over the next 10 years. First, there was an immediate $900 billion reduction — of which more than 80% was discretionary spending savings. Second, once Congress was unable to reach a deficit reduction agreement late last year, another $1.2 trillion in spending was to automatically begin next year. Of this second cut, only 16% will come from mandatory spending, according to the Congressional Budget Office. And in the discretionary cuts, 61% will come from defense. How off the mark this second round of cuts is can be seen from looking at how federal spending breaks down now. In 2011, discretionary spending equaled just 9% of GDP (down 17.4% from 1972), while defense spending comprised just 4.7% of GDP — down 29.9% over four decades. By contrast, mandatory spending has almost doubled over that time. In 2011, it equaled 13.5% of GDP — up 82.4% from 1972. To truly appreciate just how massive mandatory spending is consider that 2011's total was $2.025 trillion. Not until 1988 did the entire federal debt equal that sum. And not until 2003 did the entire federal budget match it. To truly appreciate how deep a hole mandatory spending has dug for the budget, consider that if its growth had simply kept pace with the economy's over the last four decades, last year's deficit as a percent of GDP would have been just 2.6 — instead of the 8.7 it actually was.

# Uniqueness – Spending Cuts

New legislation proves spending cuts now

Bank Credit News 6/22

[“House Appropriations Committee approves $21 billion spending bill for 2013”, <http://bankcreditnews.com/news/house-appropriations-committee-approves-21-billion-spending-bill-for-2013/4495/>]

The House Appropriations Committee voted on Wednesday to approve the 2013 budget bill that would extend $21.15 billion in funding to several federal entities, though the budget is $2 billion less than requested by President Obama. The legislation would provide fiscal year funding for the Executive Office of the President, Treasury Department, Small Business Administration, Securities and Exchange Commission, and several other federal agencies. “Our federal debt is approaching $16 trillion, and this bill meets the goal of reducing spending at federal agencies while preserving their important responsibilities to the American people,” Subcommittee Chairwoman Jo Ann Emerson said. “Many more agencies are asked to find value for taxpayers, and we have greatly reduced the president’s unjustified request for a budget increase.” The bill includes language from the American Bankers Association that advocates the allowance of savings and loan holding companies to capitalize on recent changes to the SEC’s shareholder registration requirements. Other ABA-advocated language in the bill pressures the Internal Revenue Service to protect information related to the non-resident alien interest-reporting rule from questionable regimes. Additionally, the bill would also subject the Consumer Financial Protection Bureau to the congressional appropriations process beginning in the 2014 fiscal year and remove the Federal Reserve as the agency’s main funding source.

# Uniqueness – Econ Strong

US economy strong

Gangloff 6/20

[Mike Gangloff, writer for HispanicBusiness, “Vilsack: US Economy Has 'Turned the Corner'” , <http://www.hispanicbusiness.com/2012/6/20/vilsack_us_economy_has_turned_the.htm>]

The U.S. economy has "obviously turned the corner" and is improving, U.S. Secretary of Agriculture Tom Vilsack said Tuesday in Blacksburg, Va. Kicking off a media tour to praise the Obama administration's assistance to rural areas -- and with staffers emphasizing that he was campaigning as a former governor of Iowa rather than in his current federal role -- Vilsack and Blacksburg Mayor Ron Rordam highlighted the expansion of broadband and supporting recreation efforts, among other areas. Standing in front of the still-in-construction Phase II of the Virginia Tech Corporate Research Center, Rordam said $2 million in federal money had helped pay for the expansion he termed "such a vital part of the Blacksburg economy." The new building will house new companies that probably will offer 100 new jobs, Rordam said. Rordam said he also appreciated Obama's support for conservation easements to protect air and water quality.

# Uniqueness – Econ Strong

Fed says econ conditions improved during months of May and April.

Agence France Presse 6/6

[“ Fed: U.S. Economy Expanded at 'Moderate Pace' in April and May” , <http://www.industryweek.com/articles/fed_u-s-_economy_expanded_at_moderate_pace_in_april_and_may_27544.aspx>]

Conditions in the U.S. economy generally improved over the April-May period, according to the Federal Reserve's regular Beige Book regional review released Wednesday. Most of the central bank's 12 regions reported improving conditions, and the Fed said "overall economic activity expanded at a moderate pace," better than its previous formulation in early April of "a modest to moderate pace." The Beige Book survey -- which will frame the discussions at the Fed's next policy meeting on June 19-20 -- comes as the data from other government and private agencies has cast a much dimmer picture for growth. Slower-than-expected growth and jobs data released in recent weeks has given rise to expectations that the Fed might expand its stimulus operations at that meeting. But the Beige Book was more upbeat than some of the other recent data. Only one of the 12 districts, Philadelphia, reported slower expansion since the last report. "Manufacturing continued to expand in most districts. Consumer spending was unchanged or up modestly. New vehicle sales remained strong and inventories of some popular models were tight," the Fed said. Meanwhile, worries expressed in the previous report that gasoline prices were holding back economic activity diminished, as the price of the fuel has fallen.

# AT: Deficit Spending Good

It has been shown in the past that government spending does not bolster the economy

**Calafia Beach Pundit, 2011**

[Illustrating the Failure of Keynesian Pump-priming," Seeking Alpha. http://seekingalpha.com/article/277498-illustrating-the-failure-of-keynesian-pump-priming, Jun. 30]

I've showed this before, but it's worthwhile repeating. The chart below makes a bold and striking statement: The more the government spends, in relation to the size of the economy, the higher the rate of unemployment; the less the government spends, the lower the rate of unemployment. That's not the same as saying that rising government spending causes the unemployment rate to rise, since it's very true that rising unemployment forces the government to spend more (e.g., for unemployment benefits and other assistance to those losing their jobs), and rising unemployment goes hand in hand with a weaker economy, and that tends to push government spending higher in relation to GDP. So I want to be careful with the causation/correlation argument here. But the experience of the past several years has been remarkable, in that there is no question that three years ago the government embarked on a major campaign to stimulate the economy via a massive increase in government spending. The big rise in spending as a percentage of GDP in the past three years was mostly driven by a forced increase in spending, and only partially by the fact that automatic stabilizers (e.g., unemployment insurance, food stamps) kick in as the economy weakens. And it is clear that this virtually unprecedented spending boost coincided with the biggest and fastest rise in the unemployment rate, and the deepest recession and slowest recovery in many decades. At the very least, this is prima facie evidence that Keynesian pump priming doesn't work, and it's potentially strong evidence that a big dose of pump priming not only doesn't work, but makes things worse. Furthermore, it's evidence that a significant reduction in government spending as a percentage of GDP does not prevent a significant strengthening of the economy: consider the 1993-2000 period in the above chart, when both spending and the unemployment rate experienced significant declines. Spending is the elephant in the living room, and it needs to be cut back sharply. Government spending doesn't add to demand -- it wastes resources. When the government spends more than it takes in, that money has to come from somewhere. And when government spends money, it does so much less efficiently than the private sector. Moreover, deficit-financed spending takes just as many resources out of the economy as tax-financed spending. The only difference between the two is that when the government borrows to finance its spending, the private sector at least has the hope of recovering the money some day, whereas with higher tax rates, there is no hope of recovery. Plus, higher tax rates impact future decisions adversely, since they reduce the after-tax rewards to saving and investing and thus reduce future living standards by depressing investment activity. The debate in Washington over spending cuts vs. higher tax rates is extremely important to the future of the economy. This has nothing to do with partisanship, and everything to do with basic common sense and the facts presented in the chart above. Since more government spending has hurt the economy, less government spending should help the economy.

Spending is bad for the economy

**A. Adrianson, 2010**

[editor of the Insider, "Spending Cuts Are Good for the Economy," The Heritage Foundation. http://blog.heritage.org/2010/09/16/spending-cuts-are-good-for-the-economy/. Sep. 16]

Reducing budget deficits by cutting government spending has a stronger record of economic stimulus than either reducing the deficit with tax increases or increasing government spending. That’s what Harvard economists Albert Alesina and Silvia Ardagna have found in their recent research. They examined 107 instances of large reductions (at least 1.5 percent in one year) in budget deficits as well as 91 instances of large increases (over 1.5 percent in one year) in budget deficits over the past 40 years.

They found that when an economy expands following deficit reduction, spending cuts were the largest part of the adjustment. At the same time, when recessions followed deficit reduction, tax increases were the predominant policy. The authors also found that when budget deficits increased, tax cuts had a more expansionary impact on the economy than spending increases.

# AT: Deficit Spending Good

The Keynesian ideas on economy are wrong—they were true during the Great Depression, but not now

**Jason Bradley 11**

[former military member, background in national security and has remained in the field since separating from the military, June 27, 2011, <http://biggovernment.com/jbradley/2011/06/27/keynesians-are-both-wrong-and-dangerous/>]

The Keynesian school of thought on the economy is that of the potential instability of the private sector and the undependability of the market driven self-adjustment factor. Keynes during his day said that in times of depression (or deep recessions) the government should focus entirely on spending by injecting the national economy with lots of cash. So the task was simple: spend more on goods and services thereby shifting aggregate demand in the other direction and presto we are out of the recession. However, Keynes put forth these thoughts during the Great Depression. In which inflation was not a threat, prices were falling, and unemployment was reaching 25 percent. Since the goal was to get the national economy back to full employment, the only model used for analysis was the aggregate demand curve in relation to real GDP gaps. There was no need to study aggregate supply and aggregate demand, prices and real job growth because he was only interested in what market participants would buy during the depression if the economy was producing at full capacity. So a new model called the Keynesian Cross was coined which basically focuses on the differences in total spending to the value of total output. It doesn’t account for true distinctions for price levels and real output, i.e., real job growth. An increase in aggregate demand effects real output and prices but doesn’t always translate to a dollar-for-dollar improvement in real GDP. Again, and to his defense, Keynes’ ideas were during the Great Depression — falling prices, etc., — this is not the Great Depression, so when supply and demand increases so do prices. As a result we still stay short of full employment, consumer spending stays down, wages become relatively low, the economy fails to rebound and possibly falls back into recession.

# \*\*\*Impacts \*\*\*

# AIDS

**Economic decline undermines the fight against AIDS**
**Griffiths 10**

[Meredith, May 29, “Economic downturn hampers AIDS battle”, <http://www.abc.net.au/news/stories/2010/05/29/2912879.htm>]

Aid agency Medecins Sans Frontieres says the fight against AIDS in Africa is being undermined by the economic slowdown. The agency, also known as MSF or Doctors Without Borders, has released a new report showing how major funders have capped, reduced or withdrawn spending on HIV treatments over the past 18 months. Dr Mit Phillips worked on the report, which analysed what has happened to HIV funding in eight sub-Saharan countries. She says the gap is widening and people will die waiting for treatment. "There is already not enough funding that is foreseen, and now we see a clear change in direction of several donors," she said. The largest institution, the Global Fund, faces a major shortfall, as the US, the Netherlands and Ireland have already announced they will be reducing their donations. The US Government's own AIDS program has frozen its budget and has cut funding for anti-retroviral drugs, as has UNITAID and the World Bank. Dr Phillips says that in the Democratic Republic of Congo, the Global Fund had intended to start 12,000 people on anti-retroviral drugs, but that has been reduced to 2,000. She says MSF has already seen the effects of the funding shortfall. "Any problem in funding has an immediate knock-on effect on supplies," Dr Phillips said. "It's not inevitable at all, because although most of the donors call upon the economic crisis to explain why there is less money available, it's a question of choices. "If the economic crisis is used as an excuse, then it's at the same time a bit unreasonable to expect that countries in Africa who are also caught up and touched by the economic crisis that they can compensate. So we have really a problem." Dr Phillips says the lack of funding could undermine the progress that has been made over the past decade. "There has been significant success in terms of HIV treatment all out and we are seeing now also positive effects in areas where there is a high coverage of [antiretroviral treatments]," she said. MSF says that 9 million people around the world need HIV treatment and two-thirds of them are in sub-Saharan Africa

# Asian Stability

Growth is key to it

**Cossa and Khanna, ’97**

Ralph A. Cossa is President and Jane Khanna is assistant director for programs and development, both at the Pacific Forum CSIS (April. “ East Asia: Economic Interdependence and Regional Security”. International Affairs, Vol. 73, No. 2, (Apr., 1997), pp. 219-234. <http://www.jstor.org/stable/2623825?origin=JSTOR-pdf>)

The nations of East Asia have proved increasingly to be capable of putting his- toric enmities and suspicions aside in order to participate in, and to sustain, the region's growing economic prosperity. The generally secure post-Cold War political/security environment has both fostered economic growth and coop- eration and been enhanced by it. Nonetheless, potentially serious security chal- lenges and uncertainties continue to exist which could threaten future region- al peace and stability.While economic interdependence provides no guarantee against future conflicts (and could even generate such conflict if mismanaged), on the whole, greater economic cooperation fosters greater trust and confi- dence while increasing the costs of conflict to all concerned.This decreases the likelihood that military force will be used to accomplish objectives or settle dis- agreements among states. Among the vehicles for creating better habits of cooperation in the region are the promotion of NETs and greater participation in multinational growth triangles. The Yellow Sea rim area offers one of many arenas for Japan, South Korea, and China (and eventually North Korea as well) to overcome their his- toric animosities. Some fundamental challenges still exist; there is a lingering perception of a zero-sum game in North-East Asia, where states worry that other states will gain more by cooperation. The lack of political as well as economic trans- parency helps to feed these concerns.Yet the web of economic and political ties that are being generated in the Yellow Sea rim and other NETs or growth tri- angles can serve as building blocks in developing a further improved Asian security environment.

# China Relations

Perception of U.S. economic decline destroys relations with China

**Swaine, ’11**

[Michael Swaine is a senior associate at the Carnegie Endowment for International Peace. [The Diplomat. <http://the-diplomat.com/whats-next-china/avoiding-us-china-military-rivalry/>]

Despite the mostly friendly nature of President Hu Jintao’s state visit to Washington last month, the potential still exists for the US-China relationship to become much more adversarial, especially in the military-security arena. A combination of deepening strategic distrust (found most notably within the militaries of the two countries), China’s steady acquisition of maritime power projection capabilities, the persistence of bilateral tensions associated with territorial issues along China’s maritime periphery, and a growing sense in China of the United States’ economic decline could prod both countries to view Asia as a zero-sum game and look for ways to counter each other’s military actions. If this is to be prevented, the two countries will need to start considering more long-range, strategic communication.

# Competitiveness

Fiscal irresponsibility crushes competitiveness – private crowd out and trade

**Bergsten, 11**

[C. Fred, Director, Peterson Institute for International Economics [5/6. “The Budget Deficit and U.S. Competitiveness”, CFR. <http://www.cfr.org/economics/budget-deficit-us-competitiveness/p24910>]

Early and effective correction of the budget deficit is critical to the global competitiveness of the U.S. economy. This is because there are only two possible financial consequences of our continuing to run deficits of more than $1 trillion annually as now projected for the next decade or more. One is sky-high interest rates that would crowd out private investment. The other is huge borrowing from the rest of the world that would push the exchange rate of the dollar so high as to price U.S. products out of international markets. Either outcome would severely undermine U.S. global competitiveness. The saving rate of the U.S. private sector, despite modest recovery from its rock-bottom lows prior to the recent crisis, is far too meager to finance enough investment to grow U.S. productivity and economic output at an acceptable rate. Government deficits anywhere near current levels tap such a large share of this pool of funds that they starve the capital needs of productive enterprise. The traditional "escape value" from this dilemma, facilitated by the central international role of the dollar, is for the United States to borrow abroad. We can do so in only two ways, however: by offering interest rates so high that they will also stultify domestic investment or, more likely, by letting the dollar climb to levels that are substantially overvalued in terms of U.S. trade competitiveness. Every rise of a mere 1 percent in the trade-weighted average of the dollar in fact reduces the U.S. current account balance by $20 to $25 billion, after a lag of two years, cutting economic growth and destroying 100,000 to 150,000 jobs in an economy already suffering from high unemployment. Partly as a result of persistent budget deficits, the dollar has been overvalued by at least 10 percent--and frequently by much more--over the past forty years. As a result, U.S. competitiveness and the entire U.S. economy have been severely undermined. In addition, the United States has become by far the world's largest debtor country, and its external balance is on a wholly unsustainable trajectory. The trade and budget deficits are not "twins" in any mechanistic sense. The latter inherently promotes the former, however, as we have observed over these last four decades. Elimination of the fiscal imbalance, and preferably the maintenance of a modest surplus over the course of the business cycle to produce an adequate level of overall national saving, is imperative to avoid further severe deterioration of the international economic position of the United States.

# Warming

Economic growth solves warming and the environment – EKC curves

**Tierney, 9**

[John, columnist [April 20. New York Times. “Use Energy, Get Rich and Save the Planet”. <http://www.nytimes.com/2009/04/21/science/earth/21tier.html>]

But among researchers who analyze environmental data, a lot has changed since the 1970s. With the benefit of their hindsight and improved equations, I’ll make a couple of predictions: 1. There will be no green revolution in energy or anything else. No leader or law or treaty will radically change the energy sources for people and industries in the United States or other countries. No recession or depression will make a lasting change in consumers’ passions to use energy, make money and buy new technology — and that, believe it or not, is good news, because... 2. The richer everyone gets, the greener the planet will be in the long run. I realize this second prediction seems hard to believe when you consider the carbon being dumped into the atmosphere today by Americans, and the projections for increasing emissions from India and China as they get richer. Those projections make it easy to assume that affluence and technology inflict more harm on the environment. But while pollution can increase when a country starts industrializing, as people get wealthier they can afford cleaner water and air. They start using sources of energy that are less carbon-intensive — and not just because they’re worried about global warming. The process of “decarbonization” started long before Al Gore was born. The old wealth-is-bad IPAT theory may have made intuitive sense, but it didn’t jibe with the data that has been analyzed since that first Earth Day. By the 1990s, researchers realized that graphs of environmental impact didn’t produce a simple upward-sloping line as countries got richer. The line more often rose, flattened out and then reversed so that it sloped downward, forming the shape of a dome or an inverted U — what’s called a Kuznets curve. (See nytimes.com/tierneylab for an example.) In dozens of studies, researchers identified Kuznets curves for a variety of environmental problems. There are exceptions to the trend, especially in countries with inept governments and poor systems of property rights, but in general, richer is eventually greener. As incomes go up, people often focus first on cleaning up their drinking water, and then later on air pollutants like sulfur dioxide. As their wealth grows, people consume more energy, but they move to more efficient and cleaner sources — from wood to coal and oil, and then to natural gas and nuclear power, progressively emitting less carbon per unit of energy. This global decarbonization trend has been proceeding at a remarkably steady rate since 1850, according to Jesse Ausubel of Rockefeller University and Paul Waggoner of the Connecticut Agricultural Experiment Station. “Once you have lots of high-rises filled with computers operating all the time, the energy delivered has to be very clean and compact,” said Mr. Ausubel, the director of the Program for the Human Environment at Rockefeller. “The long-term trend is toward natural gas and nuclear power, or conceivably solar power. If the energy system is left to its own devices, most of the carbon will be out of it by 2060 or 2070.” But what about all the carbon dioxide being spewed out today by Americans commuting to McMansions? Well, it’s true that American suburbanites do emit more greenhouse gases than most other people in the world (although New Yorkers aren’t much different from other affluent urbanites). But the United States and other Western countries seem to be near the top of a Kuznets curve for carbon emissions and ready to start the happy downward slope. The amount of carbon emitted by the average American has remained fairly flat for the past couple of decades, and per capita carbon emissions have started declining in some countries, like France. Some researchers estimate that the turning point might come when a country’s per capita income reaches $30,000, but it can vary widely, depending on what fuels are available. Meanwhile, more carbon is being taken out of the atmosphere by the expanding forests in America and other affluent countries. Deforestation follows a Kuznets curve, too. In poor countries, forests are cleared to provide fuel and farmland, but as people gain wealth and better agricultural technology, the farm fields start reverting to forestland. Of course, even if rich countries’ greenhouse impact declines, there will still be an increase in carbon emissions from China, India and other countries ascending the Kuznets curve. While that prospect has environmentalists lobbying for global restrictions on greenhouse gases, some economists fear that a global treaty could ultimately hurt the atmosphere by slowing economic growth, thereby lengthening the time it takes for poor countries to reach the turning point on the curve. But then, is there much reason to think that countries at different stages of the Kuznets curve could even agree to enforce tough restrictions? The Kyoto treaty didn’t transform Europe’s industries or consumers. While some American environmentalists hope that the combination of the economic crisis and a new president can start an era of energy austerity and green power, Mr. Ausubel says they’re hoping against history. Over the past century, he says, nothing has drastically altered the long-term trends in the way Americans produce or use energy — not the Great Depression, not the world wars, not the energy crisis of the 1970s or the grand programs to produce alternative energy. “Energy systems evolve with a particular logic, gradually, and they don’t suddenly morph into something different,” Mr. Ausubel says. That doesn’t make for a rousing speech on Earth Day. But in the long run, a Kuznets curve is more reliable than a revolution.

# \*\*\*AFF\*\*\*

# Non Unique

US economy down. Terrible job growth and high unemployment expected to continue

AP 6/21

[“Weak job market weighs on US economy and shows little sign of improving”, <http://www.washingtonpost.com/business/economy/weak-job-market-weighs-on-us-economy-while-showing-little-sign-of-accelerating/2012/06/21/gJQAPlo7sV_story.html>]

WASHINGTON — The sluggish job market is weighing on the U.S. economy three years after the Great Recession ended. And the signs suggest hiring may not strengthen any time soon. A measure of the number of people applying for unemployment benefits over the past month has reached a six-month high, the government said Thursday. The increase suggests that layoffs are rising and June will be another tepid month for hiring.

# Non Unique

US economy down – housing market and stock market proves

AP 6/21

[“Weak job market weighs on US economy and shows little sign of improving”, <http://www.washingtonpost.com/business/economy/weak-job-market-weighs-on-us-economy-while-showing-little-sign-of-accelerating/2012/06/21/gJQAPlo7sV_story.html>]

Sales of previously occupied homes fell in May. And manufacturing activity in the Philadelphia region contracted for the second straight month in June. The gloomy economic data echoed a more pessimistic outlook from the Federal Reserve issued Wednesday. The reports also contributed to a sharp decline in stock prices. The Dow Jones industrial average fell 251 points to close at 12,574. The Standard & Poor’s 500 index and the Nasdaq composite both ended the day down more than 2 percent. “It appears the slow-growth expansion will be slower,” said John Silvia, chief economist at Wells Fargo Securities, in a note to clients.

# Econ Recovery Impossible

The economy won’t recover – U.S. is past the point of no return

**Bonner 10**

[Author of books and articles on economic and financial subjects (Bill, August 27, “What Will the New Economy Look Like?”, <http://www.csmonitor.com/Business/The-Daily-Reckoning/2010/0827/What-will-the-new-economy-look-like>]

Eventually, investors are going to realize that the discussion of a “recovery” is nonsense. The economy can never recover the pace and frenzy of the bubble years – and so much the better. It has to move on to something new. The big question is: What will this new economy look like? One important detail: in this new economy US stocks are not likely to be as highly prized as they are now. That is not to say that companies won’t make money. They will – especially those that are taking advantage of strong rates of growth overseas. But investors are likely to appreciate them less regardless. That’s what happens in a bear market: the price-to-earnings ratio falls. Earnings do not necessarily go down; but the multiple investors are willing to pay for each dollar of earnings does. When people are optimistic about the financial future they’re willing to pay 20 or 30 times for each dollar of earnings. But when they are gloomy and negative they’re unwilling to pay anything more than 10…or even 5…times for each dollar of earnings. Americans, and to a lesser extent people living in other developed economies, are going to feel increasingly negative as the years go by. For one thing, their economies are likely to underperform their competitors in the emerging world. But I’m going to focus on another reason today: their government financing systems are fundamentally dishonest and bankrupt. To make a long story short, their economies have been living on borrowed money and borrowed time. The moment for settling up is approaching. It is going to be painful, gloomy and depressing. All asset classes – save maybe cash and gold – are likely to fall. This message came out this week from two important sources. Professor Lawrence Kotlikoff of Boston University and former Reagan-era OMB chief David Stockman. Both make the same point: government finances are worse than we thought and headed for disaster. Of course, we knew that. You can’t go deeper and deeper into the hole forever. But two things are new: (1) these arguments are reaching the mainstream media; and (2) they show that federal finances are already beyond the point of no return. I’m going to briefly rehearse the numbers and basic ideas for you. Because it’s easy to forget what is going on. One day the Dow goes up; the next day, it goes down. One day, the economy seems to be recovering; the next, it seems to be slipping backwards. It is as though we were on a ship that has hit a submerged reef. This ship is still afloat. The bartender is still serving drinks. People stand around and argue about politics. The music is still playing. It’s easy to forget that the ship is sinking. Kotlikoff and Stockman each put forward evidence that clearly shows the US to be effectively bankrupt. If you add municipal debt to the official national debt, says Stockman, the total is already at Greek levels: about 120% of GDP. Stockman has an axe to grind. He blames the Republican Party for abandoning old-time fiscal rectitude for the allure of “vulgar Keynesianism” (in which “deficits don’t matter” because we will “grow our way out” of them. Tax cuts, for example, are supposed to be self-financing, because they boost GDP, which increases tax receipts even at lower rates.) Win-win is an attractive goal in contract negotiations; it rarely works its magic in public finances. When you cut taxes the first time, you may get an offsetting boost in GDP. But rarely a second or third time. The Reagan-era cuts seemed to pay off. The economy boomed. Republicans believed they had the winning formula: promise voters the moon and count on supply-side growth to pay for it. But the boom of the ’80s and ’90s was really Paul Volcker’s victory…not a victory for Republican fiscal management. After Volcker got control of inflation, the economy was able to grow and prosper for the next 20 years as interest rates fell and stocks rose. The “deficits don’t matter” creed backfired under the administration of George W Bush. Spending programs – projected into the future – created huge structural deficit gaps that cannot now be closed by any reasonable economic growth assumptions. In addition to the government deficit there is the accumulated trade deficit of $8 trillion – money spent by the private sector on goods and services bought overseas and not offset by investment back into the US by means of higher exports. Official federal debt and the accumulated trade shortfalls adds up to $26 trillion – not quite 200% of GDP, but getting there. Stockman: [N]ow there is no discipline, only global monetary chaos as foreign central banks run their own printing presses at ever faster speeds to sop up the tidal wave of dollars coming from the Federal Reserve. Stockman also condemns the growth of the financial sector: The combined assets of conventional banks and the so-called shadow banking system (including investment banks and finance companies) grew from a mere $500 billion in 1970 to $30 trillion by September 2008. But the trillion-dollar conglomerates that inhabit this new financial world are not free enterprises. They are rather wards of the state, extracting billions from the economy with a lot of pointless speculation in stocks, bonds, commodities and derivatives. They could never have survived, much less thrived, if their deposits had not been government-guaranteed and if they hadn’t been able to obtain virtually free money from the Fed’s discount window to cover their bad bets. Kotlikoff focuses more on the total of US debt, including unfunded “unofficial” debts and obligations. He puts the total at $202 trillion – an amount that clearly can’t be paid. Let’s get real. The US is bankrupt. Neither spending more nor taxing less will help the country pay its bills. David Stockman said it, not us.

# Econ Resilient

Econ resilient

**Dobosz 11**

[John Dobosz is deputy editor of investing content for Forbes Media [Forbes, “America’s Debts are Mighty, So Is Its Power To Come Back”, <http://blogs.forbes.com/johndobosz/2011/07/04/americas-debts-are-mighty-so-is-its-power-to-come-back/>]

It’s also racked up some debt and fought some wars. Lately it has been hard to avoid hearing about how big of a problem we have with our national debt and deficits, what with the Greek imbroglio dominating headlines with dramatic photos of burning Athens streets and tales of fiscal austerity. As tempting as it is to compare the United States to Greece in terms of the vexing fiscal situations the two countries both face, there are some huge differences between the two situations. For one, let’s talk currency. The Greek central bank does not have the ability to print the world’s reserve currency, nor can it print any currency for that matter since Greece is a member of the European Monetary Union and uses the euro, just like the big boys in Berlin and Paris. Ben Bernanke may not appeal to the Milton Friedman in you but let’s admit that he has performed some incredible feats to take trillions of bum loans off of the books of banks to keep the financial system operational. Monetizing debt, he was able to inject the economy with enough liquidity to avoid–at least for now–a deflationary depression. Another advantage of the United States is its military, which has the power to project force around the globe. It helps to have lethal force on your side when it comes to putting weight behind your policies. God bless the men and women of the military who enable us to enjoy this advantage. Finally, for all of its faults, the United States still attracts the world’s top entrepreneurs and scientists, from the boys at Google to legions of graduate students in engineering, medicine and physical sciences. With this lifeblood of business flowing through our veins, it’s not hard to imagine that the promise of great wealth will continue to spur innovation throughout the economy.

# Deficit Spending Good

Deficit spending acts as a stimulus for economic growth

Chicago Sun-Times 5/12/94 (lexis)

A veteran Northwestern University economist, Eisner worries that the government is acting too aggressively to cut the federal deficit. His recent book, The Misunderstood Economy (Harvard Business School Press), makes a case for deficit spending when it promotes economic growth. Eisner is a past president of the American Economic Association and he has just received the annual award of the international economics honor society, Omicron Delta Epsilon. In the book, **Eisner argues that deficit spending on the part of the federal government is a plus for the economy**, not a threat, even though he leads off his opening chapter with a quote from James Madison: "A public debt is a public curse." And another one from Thomas Jefferson, wishing for a constitutional amendment "taking from the federal government the power of borrowing." By Chapter 5, Eisner cites the great British economist John Maynard Keynes to support the idea that deficits can benefit the economy. He also quotes Dwight Eisenhower supporting the full use of the federal government's "power" and credit to make sure the country never again suffers another Great Depression. Much of what is written and said about the damage done by federal budget deficits "is sheer nonsense," Eisner writes. The nonsense, he writes, starts with the idea that the federal government will one day go bankrupt if deficits continue to build up. It is nonsense because the government "can simply print the money needed." The book makes it evident that Eisner loves to teach. He tackles the idea that the interest the government pays on the national debt can eventually wreck the economy. More nonsense, he writes. Actually, the interest on the debt comes to less than 3 percent of gross domestic product, and most of the interest -- spendable money -- ends up in the pockets of the middle class via pension funds and other savings vehicles. As Eisner points out, government spending is financed by taxes and deficits. The good professor prefers deficits. When you and I and our employers pay taxes, all we have to show for it is a piece of paper, a form showing taxes paid. At best, deficit spending may reward us with spendable interest payments. **All economic theory and all evidence indicate**, Eisner writes, **that people with more income and wealth spend more, to the benefit of the economy**. Today Eisner is worried about twin trends that seem to run counter to the main thesis of his book. In Washington the talk is of reduced federal spending and balanced budgets and higher interest rates. **All translate to less spending, public and private, and less support for the national economy.**

Deficit spending acts as an economic stimulus

New Straits Times 1/19/03 (lexis)

"Pump priming" in simple economic language means the Government spending more to stimulate a sluggish economy. This is usually done by spending on infrastructure projects and social services, **where the money that a Government spends flows down to the contractors, the workers and eventually circulates among the consumers**. Renowned economist Maynard Keynes first proposed this policy as a means to get a sluggish economy out of a recession. Central to this measure is the practice of Government budget deficit financing, where in order to fund the projects the Government has identified, it borrows, resulting in higher debts and a budget where revenue lags behind expenditure. This is what Governments in many countries, including the United States, Singapore, China, Thailand, Indonesia, Britain and Malaysia, are presently doing. **Even the World Bank and the International Monetary Fund are today advocating the use of budget deficit financing to revive a sluggish economy.**

Federal deficit spending almost always generates economic growth

Hoff and Shreve 03 (Derek and David, Fellow @ Miller Center of Public Affairs + Asst Prof @ UVA, AScribe Newswire, 9/26, lexis)

The "kind of demand we need" is that generated by middle-income and working-class prosperity. In clear terms, Clark reminded us that America is most prosperous when it adheres to its 70-year tradition of modest redistribution from the wealthy to everyone else. Taxes are not only the price we pay for civilization, but when levied primarily on those who can most afford them-and combined with public spending that benefits middle-income and working-class Americans-they also **generate economic growth**. As John Maynard Keynes explained in his path-breaking 1936 book, "The General Theory of Employment, Interest, and Money," the rich spend a smaller proportion of their income than do the poor, so a modest top-down redistribution of income places more money into the hands of individuals most likely to spend it. In turn, this enhanced purchasing power-the "kind of demand we need"-drives economic growth, ultimately rewarding the wealthy with rising profits and income in exchange for their willingness to be taxed. It isn't class warfare if everybody wins. As Keynes also noted, **federal deficit spending almost always generates economic growth by putting more money into the economy than it removes**. As a generally positive force that increases the rate of redistribution, deficits can mask the ill effects of policies that favor the wealthy. George W. Bush has embraced them for this reason.

Federal spending acts as an economic stimulus—Reagan experience proves

Financial Post 11/16/96 (lexis)

Frum confuses cause and effect. He credits tax cuts as the sole explanation for sound economic growth in the U.S. in the 1980s, while assuming that the high level of government spending during the same period was merely an unfortunate nuisance along the road to economic prosperity. **This ignores the fact that U.S. economic growth under Reagan was greatly enhanced because of deficit spending**, rather than in spite of it. **It may be folly** to believe that tax cuts alone can drive economic growth, without the **stimulative aid** of high government spending, which was the hallmark of the Reagan years. Perhaps today's policy-makers should take heed from the U.S. experience: Voodoo Economics may work, **so long as they are supported by good old Keynesian pump-priming.**

Deficit spending helps the economy

**Stiglitz 04**

**[**2004, Joseph Stiglitz, recipient of the 2001 Nobel Prize for Economics, a Professor of economics at Columbia University, Chairman of the President's Council of Economic Advisers during the Clinton Administration, Chief Economist and Vice President for Development of the World Bank, The Economists’ Voice, Vol. 1 issue 1, “The Parties’ Flip-Flops on Deficit Spending: Economics or Politics?” <http://ic.ucsc.edu/~fravenna/econ100n/ReadingStiglitz.pdf>]

When Economists Agree Deficit Spending Works: To Correct Lack of Demand Indeed, this cynicism ignores a half-century of economic science — one result of which has been that there is an overwhelming consensus among economists about a few basic propositions. And one area of such consensus involves the key circumstances when deficits matter, and when they do not. Suppose the economy is operating below its potential — say, because of a lack of aggregate demand. In that case, an increase in aggregate demand can help the economy. And deficits normally increase demand. That's because the government is spending more money, or because low taxes encourage increased consumer spending — or both. Keynes made this point clear a long time ago — and he is still correct. No wonder, then, that the IMF’s imposition of fiscal stringency in East Asia and Latin America — when those countries already faced a downturn — was a disaster. The IMF policy had the predictable consequence of making the economic downturns worse, turning downturns into recessions, and recessions into depressions. The right prescription for the affected countries was not balancing the budget, but running a temporary deficit to stimulate the economy — as Keynes knew.

Spending cuts undermine future economic recovery efforts

**Irwin 11** – writes about economics and the Federal Reserve for The Washington Post (Neil, June 7, “Bernanke: Economy can withstand recent setbacks”, <http://www.washingtonpost.com/business/economy/deficit-must-fall-to-prevent-economic-crisis-bernanke-warns/2011/01/07/ABZv6jD_story.html>)

The recent slowdown in the U.S. economy is being driven by temporary factors, and growth is likely to accelerate later in the year, Federal Reserve Chairman Ben S. Bernanke said Tuesday. The Fed chairman gave no indication that signs of economic weakness over the past few weeks, including a disappointing report on the job market Friday, will lead the central bank to consider new steps to try to boost growth, such as a third round of injecting billions into the economy by buying Treasury bonds. Rather than suggest the Fed might ease its monetary policy further — a controversial program announced in November is set to expire this month — Bernanke in effect argued that the things holding back the U.S. economy will not be fixed by the central bank printing even more money. “The U.S. economy is recovering from both the worst financial crisis and the most severe housing bust since the Great Depression, and it faces additional head winds ranging from the effects of the Japanese disaster to global pressures in commodity markets,” Bernanke said at the International Monetary Conference in Atlanta. “In this context, monetary policy cannot be a panacea.” William C. Dudley, president of the Federal Reserve Bank of New York, gave a separate speech Tuesday evening that articulated a related idea — that the United States needs fundamental, structural changes to make the economy poised for stronger growth. He was a strong internal advocate of earlier rounds of bond pur­chases, or quantitative easing, but in Tuesday’s speech did not advocate for expanding that strategy. “We, as a nation, have to take steps that facilitate the needed structural adjustment of U.S. economic activity that will position us to thrive in the next chapter of global economic transformation,” Dudley said at the Foreign Policy Association Corporate Dinner in New York. “We need to make sure that the next business cycle will be more sustainable than the last, which was built on an unstable foundation of asset price gains, easy credit and outsized financial-sector profits.” Both speeches reflect a growing sense within the Federal Reserve that the central bank has done about all it can to try to support the economy. The Fed’s main policy tool of monetary policy can help economic growth by making more money available to households and businesses to borrow at cheaper interest rates; by keeping prices for other assets, such as the stock market, high; and by decreasing the value of the dollar on international currency markets. By those measures, the economy should be doing great. Banks and corporations are sitting on trillions of dollars in extra cash, interest rates are low for all sorts of borrowers and stock prices have risen steadily for nine months. The Fed’s strategy of keeping its target interest rate near zero and buying $600 billion in bonds, expiring in June, has worked in some narrow sense but hasn’t been enough to create jobs in any large numbers. That being the case, Fed officials are unconvinced that the tools they have available, such as a third round of bond purchases, or QE3, would create meaningful economic improvement. That's not to say they are crowing about the economic situation. “U.S. economic growth so far this year looks to have been somewhat slower than expected,” Bernanke said in his comments. “A number of indicators also suggest some loss of momentum in the labor market in recent weeks.” But Bernanke said he views the causes as partly temporary, suggesting that momentum will accelerate as the year progresses. “With the effects of the Japanese disaster on manufacturing output likely to dissipate in the coming months, and with some moderation in gasoline prices in prospect, growth seems likely to pick up in the second half of the year.” The economic recovery is proceeding at a rate that is “frustratingly slow from the perspective of millions of unemployed and underemployed workers,” he said. Bernanke did offer a warning — that seemed to be aimed at some Republicans in Congress — that cutting federal spending too quickly could undermine growth. “If the nation is to have a healthy economic future, policymakers urgently need to put the federal government’s finances on a sustainable trajectory,” he said. “But, on the other hand, a sharp fiscal consolidation focused on the very near term could be self-defeating if it were to undercut the still-fragile recovery.”