# On Case

**Turn: More strikes lead to backlash bills that weaken unions – empirically proven. Partelow ‘19**

Lisette Partelow [Lisette Partelow is the director of K-12 Strategic Initiatives at American Progress. Her previous experience includes teaching first grade in Washington, D.C., working as a senior legislative assistant for Rep. Dave Loebsack (D-IA), and working as a legislative associate at the Alliance for Excellent Education. She has also worked at the U.S. House of Representatives Committee on Education and Labor and the American Institutes for Research. “Analysis: A Looming Legislative Backlash Against Teacher Strikes? Why Walkouts Could Become Illegal in Some States, With Strikers Facing Fines, Jail, or Loss of Their License”. 02-18-2019. The 74. https://www.the74million.org/article/analysis-a-looming-legislative-backlash-against-teacher-strikes-why-walkouts-could-become-illegal-in-some-states-with-strikers-facing-fines-jail-or-loss-of-their-license/. Accessed 11-3-2021; MJen]

In 2018 and 2019, after a decade of disinvestment in education that led to stagnant teacher salaries, policymakers have introduced [proposals in states](https://thehill.com/homenews/state-watch/426030-states-race-to-prevent-teacher-strikes-by-boosting-pay) across the country to begin reinvesting, spurred in part by teacher walkouts and activism nationwide. While it is wonderful to finally see broad support for raising teacher salaries and investing in public schools, a predictable backlash has also emerged. Legislators in some states that were hotbeds of teacher activism are [introducing bills](http://nymag.com/intelligencer/2019/01/teacher-walkouts-gop-lawmakers-push-retaliatory-bills.html) to explicitly prohibit walkouts or punish teachers who participate, often with a sprinkling of additional anti-union provisions. **Weakening unions and refusing to invest in education** are long-standing conservative tenets, and these bills are evidence that we should expect conservative policymakers to return to them as soon as they believe them to be politically viable. The consequences of a decade of education funding cuts came into sharp relief last spring, after teachers staged walkouts in [half a dozen states](https://www.nytimes.com/2018/05/16/us/teacher-walkout-north-carolina.html). The [decade of disinvestment](https://www.americanprogress.org/issues/education-k-12/reports/2018/09/20/457750/fixing-chronic-disinvestment-k-12-schools/) in education had its roots in the Great Recession, when many states were forced to drastically cut their K-12 education funding. But as the recovery got underway, many governors — particularly in red states — made intentional policy choices to cut taxes for wealthy residents and corporations rather than allow education funding to rebound to pre-recession levels as revenue increased. As a [result](https://www.americanprogress.org/issues/education-k-12/reports/2018/09/20/457750/fixing-chronic-disinvestment-k-12-schools/%5b), teacher wages stagnated, school budgets were strapped, and expenses such as building repairs and learning materials were deferred year after year. By 2018, reports of [crumbling schools](https://www.motherjones.com/politics/2018/01/its-not-just-freezing-classrooms-in-baltimore-americas-schools-are-physically-falling-apart/), students learning from [decades-old textbooks](https://www.cnn.com/2018/04/03/us/oklahoma-teachers-textbooks-trnd/index.html), high teacher turnover, and staff [shortages](https://tucson.com/news/local/we-continue-to-worsen-nearly-arizona-teaching-jobs-remain-vacant/article_1c8d665a-a422-5c7b-95b9-98afe0cb0c6f.html) in these states became common. Teachers had reached their [boiling point](https://morningconsult.com/opinions/americas-teachers-are-at-their-boiling-point/). The teacher walkouts have been very effective. Though they were a last resort, they finally got lawmakers’ attention in states that had seen the most chronic and severe cuts to education. In the states where teachers walked out, governors who hadn’t historically supported [education funding](https://www.americanprogressaction.org/issues/education/news/2018/10/09/171813/little-late-many-gubernatorial-candidates-education-funding/) agreed to enact significant [pay raises](https://www.latimes.com/nation/la-na-teacher-funding-20180306-story.html) and increases in education funding. For example, in Arizona, Republican Gov. Doug Ducey was forced to sign off on a teacher pay bill he had [previously opposed](https://tucson.com/news/local/gov-ducey-teachers-aren-t-going-to-get-percent-pay/article_75a9b7dc-930b-5374-be12-61fb840e4ced.html) that provided a [20 percent raise](https://www.reuters.com/article/us-usa-education-arizona/arizona-governor-signs-bill-to-boost-teachers-wages-amid-strike-idUSKBN1I40N8) to the state’s teachers — some of the lowest-paid in the nation — and invested an additional $100 million in schools in the state. And now, in several states with low teacher pay that have so far avoided major protests, some governors have proposed salary increases. Remarkably, much of this movement is happening in [deep-red states](https://thehill.com/homenews/state-watch/426030-states-race-to-prevent-teacher-strikes-by-boosting-pay) with historically low education spending. In South Carolina, Gov. Henry McMaster wants to give teachers a 5 percent pay raise; in Texas, Lt. Gov. Dan Patrick has proposed a $5,000 increase; and in Georgia, Gov. Brian Kemp has proposed a $3,000 increase. In all three of these states, teachers are [paid less](http://www.nea.org/assets/docs/180413-Rankings_And_Estimates_Report_2018.pdf) than the national average. It’s likely that last year’s walkouts nudged these governors to consider teacher pay in a way that they wouldn’t have otherwise. Though it goes against traditional conservative principles, supporting these raises is smart politics for these governors. There is widespread public [support for increasing teacher pay](https://www.apnews.com/883e9d387709112a11ee8901c223294e), particularly in the states where walkouts occurred. But even as some conservative policymakers agree to raise teacher salaries, as the 2019 legislative sessions have begun, others in Arizona, Oklahoma, and West Virginia have introduced bills that would [make walkouts illegal](http://nymag.com/intelligencer/2019/01/teacher-walkouts-gop-lawmakers-push-retaliatory-bills.html) and penalize teachers with fines, loss of their teaching licenses, or even [jail time](https://www.vox.com/policy-and-politics/2018/4/23/17270422/colorado-teachers-strike-jail-bill). Some of the bills also contain provisions designed specifically to weaken teachers unions, such as a requirement that teachers must [opt in to dues each year](https://www.nytimes.com/aponline/2019/01/28/us/ap-us-education-bill-west-virginia.html), which sponsors hope will reduce membership by adding an extra step to the process. Legislators in walkout states have also introduced stand-alone proposals designed to **make union membership more difficult** and, therefore, less likely, such as a prohibition on districts [withholding union dues](https://newsok.com/article/5593286/bill-is-revenge-for-teacher-walkout-unions-say) from teachers’ paychecks. These backlash bills hint at a much more familiar conservative education agenda of slashing funding and working to weaken teachers unions. After all, it is this agenda that led to stagnant teacher salaries, deplorable conditions in many school buildings, and consequences for students whose schools were chronically underfunded in the first place. Supporting increases to teacher pay and greater investment in schools is the right thing to do for America’s students. Unfortunately, this wave of backlash makes clear that for some policymakers, it’s all about politics — and as soon as they have the chance, they’ll once again slash education funding and attack hardworking teachers.

**Turn again: The right to strike just leads businesses to take stronger steps to stop unionization.**

Gordon **Lafer, 20** - ("Fear at work: An inside account of how employers threaten, intimidate, and harass workers to stop them from exercising their right to collective bargaining," Economic Policy Institute, 7-23-2020, https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/)//va

NLRB elections are fundamentally framed by one-sided control over communication, with no free-speech rights for workers. Under current law, employers may require workers to attend mass anti-union meetings as often as once a day (mandatory meetings at which the employer delivers anti-union messaging are dubbed “captive audience meetings” in labor law). Not only is the union not granted equal time, but pro-union employees may be required to attend on condition that they not ask questions; those who speak up despite this condition can be legally fired on the spot.[19](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note19) The most recent data show that nearly 90% of employers force employees to attend such anti-union campaign rallies, with the average employer holding 10 such mandatory meetings during the course of an election campaign.[20](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note20) ¶ In addition to group meetings, employers typically have supervisors talk one-on-one with each of their direct subordinates.[21](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note21) In these conversations, the same person who controls one’s schedule, assigns job duties, approves vacation requests, grants raises, and has the power to terminate employees “at will” conveys how important it is that their underlings oppose unionization. As one longtime consultant explained, a supervisor’s message is especially powerful because “the warnings…come from…the people counted on for that good review and that weekly paycheck.”[22](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note22) ¶ Within this lopsided campaign environment, the employer’s message typically focuses on a few key themes: unions will drive employers out of business, unions only care about extorting dues payments from workers, and unionization is futile because employees can’t make management do something it doesn’t want to do.[23](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note23) Many of these arguments are highly deceptive or even mutually contradictory. For instance, the dues message stands in direct contradiction to management’s warnings that unions inevitably lead to strikes and unemployment. If a union were primarily interested in extracting dues money from workers, it would never risk a strike or bankruptcy, because no one pays dues when they are on strike or out of work. But in an atmosphere in which pro-union employees have little effective right of reply, these messages may prove extremely powerful. ¶ It is common for unionization drives to start with two-thirds of employees supporting unionization and still end in a “no” vote. This reversal points to the anti-democratic dynamics of NLRB elections: voters are not being convinced of the merits of remaining without representation—they are being intimidated into the belief that unionization is at best futile and at worst dangerous. When a large national survey asked workers who had been through an election **to name “the most important reason people voted against union representation,” the single most common response was management pressure, including fear of job loss**.[24](https://www.epi.org/publication/fear-at-work-how-employers-scare-workers-out-of-unionizing/#_note24) Those who vote on this basis are not expressing a preferenceto remain unrepresented. Indeed, many might still prefer unionization if they believed it could work. Where fear is the motivator, what is captured in the snapshot of the ballot is not preference but despair. ¶To understand what union elections look like in reality, we have profiled two cases in which workers sought to create a union and met with a harsh (and typical) employer backlash. In both cases—a tire plant in Georgia and a satellite TV company in Texas—the employer response ranges from illegally firing union activists to engaging in acts of coercion and intimidation that are illegal in any normal election to public office but are allowed under the NLRA. ¶

**The turns outweigh the Aff. Their solvency is all about how *unionization* is key, not a stronger right to strike. Whatever marginal increase in bargaining power they achieve is drowned out by the fact that there will be much lower union density in the first place.**

#### The problem with worker organization isn’t the right to strike- it’s companies taking deliberate anti-union action, which the aff doesn’t solve. Means the aff can never solve.

Heidi **Shierholz, 20** - ("Weakened labor movement leads to rising economic inequality," Economic Policy Institute, 1-27-2020, 11-4-2021https://www.epi.org/blog/weakened-labor-movement-leads-to-rising-economic-inequality/)//AW

The basic facts about inequality in the United States—that for most of the last 40 years, pay has stagnated for all but the highest paid workers and inequality has risen dramatically—are widely understood. What is less well-known is the role the decline of unionization has played in those trends. The share of workers covered by a collective bargaining agreement dropped from 27 percent to 11.6 percent between 1979 and 2019, meaning the union coverage rate is now less than half where it was 40 years ago. Research shows that this de-unionization accounts for a sizable share of the growth in inequality over that period—around 13–20 percent for women and 33–37 percent for men. Applying these shares to annual earnings data reveals that working people are now losing on the order of $200 billion per year as a result of the erosion of union coverage over the last four decades—with that money being redistributed upward, to the rich. The good news is that restoring union coverage—and strengthening workers’ abilities to join together to improve their wages and working conditions in other ways—is therefore likely to put at least $200 billion per year into the pockets of working people. These changes could happen through organizing and policy reform. Policymakers have introduced legislation, the Protecting the Right to Organize (PRO) Act, that would significantly reform current labor law. Building on the reforms in the PRO Act, the Clean Slate for Worker Power Project proposes further transformation of labor law, with innovative ideas to create balance in our economy. How is it that de-unionization has played such a large role in wage stagnation for working people and the rise of inequality? When workers are able to join together, form a union and collectively bargain, their pay goes up. On average, a worker covered by a union contract earns 13.2 percent more than a peer with similar education, occupation and experience in a non-unionized workplace in the same sector. Furthermore, the benefits of collective bargaining extend well beyond union workers. Where unions are strong, they essentially set broader standards that non-union employers must match in order to attract and retain the workers they need and to avoid facing an organizing drive. The combination of the direct effect of unions on their members and this “spillover” effect to non-union workers means unions are crucial in fostering a vibrant middle class—and has also meant that as unionization has eroded, pay for working people has stagnated and inequality has skyrocketed. Unions also help shrink racial wage gaps. For example, black workers are more likely than white workers to be represented by a union, and black workers who are in unions get a larger boost to wages from being in a union than white workers do. This means that the decline of unionization has played a significant role in the expansion of the black–white wage gap. But isn’t the erosion of unionization because workers don’t want unions anymore? No—survey data show that in fact, a higher share of non-union workers say they would vote for a union in their workplace today than did 40 years ago. Isn’t the erosion of unionization due to the shifts in employment from manufacturing to service-producing industries? No again—changing industry composition explains only a small share of the erosion of union coverage. What has caused declining unionization? One key factor is fierce corporate opposition that has smothered workers’ freedom to form unions. Aggressive anti-union campaigns—once confined to the most anti-union employers—have become widespread. For example, it is now standard, when workers seek to organize, for their employers to hire union avoidance consultants to coordinate fierce anti-union campaigns. We estimate that employers spend nearly $340 million per year hiring union avoidance advisers to help them prevent employees from organizing. And though the National Labor Relations Act (NLRA) makes it illegal for employers to intimidate, coerce or fire workers in retaliation for participating in union-organizing campaigns, the penalties are grossly insufficient to provide a meaningful disincentive for such behavior. This means employers often engage in illegal activities, such as threatening to close the worksite, cutting union activists’ hours or pay, or reporting workers to immigration enforcement authorities if employees unionize. In at least 1 in 5 union elections, employers are charged with illegally firing workers involved in organizing. In the face of these attacks on union organizing, policymakers have egregiously failed to update labor laws to balance the system. Fundamental reform is necessary to build worker power and guarantee all workers the right to come together and have a real voice in their workplace.

This evidence is key in their arguments about collective bargaining. That will never be able to happen if companies are taking anti-union action.

# Neg

### Framework

#### The value criterion must be maximizing well-being for everyone.

#### There are two main reasons for this:

#### 1] Death is bad and outweighs – a] agents can’t act if they fear for their bodily security which constrains every ethical theory, b] it destroys the subject itself – kills any ability to achieve value in ethics since life is a prerequisite which means it’s a side constraint since we can’t reach the end goal of ethics without life

#### 2] Existential threats outweigh – all life has infinite value and extinction eliminates the possibility for future generations – err negative, because of innate cognitive biases that prevent policymaking to solve extinction

### Econ DA

**The economy is steadily recovering now, but is fragile.**

Rugaber 11/8 - Christopher Rugaber [Economics Reporter, Associated Press], “'A struggle and a journey': Report shows US economy recovering,” *Christian Science Monitor* (Web). Nov. 8, 2021. Accessed Nov. 8, 2021. <<https://www.csmonitor.com/Business/2021/1108/A-struggle-and-a-journey-Report-shows-US-economy-recovering>> AT

America’s employers accelerated their hiring last month, adding a solid 531,000 jobs, the most since July and a sign that the recovery from the pandemic recession is overcoming a virus-induced slowdown.¶ Friday’s report from the labor department also showed that the unemployment rate fell to 4.6% last month from 4.8% in September.¶ That is a comparatively low level though, still well above the pre-pandemic jobless rate of 3.5%. And the job gains in August and September weren’t as weak as initially reported: The government increased its estimate of hiring for those two months by a hefty combined 235,000 jobs.¶ All told, the figures point to an economy that is steadily recovering from the pandemic recession, with healthy consumer spending prompting companies in nearly every industry to add workers. Though the effects of COVID-19 are still causing severe supply shortages, heightening inflation, and keeping many people out of the workforce, employers are finding gradually more success in filling near record-high job postings.¶ “This is the kind of recovery we can get when we are not sidelined by a surge in COVID cases,” said Nick Bunker, director of economic research at the employment website Indeed. “The speed of employment gains has faltered at times this year, but the underlying momentum of the U.S. labor market is quite clear.”¶ The better-than-expected jobs report was welcomed on Wall Street, where investors sent stocks further into record territory. The Dow Jones Industrial Average rose more than 200 points, or roughly 0.6%, in Friday trading. Short-term Treasury yields rose as some investors moved up their expectations for when the Federal Reserve will begin raising interest rates. But longer-term yields dipped amid muted expectations for inflation over the long term.¶ By most barometers, the economic recovery appears solidly on track. Service companies in such areas as retail, banking, and warehousing have reported a sharp jump in sales. Sales of new and existing homes surged last month. And consumer confidence rose in October after three straight declines.¶ At the same time, though, the nation remains 4.2 million jobs short of the number it had before the pandemic flattened the economy in March 2020. The effects of the virus are still discouraging some people from traveling, shopping, eating out, and attending entertainment venues.¶ In October, the pickup in hiring was spread across nearly every major industry, with only government employers reporting a job loss, mostly in education. Shipping and warehousing companies added 54,000 jobs. The battered leisure and hospitality sector, which includes restaurants, bars, hotels, and entertainment venues, gained 164,000. Manufacturers, despite their struggles with supply shortages, added 60,000, the most since June 2020.¶ And employers, who have been competing to fill jobs from a diminished pool of applicants, raised wages at a solid clip: Average hourly pay jumped 4.9% in October compared with a year earlier, up from 4.6% the previous month. Even a gain that strong, though, is barely keeping pace with recent surges in consumer inflation.¶ Those price increases pose a headwind for the economy. Higher costs for food, heating oil, rents, and furniture have burdened millions of families. Prices rose 4.4% in September compared with 12 months earlier, the sharpest such jump in three decades.¶ Among people who are receiving pay raises, some of the biggest beneficiaries are the record-high number of people who have been quitting jobs to take new ones. One of them is Christian Frink, who has begun work as a business analyst at a digital consulting firm. In his new job, Mr. Frink of Ferndale, Michigan, helps business clients determine the technologies they need.¶ Earlier this year, Mr. Frink held a marketing job but left it because, like many people during COVID, he felt burnt out. He then worked for Door Dash during the spring and summer to earn money and searched for new work. Although employers were complaining about a labor shortage, several told him they wouldn’t hire anyone without a college degree. (Mr. Frink attended college but didn’t graduate.)¶ This past summer, Mr. Frink took coding classes at Tech Elevator, a boot camp, and then landed his new position. Now, he’s earning 35% more than in his previous job and says he’s “blown away” that he already has health care coverage and doesn’t have to wait months to become eligible.¶ Yet it isn’t only job-switchers who are receiving pay raises. Chad Leibundguth, a regional director in Tampa for the Robert Half staffing agency, said the job market is the strongest for workers he has seen in his 22-year career. Before the pandemic, he said, you could fill a customer service job in Florida for $14 an hour.¶ “Nowadays,” he said, “you’ve got to be closer to $20 an hour, because people have options.”¶ Job prospects are brightening even for people who have been out of work for prolonged periods. The number of long-term unemployed – people who have been jobless for six months or more – has fallen sharply in recent months, to 2.3 million in October from 4.2 million in April. That’s still double the pre-recession total. But it’s an encouraging sign because employers are typically wary of hiring people who haven’t held jobs for an extended time.¶ At the same time, disparities in the job market have persisted. The Black unemployment rate was unchanged in October at 7.9%, for example, while for white workers, it fell to 4% from 4.2%. The Latino jobless rate dropped to 5.9% from 6.3%.¶ And though white-collar jobs in professional services like information technology, engineering, and architecture are nearly back to their pre-pandemic employment levels, leisure and hospitality still has 1.4 million fewer jobs.¶ Hari Ravichandran, CEO of digital security provider Aura in Boston, says his 800-person company has 140 positions open, mostly in software development.¶ Mr. Ravichandran is willing to hire remote workers; 170 of his staffers have never regularly worked in any of the company’s buildings. Still, hiring remains as tough as he’s ever experienced.¶ One disappointing note in Friday’s report is that the workforce – the number of people either working or looking for a job – was unchanged in October. That suggested that the reopening of schools in September, the waning of the virus, and the expiration of a $300-a-week federal unemployment supplement have yet to coax many people off the sidelines of the job market in large numbers.¶ Drawing many people back into the workforce after recessions is typically a prolonged process. There are now 7.4 million people officially out of work – just 1.7 million more than in February 2020, before the pandemic struck the economy. Yet millions more who lost jobs during the recession have given up their job hunts, and employers might have to raise pay and benefits to draw them back in, said Aaron Sojourner, a labor economist at the University of Minnesota.¶ Even so, some companies still can’t find enough workers. Many parents, particularly mothers, haven’t returned to the workforce after having left jobs during the pandemic to care for children or other relatives. Yet there was evidence of a small rebound last month: The proportion of women who were either working or looking for work rose after two months of declines.

#### Strikes cause widespread economic harm - GM strikes prove.

John McElroy, 2019, Strikes Hurt Everybody.Wards Auto Industry News, October 25, https://www.wardsauto.com/ideaxchange/strikes-hurt-everybody

But strikes don’t just hurt the people walking the picket lines or the company they’re striking against. They hurt suppliers, car dealers and the communities located near the plants. The Anderson Economic Group estimates that 75,000 workers at supplier companies were temporarily laid off because of the GM strike. Unlike UAW picketers, those supplier workers won’t get any strike pay or an $11,000 contract signing bonus. No, most of them lost close to a month’s worth of wages, which must be financially devastating for them. Suppliers also lost a lot of money. So now they’re cutting budgets and delaying capital investments to make up for the lost revenue, which is a further drag on the economy. According to CAR, the communities and states where GM’s plants are located collectively lost a couple of hundred million dollars in payroll and tax revenu**e**. Some economists warn that if the strike were prolonged it could knock the state of Michigan – home to GM and the UAW – into a recession. That prompted the governor of Michigan, Gretchen Whitmer, to call GM CEO Mary Barra and UAW leaders and urge them to settle as fast as possible.

**Strikes now trigger food shortages, undermine health care and threaten the economy.**

Shannon Pettypiece, 10-24, 21, Biden on the sidelines of 'Striketober,' with economy in the balance, NBC News, https://www.nbcnews.com/politics/white-house/biden-sidelines-striketober-economy-balance-n1282094

But President Biden faces a different dynamic from candidate Biden, because strikes risk adding to labor shortages and supply chain disruptions that are already driving up prices as the global economy reels from pandemic strains. While the strikes could benefit workers by driving up wages in the long term, the near-term impact of persistent or growing work stoppages could include worst-case scenarios like food shortages or lack of access to hospitals. "This will come at an economic cost to employers and therefore the economy, and I think that may be why Biden has gone a little silent," said Ariel Avgar, an associate professor of labor relations, law and history at Cornell University. "It is tricky for him. On the one hand, he is on the record supporting unions and their ability to use collective action. On the other hand, the point of strikes is to extract an economic price for employers unwilling to negotiate in a way the union feels is appropriate."

#### Economic downturns devastate people’s lives.

EPI ’09 – Economic Policy Institute, “Economic Scarring: The long-term impacts of the recession,” Economic Policy Institute (Web). Briefing Paper #243. Sept. 30, 2009. Accessed Nov. 8, 2021. <https://www.epi.org/publication/bp243/> AT

Economic recessions are often portrayed as short-term events. However, as a substantial body of economic literature shows, the consequences of high unemployment, falling incomes, and reduced economic activity can have lasting consequences. For example, job loss and falling incomes can force families to delay or forgo a college education for their children. Frozen credit markets and depressed consumer spending can stop the creation of otherwise vibrant small businesses. Larger companies may delay or reduce spending on R&D.¶ In each of these cases, an economic recession can lead to “scarring”—that is, long-lasting damage to individuals’ economic situations and the economy more broadly. This report examines some of the evidence demonstrating the long-run consequences of recessions. Findings include:¶ Educational achievement: Unemployment and income losses can reduce educational achievement by threatening early childhood nutrition; reducing families’ abilities to provide a supportive learning environment (including adequate health care, summer activities, and stable housing); and by forcing a delay or abandonment of college plans.¶ Opportunity: Recession-induced job and income losses can have lasting consequences on individuals and families. The increase in poverty that will occur as a result of the recession, for example, will have lasting consequences for kids, and will impose long-lasting costs on the economy.¶ Private investment: Total non-residential investment is down by 20% from peak levels through the second quarter of 2009. The reduction in investment will lead to reduced production capacity for years to come. Furthermore, since technology is often embedded in new capital equipment, the investment slowdown can also be expected to reduce the adoption of new innovations.¶ Entrepreneurial activity and business formation: New and small businesses are often at the forefront of technological advancement. With the credit crunch and the reduction in consumer demand, small businesses are seeing a double squeeze. For example, in 2008, 43,500 businesses filed for bankruptcy, up from 28,300 businesses in 2007 and more than double the 19,700 filings in 2006. Only 21 active firms had an initial public offering in 2008, down from an average of 163 in the four years prior.¶ There is also substantial evidence that economic outcomes are passed across generations. As such, economic hardships for parents will mean more economic hurdles for their children. While it is often said that deficits can cause transfers of wealth from future generations of taxpayers to the present, this cost must also be compared with the economic consequences of recessions that are also passed to future generations.¶ This analysis also suggests that efforts to stimulate the economy can be very effective over both the short- and long-run. Using a simple illustrative accounting framework, it is shown that an economic stimulus can lead to a short-run boost in output that outweighs the additional interest costs of the associated debt increase. This is especially true over a short horizon.¶ A recession, therefore, should not be thought of as a one-time event that stresses individuals and families for a couple of years. Rather, economic downturns will impact the future prospects of all family members, including children, and will have consequences for years to come.