# Kentucky – Rd 1 – Emory BW vs Michigan PR

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### Inequality---1AC

#### Advantage 1 is Inequality.

#### Labor market power collapses the economy---inequality and wage stagnation.

Eric A. Posner 8/13/21. Kirkland & Ellis Distinguished Service Professor at University of Chicago. How Antitrust Failed Workers. Oxford University Press, 2021.

In the United States, and much of the Western world, economic growth has slowed, inequality has risen, and wages have stagnated. Academic research has identified several possible causes, ranging from structural shifts in the economy to public policy failure. One possible cause that has received increasing attention from economists is labor market power, the ability of employers to set wages below workers’ marginal revenue product.1 New evidence suggests that many labor markets around the country are not competitive but instead exhibit considerable market power enjoyed by employers, who use their market power to suppress wages. This phenomenon—the power of employers to suppress wages below the competitive rate—is known among economists as labor monopsony, or simply labor market power. Wage suppression enhances income inequality because it creates a wedge between the incomes of people who work in concentrated and competitive labor markets. Wage suppression also reduces the incomes of workers relative to those of people who live off capital, and the latter are almost uniformly wealthier than the former. Wage suppression also interferes with economic growth since it results in underemployment of labor and, while it may seem to raise the return on capital, actually depresses it, as capital must lie idle to take advantage of monopsony power. With wages artificially suppressed, qualified workers decline to take jobs, and workers may underinvest in skills and schooling. Many workers exit the workforce and rely on government benefits, including disability benefits that have become a hidden welfare system.2 This in turn costs the government both in lost taxes and in greater expenditures. One estimate finds that monopsony power in the U.S. economy reduces overall output and employment by 13% and labor’s share of national output by 22%.3

The claim that labor market power raises inequality and reduces growth mirrors another claim that has received attention lately—that the product market power of firms has contributed to rising inequality and faltering growth.4 A product market is a collection of products defined by frequent consumer substitution. When a small number of sellers or one seller of these products exist, we say that each seller has product market power, which enables it to charge a price higher than marginal cost, or the price that would prevail in a competitive market. When a small number of employers hire from a pool of workers of a certain skill level within the geographic area in which workers commute, the employers have labor market power.

One major source of market power in both types of markets is thus concentration, where only a few firms operate in a given market. Imagine, for example, a small town with only a few gas stations. Each gas station sets the price of gas to compete with the prices of the other gas stations. When a gas station lowers its price, it may obtain greater market share from the other gas stations—which increases profits—but it also receives less revenue per sale. If only a single gas station exists, it will maximize profits by charging a high (“monopoly”) price because the gains from buyers willing to pay the price exceed the lost revenue from buyers who stay away. If only a few gas stations exist, they might illegally enter a cartel in which they charge an above-market price and divide the profits, or they might informally coordinate, which is generally not illegal, though the social harm is the same. In contrast, if many gas stations compete, prices will be bargained down to the efficient level—the marginal cost—resulting in low prices for consumers and high aggregate output of gasoline.

Labor market concentration creates monopsony (or, if more than one employer, oligopsony, but I use these terms interchangeably) where labor market power is exercised by the buyer rather than (as in the example of gas stations) the seller. Employers are buyers of labor who operate within a labor market. A labor market is a group of jobs (e.g., computer programmers, lawyers, or unskilled workers) within a geographic area where the holders of those jobs could with relative ease switch among the jobs. The geographic area is usually defined by the commuting distance of workers. A labor market is concentrated if only one or a few employers hire from this pool of workers. For example, imagine the gas stations employ specialist maintenance workers who monitor the gas-pumping equipment. If only a few gas stations exist in that area, and no other firms (e.g., oil refineries) hire from this pool of workers, then the labor market is concentrated, and the employers have market power in the labor market. To minimize labor costs, the employers will hold wages down below what the workers would be paid in a competitive labor market—their marginal revenue product. Faced with these low wages, some people qualified to work will refuse to. But the employers gain more from wage savings than they lose in lost output because of the small workforce they employ.

Antitrust law does not distinguish monopoly and monopsony (including labor monopsony): firms that achieve monopolies or monopsonies through anticompetitive behavior violate antitrust law. But product market concentration has received a huge amount of attention by courts, researchers, and regulators, while labor market concentration has received hardly any attention at all.5 The Department of Justice (DOJ) and Federal Trade Commission’s (FTC) Horizontal Merger Guidelines, which are used to screen potential mergers for antitrust violations, provide an elaborate analytic framework for evaluating the product market effects of mergers. Yet, while the Merger Guidelines state that there is no distinction between seller and buyer power,6 they say nothing about the possible adverse labor market effects of mergers. Similarly, while there are thousands of reported cases involving allegations that firms have illegally cartelized product markets, there are few cases involving allegations of illegally cartelized labor markets.7

This historic imbalance between what I will call product market antitrust and labor market antitrust has no basis in economic theory. From an economic standpoint, the dangers to public welfare posed by product market power and labor market power are the same. As Adam Smith recognized, businesses gain in the same way by exploiting product market power and labor market power—enabling them to increase profits by raising prices (in the first case) or by lowering costs (in the second case).8 For that reason, businesses have the same incentive to obtain product market power and labor market power. Hence the need—in both cases—for an antitrust regime to prevent businesses from obtaining product and labor market power except when there are offsetting social gains.

#### Current antitrust law explains the decline in wages and rise in inequality.

Sandeep Vaheesan 18. Legal director at the Open Markets Institute. “How Contemporary Antitrust Robs Workers of Power” LPE Project. 07-19-18. <https://lpeproject.org/blog/how-contemporary-antitrust-robs-workers-of-power/>

The political economist Albert Hirschman developed the idea that members of an organization can exercise power in two ways—through exit and voice. Market activity is associated with exit: consumers unhappy with the price or quality of service of their current wireless carrier can switch to a rival carrier offering lower rates or better service. Elections exemplify voice: voters can replace a corrupt or ineffective incumbent officeholder with a challenger promising to make the government work for ordinary people. For workers, both exit (joining a new employer) and voice (making demands of a current employer) are important. Despite the pro-worker aims of the framers of the Sherman and Clayton Acts, **antitrust law** today is an **enemy of both exit and voice for workers.** For more than a generation, antitrust enforcers have permitted **labor markets to** **become highly concentrated** and have also **interfered with the efforts** of a large segment of workers to build collective power. Through their labor market actions, the Department of Justice (DOJ) and Federal Trade Commission (FTC) reinforce, rather than tame, corporate power. To create a progressive, pro-worker antitrust, legislators and policymakers must adopt a radically different vision for the field. Tens of millions of American workers **wield little or no power** in their place of work. In many parts of the country, workers lack meaningful exit. They **face concentrated local labor markets** in which only a handful of employers compete (at least theoretically) for their services. In some labor markets, employees have only one actual or prospective employer. In other words, many Americans, at least in their capacity as workers, may experience what we often think of as a relic of a bygone era—the company town. As recent studies have shown, employer-side concentration is **associated with significantly lower wages**. And other research has found that concentration at one level of a supply chain can **depress wages further upstream.** In addition to concentrated markets, approximately **30 million workers** are subject to **non-compete clauses**, which prevent them from accepting a new job or starting a business in the same line of work. Non-compete clauses, regardless of whether they are enforced, can signal to workers that their choice is **either stay at their current job or suffer extended unemployment.** Along with possessing few exit options, most workers cannot assert effective voice in the workplace. Big business’s legal and political war on labor’s power has severely weakened unions. In contrast to the 1950s when roughly a third of wage and salary workers were unionized, only a small percentage of workers are members of labor unions today—around one in ten among all workers, and one in sixteen among workers in the private sector. This decline in union density **explains a significant fraction of the forty-year stagnation in wages and increase in income inequality**. Moreover, even if wage gains had kept pace with productivity, the collapse of organized labor means that workers lost say over numerous workplace issues. While employees can speak up as individuals, this type of voice is no substitute for the collective voice that comes from a democratic union. Given that most individual workers are dispensable and replaceable for their employers, a lone voicing of grievance often can easily be ignored or even invite retaliation from an employer. And, beyond the site of employment, unorganized workers are less able to exercise voice in electoral politics and check the dominant influence of corporations. Antitrust enforcers have allowed labor markets to grow more concentrated across the country. Just as labor law has been rewritten to cripple labor organizing, the executive branch and courts have remade antitrust to be much friendlier to capital over the past four decades. Influenced by the writings of Robert Bork, the Supreme Court has held that the **antitrust laws are a “consumer welfare prescription.”** Although the Supreme Court and the antitrust agencies counterintuitively state that consumer welfare accounts for harms to workers and other sellers of services, the DOJ and the FTC focus their enforcement on mergers and practices harmful to consumers. In developing enforcement priorities, the federal antitrust agencies have relied on simplistic economic theory. Instead of directing their economists to study the structure of labor markets, the DOJ and the FTC have adopted an Econ 101 view of the world and assumed that labor markets are generally competitive on the employer side. Embracing this fiction, the agencies have never stopped a merger on labor market grounds. **Due to antitrust inaction** (and other factors), labor market **concentration has increased** since the late 1970s.

#### Inequality undermines US international engagements---it’s the biggest threat.

Kurt M.Campbell 14**.** Chairman and chief executive of the Asia Group investment and consulting firm was assistant secretary of state for East Asian and Pacific Affairs from 2009 to 2013. “How income inequality undermines U.S. power” The Washington Post. https://www.washingtonpost.com/opinions/how-income-inequality-undermines-us-power/2014/11/28/53fab4e4-74e5-11e4-9d9b-86d397daad27\_story.html?utm\_term=.40bd11b21cf7

Much has been written about the domestic consequences of growing income inequality in the United States — how inequality depresses growth, puts downward pressure on the middle class, accentuates wage stagnation and creates added difficulty paying for a college education and buying a home — but much less has been said about how inequality will affect America’s role in the world. How will the social science experiment of allowing wealth to settle so unequally between the top 1 percent and rest of the United States impact the foundations and contours of U.S. foreign policy? In fact, there are likely to be subtle and direct consequences of growing inequality both for the United States’ international standing and its activism. In most critical respects, the United States has helped to create and underwrite the global operating system since the end of World War II. This required a citizen’s sense of external responsibility and belief that the United States had something unique and valuable to confer to the world. Americans over these generations have regularly demonstrated in word and deed that they were prepared to bear burdens and advance ideas. Coinciding with this era was a general sense of overarching optimism that reinforced a post-World War II period of unprecedented American activism on the global scene. It is likely that as a growing segment of the population strains just to get by, it will increasingly view foreign policy — foreign assistance and military spending alike — as a kind of luxury ripe for cuts and a reduction in ambition. It is possible to see early indicators of these sentiments on the right and left, in the form of both tea party isolationism and Occupy Wall Street suspicion that corporate interests drive America’s foreign entanglements. It is also the case that other countries have long emulated aspects of the American Way in designing their own development models. Having access to higher education, creating conditions that support innovation and allowing for greater upward mobility have all been deeply attractive qualities to many nations. But it is the construction of a durable U.S. middle class that has been perhaps most compelling to highly stratified societies across Latin America, Asia and Africa. Now, however, the United States is moving in the other direction, toward an unstable society divided between astronomically rich elites and everyone else. This undermines a critical component of U.S. soft power and is a model for societal engineering that few would choose to emulate. It is also the case that the most recent era of U.S. exertion on the global stage has involved nearly 15 years of conflict in the Middle East and South Asia. The most important features of these largely military engagements have involved refinements in counterinsurgency technique and adaptations in military technology. A different 1 percent of the U.S. population has been primarily involved in this struggle: the U.S. military and others associated with the defense establishment. Aside from clapping when a uniformed military member greets an emotional family at an airport homecoming, the vast majority of the population has been largely unaffected by these conflicts. They neither paid for nor fought these wars. The next phase of intense global engagement is likely to demand much more from a larger share of the population. The lion’s share of 21st-century history will play out in Asia, with its thriving and acquisitive middle classes driving innovation, nationalist competitions, military ambitions, struggles over history and identity, and simple pursuit of power. The United States is in the midst of a major reorientation of its foreign policy and commercial priorities that will draw it more closely to Asia in the decades ahead. The competition for power and prestige there rests on comprehensive aspects of national power — as much to our product and service offerings, the strength of our educational system and the health and vitality of our national infrastructure as to the quality of U.S. military capabilities. Each of these efforts require substantial and sustained longer-term investments; all face funding shortfalls due to myriad challenges. A corresponding consequence of growing inequality has been a reduction in support for these building blocks for comprehensive and sustained international engagement**.** The worrisome dimensions of income inequality on the quality of domestic American life should be enough to cause us to consider enacting remedies. However, the potential negative implications on U.S. performance internationally can only add to the case. Ultimately, a sustained and purposeful American internationalism is inextricably linked to the health of our domestic life, to which gaping inequality is the biggest threat.

#### Collapsing worker welfare causes neo-isolationist nativism---recovery future-proofs internationalism.

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U.S. President Joe Biden has declared that under his leadership, “America is back” and once again “ready to lead the world.” Biden wants to return the country to its traditional role of catalyzing international cooperation and staunchly defending liberal values abroad. His challenge, however, is primarily one of politics, not policy. Despite Biden’s victory in last year’s presidential election, his internationalist vision faces a deeply skeptical American public. The political foundations of U.S. internationalism have collapsed. The domestic consensus that long supported U.S. engagement abroad has come apart in the face of mounting partisan discord and a deepening rift between urban and rural Americans. An inward turn has accompanied these growing divides. President Donald Trump’s unilateralism, neo-isolationism, protectionism, and nativism were anathema to most of the U.S. foreign policy establishment. But Trump’s approach to statecraft tapped into public misgivings about American overreach, contributing to his victory in 2016 and helping him win the backing of 74 million voters in 2020. An “America first” approach to the world sells well when many Americans experience economic insecurity and feel that they have been on the losing end of globalization. A recent survey by the Pew Research Center revealed that roughly half the U.S. public believes that the country should pay less attention to problems overseas and concentrate more on fixing problems at home. Redressing the hardships facing many working Americans is essential to inoculating the country against “America first” and Trump’s illiberal politics of grievance. That task begins with economic renewal. Restoring popular support for the country’s internationalist calling will entail sustained investment in pandemic recovery, health care, infrastructure, green technology and jobs, and other domestic programs. Those steps will require structural political reforms to ease gridlock and ensure that U.S. foreign policy serves the interests of working Americans. What Biden needs is an “inside out” approach that will link imperatives at home to objectives abroad. Much will depend on his willingness and ability to take bold action to rebuild broad popular support for internationalism from the ground up. Success would significantly reduce the chances that the president who follows Biden, even if he or she is a Republican, would return to Trump’s self-defeating foreign policy. Such future-proofing is critical to restoring international confidence in the United States. In light of the dysfunction and polarization plaguing U.S. politics, leaders and people around the world are justifiably questioning whether Biden represents a new normal or just a fleeting reprieve from “America first.”

#### Soft power solves global existential risks.

Joseph S. Nye Jr. 20. Harvard University Distinguished Service Professor, Emeritus. "COVID-19’s Painful Lesson About Strategy and Power". War on the Rocks. 3-26-2020. https://warontherocks.com/2020/03/covid-19s-painful-lesson-about-strategy-and-power/

In 2017, President Donald Trump announced a new National Security Strategy that focused on great-power competition with China and Russia. While the plans also note the role of alliances and cooperation, the implementation has not. Today, COVID-19 shows that the strategy is inadequate. Competition and an “America First” approach is not enough to protect the United States. Close cooperation with both allies and adversaries is also essential for American security.

Under the influence of the information revolution and globalization, world politics is changing dramatically. Even if the United States prevails in the traditional great-power competition, it cannot protect its security acting alone. COVID-19 is not the only example. Global financial stability is vital to U.S. prosperity, but Americans need the cooperation of others to ensure it. And while trade wars have set back economic globalization, there is no stopping the environmental globalization represented by pandemics and climate change. In a world where borders are becoming more porous to everything from drugs to infectious diseases to cyber terrorism, the United States must use its soft power of attraction to develop networks and institutions that address these new threats. For example, this administration proposed halving the U.S. contribution to the World Health Organization’s budget — now we need it more than ever.

A successful national security strategy should start with the fact that “America First” means America has to lead efforts at cooperation. A classic problem with public goods (like clean air, which all can share and from which none can be excluded) is that if the largest consumer does not take the lead, others will free-ride and the public goods will not be produced. As the technology expert Richard Danzig summarizes the problem:

Twenty-first century technologies are global not just in their distribution, but also in their consequences. Pathogens, AI systems, computer viruses, and radiation that others may accidentally release could become as much our problem as theirs. Agreed reporting systems, shared controls, common contingency plans, norms and treaties must be pursued as a means of moderating our numerous mutual risks.

Tariffs and border walls cannot solve these problems. While American leadership is essential because of the country’s global influence, success will require the cooperation of others.

On transnational issues like COVID-19 and climate change, power becomes a positive-sum game. It is not enough to think of American power over others. We must also think in terms of power to accomplish joint goals, which involves power with others. On many transnational issues, empowering others helps us to accomplish our own goals. The United States benefits if China improves its energy efficiency and emits less carbon dioxide, or improves its public health systems. In this world, institutional networks and connectedness are an important source of information and of national power, and the most connected states are the most powerful. Washington has some sixty treaty allies while China has few. Unfortunately, as Mira Rapp-Hooper recently argued, the United States is squandering that power resource.

In the past, the openness of the United States enhanced its capacity to build networks, maintain institutions, and sustain alliances. But will that openness and willingness to engage with the rest of the world prove sustainable in the current populist mood of American domestic politics? Even if the United States possesses more hard military and economic power than any other country, it may fail to convert those resources into effective influence on the global scene. Between the two world wars, America did not and the result was disastrous.

#### A worker welfare standard would protect workers and reduce labor market concentration.

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Most of the principles naturally carry over, in suitably modified form, to the analysis of merger effects on labor markets, though a few subtle issues arise. Many of the same factors that could act as efficiencies on the product side are also efficiencies on the labor side. By analogy to the “consumer welfare” standard, we believe that **mergers that trigger scrutiny by reducing** **labor market competition** should be subject to a “**worker welfare” standard**.213 The fact that the merger might raise firm profits more than it harms workers **should not be sufficient to excuse the merger**. Instead, the merger would be permitted if the merger sufficiently increases worker productivity (workers’ marginal revenue product) in a way that will not fully be absorbed by lower prices or increased employer profits. Thus, harms from reduced competition are more than fully offset, and **therefore workers’ wages, benefits, or conditions will improve because of the merger.** This is not to say that mergers that harm workers should never be approved. The losses to workers could be offset by gains elsewhere in the economy. Indeed, the merger of two firms that operate in a frictionless labor market should not greatly harm workers even if it does result in significant layoffs, because in a competitive labor market **the laid-off workers can easily find equally good jobs.**214 In contrast, a merger that does create competitive concern should not be excused simply on the basis that it **allows the firm to cut costs by destroying jobs**. In such cases, antitrust doctrine does not allow efficiency gains in other markets to offset losses in one market.215 Thus, typically, **the worker-surplus implications of a merger will indicate its competitive effects**, just as in product markets consumer surplus is a strong but not perfect proxy for competitive effects. In some cases, a merger may **prove overall competitively harmful in labor markets** (thus **reducing worker welfare**) and beneficial in product markets (thus increasing consumer welfare). Such cases should be treated roughly like ones where competitive harm occurs in one product market but there are competitive benefits in another product market. To the extent possible, antitrust authorities should try to find remedies that address the competitive harms while preserving the benefits, such as requiring the spinning off of critical units that would allow an increase in market power. However, **the frequency of such cases should not be exaggerated**; mergers that increase labor market power and thus raise effective costs will not usually bring lower prices to consumers, and mergers increasing product market power and thus reducing sales will not typically create great jobs. As we noted in section I.A.3, enforcers should **not believe** the canard that the monopsonist’s lower labor costs are **passed on to consumers as lower prices**.216 Monopsony power raises the effective marginal cost a firm faces and thus should almost always lead to increased prices. Similar analysis applies to the merger-specificity of the efficiency gains: productivity gains that could be achieved absent the anticompetitive effects of the merger should not play a role in merger analysis.

#### Prioritizing worker welfare solves inequality.

Eugene K. Kim 20. J.D. 2020; Yale College, B.A. 2016. “Labor’s Antitrust Problem: A Case for Worker Welfare” The Yale Law Journal. 2020. https://www.yalelawjournal.org/pdf/130.2Kim\_q1s8bt8t.pdf

In this Note, I show that the union exemption should be read to encompass a broader concern for the welfare of workers. In other words, **antitrust law** should be seen **not merely as protecting consumers from producers, but also labor from capital.** My primary justification is drawn from welfare economics and the “theory of the second best,” which suggests that when a certain market distortion cannot be removed, it may be economically optimal (i.e., the next best option) to **introduce a countervailing distortion.**21 An ideal competitive labor market would have no market power on either the supply side or demand side, but some degree of rent-extracting market power on the demand side (i.e., firms) is inevitable due to the limited resources of enforcement agencies and labor-market frictions. If concentration is inevitable among employers, permitting concentration among workers is the next best way to (1) counteract abuse and rent-extractive behavior from employers and (2) **move income from capitalists to workers**, who by virtue of their relatively low income may receive higher marginal utility from income.22 Further justification can be found in the **legislative history of the major antitrust statutes.** During congressional debate over the antitrust laws, key legislators expressed their intent not only to preserve the organizing power of labor, but also to support affirmatively the accumulation of labor power to contest concentrations of capital.23 Thus, legislative intent provides **justification for worker welfare beyond a strictly economic reading of the antitrust laws.** Even when labor organizing may not be the most “efficient” economic choice,24 it may still comport with the drafters’ goal of **protecting individuals from the economic power of corporations.**

### Modeling---1AC

#### Advantage 2 is Modeling.

#### Competition standards around the world focus on consumer welfare.

Marianela Lopez-Galdos 17. “Antitrust in 60 Seconds: Is the Consumer Welfare Standard Appropriate?” Disruptive Competition Project. 11-17-17. https://www.project-disco.org/competition/111717-antitrust-in-60-seconds-is-the-consumer-welfare-standard-appropriate/

In the rest of the world, including the European Union, most competition systems were put in place in the post-war periods. As such, the pursuit of pluralistic goals guided by public interest concerns through the competition system was a method by which these toddling democracies sought to boost and defend their nascent democratic process. That being said, competition systems have evolved, and mature ones have **narrowed the antitrust analysis to focus on consumer welfare.** In this context, it is noteworthy that the UN and OECD have **separately concluded** that many competition systems **pursue consumer welfare as the primary competition goal.** In 1995, UNCTAD concluded that “There has in fact been an increasing convergence in the provisions or the application of competition laws over the laws two decades. Competition systems in many countries are now placing relatively greater emphasis upon the protection of competition, as well as **upon efficiency and competitiveness criteria**, rather than upon other public interest goals”.

#### Global use of the consumer welfare standard fuels populism.

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Other competition legal scholars have called attention to the fact **the socioeconomic social contract is breaking down.** For example, Gal (2019) argues that: A growing number of citizens believe that the promises of the competition based market system, which form an important part of the implicit social contract, are not fulfilled and that capitalistic markets are no longer working in their favour. Indeed, statistics indicate that social mobility is low; that wealth is aggregated disproportionately in the hands of the already well-off; that **wealth inequality keeps rising**; that several large firms dominate the digital economy, thereby blocking at least some of the promises that technological changes were thought to bring about; that technological changes such as robotics create significant disruption effects and have negative implications on the labor market; or that education and social security **do not create viable solutions** for workers in order to ensure that wide geographic areas or demographic groups are not significantly and irreparably harmed. If one recognises the fact that the unfairness of the result of competition may be one of the **sources of populism** and that a **rebalancing of the benefits of the competitive process** is in order to make economic competition tolerable, the question is how to achieve it. Because the redistributive tools we have **do not seem to be adequate**, some of the hotly debated issues are whether we should be more cautious about entering into trade agreements with countries having widely different social and economic environments or rules and, at the domestic level, whether **antitrust** or competition law enforcement should **concern itself with the fairness of the competitive process.** Concerning antitrust or competition law enforcement three main arguments have been put forward against the inclusion of fairness considerations in the enforcement of anti- trust and competition law. First, the concept of fairness is vague; second, taking into consideration fairness would entail a social cost in terms of efficiency; and third, competition authorities are not equipped to trade fairness against efficiency considerations. Trebilcock and Ducci (2017) consider the vagueness of the notion of fairness and the necessity to specify the notions of fairness which could be relevant for competition. They usefully distinguish different notions of fairness that are pertinent to domestic markets: vertical fairness (between producers and consumers); horizontal fairness on the demand side (between consumers); horizontal fairness on the supply side (between producers); and procedural fairness (due process and private enforcement). One can **easily show** that antitrust is congruent with fairness with respect to horizontal fairness among suppliers in the sense that competition or antitrust law enforcement aims at **eliminating the barriers to entry or to development**, which prevent competitors from entering new markets or competing on the merits with established firms. This dimension of competition does not seem particularly problematic from the standpoint of fairness. One can also mention the fact that competition law, to the extent that it aims at eliminating discriminatory practices (as in the European competition law where article 102 prohibits firms with market power from directly or indirectly imposing unfair purchase or selling prices or other unfair trading conditions, or from applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage), goes some way toward meeting the horizontal fairness condition for consumers. The question of whether the way in which competition laws are implemented meet vertical fairness criteria is more complex. Some, like Trebilcock and Ducci, argue that **the goal of protecting consumer welfare assigned in most countries** to competition law is a somewhat **clumsy attempt to bring into competition law fairness issues** which are alien to what which competition law should be concerned with. For example, they write: Despite being usually justified by a distributive justice rationale, we believe that the consumer welfare standard **does not vindicate distributional equity concerns for consumers** vis-a-vis producers, and we believe that such choice of welfare standard does not represent an optimal tool for redistributive goals. On the contrary, we view the consumer welfare standard as resulting from a mix of poorly defined distributive concerns and more political economy-oriented explanations. Under the latter perspective, the ascendance of the consumer welfare standard may be interpreted as a political bargain between self-interested groups of producers (primarily large firms defending the efficiency benefits of economies of scale) and consumers (including final consumers, small buyers, farmers), where the concept of ‘consumer welfare’ can be seen as a more acceptable form of welfare standard for non-specialist audiences, which would politically allow the advancement of economic goals in the competition policy domain.

#### Populism causes extinction.

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The international system is at a **historical inflection point.** As Asia continues its economic ascent, two centuries of Western domination of the world, first under Pax Britannica and then under Pax Americana, are coming to an end. The West is losing not only its material dominance but also its ideological sway. Around the world, democracies are **falling prey** to illiberalism and **populist dissension** while a rising China, assisted by a pugnacious Russia, seeks to challenge the West’s authority and republican approaches to both domestic and international governance. U.S. President Joe Biden is committed to refurbishing American democracy, restoring U.S. leadership in the world, and taming a pandemic that has had devastating human and economic consequences. But Biden’s victory was a close call;on neither side of the Atlantic will **angry populism or illiberal temptations readily abate**. Moreover, even if Western democracies overcome polarization, beat back illiberalism, and pull off an economic rebound, they will not forestall the arrival of a world that is both multipolar and ideologically diverse. History makes clear that such **periods of tumultuous** **change** come with **great peril**. Indeed, **great-power** **contests** over hierarchy and ideology regularly lead to **major wars**. Averting this outcome requires soberly acknowledging that the Western-led liberal order that emerged after World War II cannot anchor global stability in the twenty-first century. The search is on for a viable and effective way forward. The best vehicle for promoting stability in the twenty-first century is a global concert of major powers. As the history of the nineteenth-century Concert of Europe demonstrated—its members were the United Kingdom, France, Russia, Prussia, and Austria—a steering group of leading countries can curb the geopolitical and ideological competition that usually accompanies multipolarity. Concerts have two characteristics that make them well suited to the emerging global landscape: political inclusivity and procedural informality. A concert’s inclusivity means that it puts at the table the geopolitically influential and powerful states that need to be there, regardless of their regime type. In so doing, it largely separates ideological differences over domestic governance from matters of international cooperation. A concert’s informality means that it eschews binding and enforceable procedures and agreements, clearly distinguishing it from the UN Security Council. The UNSC serves too often as a public forum for grandstanding and is regularly paralyzed by disputes among its veto-wielding permanent members. In contrast, a concert offers a private venue that combines consensus building with cajoling and jockeying—a must since major powers will have both common and competing interests. By providing a vehicle for genuine and sustained strategic dialogue, a global concert can realistically mute and manage inescapable geopolitical and ideological differences. A global concert would be a consultative, not a decision-making, body. It would address emerging crises yet ensure that urgent issues would not crowd out important ones, and it would deliberate on reforms to existing norms and institutions. This steering group would help fashion new rules of the road and build support for collective initiatives but leave operational matters, such as deploying peacekeeping missions, delivering pandemic relief, and concluding new climate deals, to the UN and other existing bodies. The concert would thus tee up decisions that could then be taken and implemented elsewhere. It would sit atop and backstop, not supplant, the current international architecture by maintaining a dialogue that does not now exist. The UN is too big, too bureaucratic, and too formalistic. Fly-in, fly-out G-7 or G-20 summits can be useful but even at their best are woefully inadequate, in part because so much effort goes toward haggling over detailed, but often anodyne, communiqués. Phone calls between heads of state, foreign ministers, and national security advisers are too episodic and often narrow in scope. Fashioning major-power consensus on the international norms that guide statecraft, accepting both liberal and illiberal governments as legitimate and authoritative, advancing shared approaches to crises—the Concert of Europe relied on these important innovations to preserve peace in a multipolar world. By drawing on lessons from its nineteenth-century forebearer, a twenty-first-century global concert can do the same. Concerts do lack the certitude, predictability, and enforceability of alliances and other formalized pacts. But in designing mechanisms to preserve peace amid geopolitical flux, policymakers should strive for the workable and the attainable, not the desirable but impossible. A GLOBAL CONCERT FOR THE TWENTY-FIRST CENTURY A global concert would have six members: China, the European Union, India, Japan, Russia, and the United States. Democracies and nondemocracies would have equal standing, and inclusion would be a function of power and influence, not values or regime type. The concert’s members would collectively represent roughly 70 percent of both global GDP and global military spending. Including these six heavyweights in the concert’s ranks would give it geopolitical clout while preventing it from becoming an unwieldy talk shop. Members would send permanent representatives of the highest diplomatic rank to the global concert’s standing headquarters. Although they would not be formal members of the concert, four regional organizations—the African Union, Arab League, Association of Southeast Asian Nations (ASEAN), and Organization of American States (OAS)—would maintain permanent delegations at the concert’s headquarters. These organizations would provide their regions with representation and the ability to help shape the concert’s agenda. When discussing issues affecting these regions, concert members would invite delegates from these bodies as well as select member states to join meetings. For example, were concert members to address a dispute in the Middle East, they could request the participation of the Arab League, its relevant members, and other involved parties, such as Iran, Israel, and Turkey. A global concert would shun codified rules, instead relying on dialogue to build consensus. Like the Concert of Europe, it would privilege the territorial status quo and a view of sovereignty that precludes, except in the case of international consensus, using military force or other coercive tools to alter existing borders or topple regimes. This relatively conservative baseline would encourage buy-in from all members. At the same time, the concert would provide an ideal venue for discussing globalization’s impact on sovereignty and the potential need to deny sovereign immunity to nations that engage in certain egregious activities. Those activities might include committing genocide, harboring or sponsoring terrorists, or severely exacerbating climate change by destroying rainforests. Policymakers should strive for the workable and the attainable, not the desirable but impossible. A global concert would thus put a premium on dialogue and consensus. The steering group would also acknowledge, however, that great powers in a multipolar world will be driven by realist concerns about hierarchy, security, and regime continuity, making discord inescapable. Members would reserve the right to take unilateral action, alone or through coalitions, when they deem their vital interests to be at stake. Direct strategic dialogue would, though, make surprise moves less common and, ideally, unilateral action less frequent. Regular and open consultation between Moscow and Washington, for example, might have produced less friction over NATO enlargement. China and the United States are better off directly communicating with each other over Taiwan than sidestepping the issue and risking a military mishap in the Taiwan Strait or provocations that could escalate tensions. A global concert could also make unilateral moves less disruptive. Conflicts of interest would hardly disappear, but a new vehicle devoted exclusively to great-power diplomacy would help make those conflicts more manageable. Although members would, in principle, endorse a norm-governed international order, they would also embrace realistic expectations about the limits of cooperation and compartmentalize their differences. During the nineteenth-century concert, its members frequently confronted stubborn disagreements over, for instance, how to respond to liberal revolts in Greece, Naples, and Spain. But they kept their differences at bay through dialogue and compromise, returning to the battlefield in the Crimean War in 1853 only after the revolutions of 1848 spawned destabilizing currents of nationalism. A global concert would give its members wide leeway when it comes to domestic governance. They would effectively agree to disagree on questions of democracy and political rights, ensuring that such differences do not hinder international cooperation. The United States and its democratic allies would not cease criticizing illiberalism in China, Russia, or anywhere else, and neither would they abandon their effort to spread democratic values and practices. On the contrary, they would continue to raise their voices and wield their influence to defend universal political and human rights. At the same time, China and Russia would be free to criticize the domestic policies of the concert’s democratic members and publicly promote their own vision of governance. But the concert would also work toward a shared understanding of what constitutes unacceptable interference in other countries’ domestic affairs and, as a result, are to be avoided. OUR BEST HOPE Establishing a global concert would admittedly constitute a setback to the liberalizing project launched by the world’s democracies after World War II. The proposed steering group’s aspirations set a modest bar compared with the West’s long-standing aim of spreading republican governance and globalizing a liberal international order. Nonetheless, this scaling back of expectations is unavoidable given the twenty-first century’s geopolitical realities. The international system, for one, will exhibit characteristics of both bipolarity and multipolarity. There will be two peer competitors—the United States and China. Unlike during the Cold War, however, ideological and geopolitical competition between them will not encompass the world. On the contrary, the EU, Russia, and India, as well as other large states such as Brazil, Indonesia, Nigeria, Turkey, and South Africa, will likely play the two superpowers off each other and seek to preserve a significant measure of autonomy. Both China and the United States will also likely limit their involvement in unstable zones of less strategic interest, leaving it to others—or no one—to manage potential conflicts. China has long been smart enough to keep its political distance from far-off conflict zones, while the United States, which is currently pulling back from the Middle East and Africa, has learned that the hard way. The international system of the twenty-first century will therefore resemble that of nineteenth-century Europe, which had two major powers—the United Kingdom and Russia—and three powers of lesser rank—France, Prussia, and Austria. The Concert of Europe’s primary objective was to preserve peace among its members through a mutual commitment to upholding the territorial settlement reached at the Congress of Vienna in 1815. The pact rested on good faith and a shared sense of obligation, not contractual agreement. Any actions required to enforce their mutual commitments, according to a British memorandum, “have been deliberately left to arise out of the circumstances of the time and of the case.” Concert members recognized their competing interests, especially when it came to Europe’s periphery, but sought to manage their differences and prevent them from jeopardizing group solidarity. The United Kingdom, for example, opposed Austria’s proposed intervention to reverse a liberal revolt that took place in Naples in 1820. Nonetheless, British Foreign Secretary Lord Castlereagh eventually assented to Austria’s plans provided that “they were ready to give every reasonable assurance that their views were not directed to purposes of aggrandizement subversive of the Territorial System of Europe.” A global concert would give its members wide leeway when it comes to domestic governance. A global concert, like the Concert of Europe, is well suited to promoting stability amid multipolarity. Concerts limit their membership to a manageable size. Their informality allows them to adapt to changing circumstances and prevents them from scaring off powers averse to binding commitments. Under conditions of rising populism and nationalism, widespread during the nineteenth century and again today, powerful countries prefer looser groupings and diplomatic flexibility to fixed formats and obligations. It is no accident that major states have already been turning to concert-like groupings or so-called contact groups to tackle tough challenges; examples include the six-party talks that addressed North Korea’s nuclear program, the P5+1 coalition that negotiated the 2015 Iran nuclear deal, and the Normandy grouping that has been seeking a diplomatic resolution to the conflict in eastern Ukraine. The concert can be understood as a standing contact group with a global purview. Separately, the twenty-first century will be politically and ideologically diverse. Depending on the trajectory of the populist revolts afflicting the West, liberal democracies may well be able to hold their own. But so too will illiberal regimes. Moscow and Beijing are tightening their grip at home, not opening up. Stable democracy is **hard to find** in the Middle East and Africa. Indeed, **democracy is receding,** not advancing, worldwide—a trend that could well continue. The international order that comes next must make room for ideological diversity. A concert has the necessary informality and flexibility to do so; it separates issues of domestic rule from those of international teamwork. During the nineteenth century, it was precisely this hands-off approach to regime type that enabled two liberalizing powers—the United Kingdom and France—to work with Russia, Prussia, and Austria, three countries determined to defend absolute monarchy. Finally, the inadequacies of the current international architecture underscore the need for a global concert. The rivalry between the United States and China is heating up fast, the **world is suffering** through a devastating pandemic, climate change is advancing, and the evolution of cyberspace poses new threats. These and other challenges mean that clinging to the status quo and banking on existing international norms and institutions would be dangerously naive. The Concert of Europe was formed in 1815 owing to the years of devastation wrought by the Napoleonic Wars. But the lack of great-power war today should not be cause for complacency. And even though the world has passed through previous eras of multipolarity, the advance of globalization increases the demand for and importance of new approaches to global governance. Globalization unfolded during Pax Britannica, with London overseeing it until World War I. After a dark interwar hiatus, the United States took up the mantle of global leadership from World War II into the twenty-first century. But Pax Americana is now running on fumes. The United States and its traditional democratic partners have neither the capability nor the will to anchor an interdependent international system and universalize the liberal order that they erected after World War II. The absence of U.S. leadership during the COVID-19 crisis was striking; each country was on its own. President Biden is guiding the United States back to being a team player, but the nation’s pressing domestic priorities and the onset of multipolarity will deny Washington the outsize influence it once enjoyed. Allowing the world to slide toward regional blocs or a two-bloc structure similar to that of the Cold War is a nonstarter. The United States, China, and the rest of the globe cannot fully uncouple when national economies, financial markets, and supply chains are irreversibly tethered together. A great-power steering group is the best option for managing an integrated world no longer overseen by a hegemon. A global concert fits the bill.

#### Specifically, the Philippines mirrors the consumer welfare standard after US law, but it must consider the AFF’s standard to promote development.

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The complexities of modern government have often led Congress- whether by actual or perceived necessity-to legislate broad policy goals and general statutory standards, leaving the specific policy options to the discretion of an administrative body. 2 In this regard, the Philippine Competition Commission ("PCC")-the administrative body mandated to implement the Philippine Competition Act -has taken great strides in **advancing the policy objectives of economic efficiency and consumer welfare**. That the two policy objectives figure greatly in the exercise of the PCC's mandate is evident from its regulatory issuances and participation in relevant proceedings. A. Regulatory Issuances In its Implementing Rules and Regulations ("IRR"), the PCC adopts the "substantial lessening of competition" ("SLC") test,4 a Jurisprudential standard crafted and **developed by foreign jurisdictions to weigh the anticompetitive effects of certain transactions.** By assessing market indicators such as firm rivalry, prices, quality, and availability of goods and services, the SLC test filters out agreements that reduce competitive pressure among firms and disincentivize them from becoming more efficient and innovative.5 The IRR also allows the PCC to forbear-or desist from applying the provisions of the PCA-when, among other considerations, forbearance is consistent with the benefit and welfare of the consumers. 6 Economic efficiency and **consumer welfare also take center stage** in the PCC's Rules on Enforcement Procedure ("Enforcement Rules"), the rules and regulations governing hearings, investigation, and other proceedings on anti-competitive agreements, abuse of dominant market position, and other violations of the PCA.7 Preliminary inquiries-the PCC proceedings that parallel the prosecutor's preliminary investigation in criminal cases-are to be conducted with due regard to consumer welfare.8 Interim measures may be issued against entities when their acts would result in a material and adverse effect on consumers or competition in the market.9 Upon termination of enforcement proceedings, the PCC will determine the propriety of imposing conclusive remedies with the aim of maintaining, enhancing, or restoring competition in the market.10 Similar to the IRR, the PCC's Rules on Merger Procedure ("Merger Rules") employs the SLC test in determining whether a proposed merger or acquisition will, post-transaction, **reduce economic efficiency or impair consumer welfare**; in determining the appropriateness of imposing interim measures; 12 or in considering whether, before clearing a merger or acquisition, the parties must abide by certain conditions to remedy, prevent, or mitigate competitive harm. 13 In addition, pursuant to its market surveillance function, the PCC is empowered to motu proprio conduct a review of mergers that are reasonably foreseen to breach the SLC test. 14 Intervening by way of an amicus curiae brief, the PCC apprised the Supreme Court of the competition issue intertwined with the legal question in a pending case that assailed, as an ultra vires expansion of statutory language, the regulation issued by the Philippine Contractors Accreditation Board that created a nationality restriction that was unsupported by the governing statutory text.15 The PCC supported striking down the regulation, arguing that, on the basis of economic literature and empirical data, the nationality restriction constituted a regulatory barrier to entry that unduly favored domestic contractors to the detriment of foreign contractors. In its argument that the regulation inordinately restricts market competition, the PCC enunciated the following principles: Consumer welfare, which in this case refers to the welfare of both households and other businesses, is maximized when competition allows consumers to access and choose the most efficient producers, regardless of the service provider's nationality. Indeed, it is a settled principle in economics that if there are many players in the market, healthy competition will ensue. The competitors will try to outdo each other in terms of quality and price in order to survive and profit. Competition therefore results in better quality products and competitive prices, which redound to the benefit of the public.16 In its recent bid to take its legal scuffle with Globe and PLDT17 to the Supreme Court,18 the PCC donned its mantle "to level the playing field across all markets; to review the competitive implications of large transactions; and to actively investigate, prosecute, and sanction cases of cartelistic behaviors that prevent, restrict, or lessen market competition." 19 These mandates would be carried out to "[encourage] innovation among market players, [reward] their efficient and productive use of resources, and ultimately [redound] to the benefit of consumers by lowering prices and enhancing their right of choice over goods and services offered in the market. 20 Significantly, the general public has acquiesced to the perception that the PCC champions economic efficiency and consumer welfare. News reports have consistently adverted to the PCA as a landmark piece of legislation that will enhance and promote these two policy objectives. Even lawmakers have acknowledged the PCC's critical role in improving market competition. Senator Juan Miguel Zubiri, addressing PCC's representative, Commissioner Johannes Bernabe, in a legislative hearing concerning the telecommunications sector, stated: "I'm really one with you [...] So you guys have to help us out [...] We are fighting giants. But as I said, the least that can happen is [that they] shape up and give us better service[,] or the best is that more players can come in and give us the best service[.]"21 But are such policy objectives all there is to the PCA? Or does the statutory text, alone or in conjunction with related legal materials, admit of other governing principles? Addressing such questions is crucial as the PCA may also cover other goals that have not been explicitly recognized. The law, after all, admits of different interpretations. 22 This then requires stakeholders and other government bodies to defer to the "sound discretion of the government agency entrusted with the regulation of activities coming under [its] special and technical training and knowledge[.]" 23 In such case, the PCC might be **undercutting its own potential to make even greater strides in other aspects of national development.** Recognizing these **other objectives** will greatly influence the PCC's exercise of its mandate and, more importantly, could **translate to better gains in national development.** By no means does this Note claim that the PCC is severely limiting the exercise of its functions-whether consciously or subconsciously. Rather, it simply articulates other equally **important antitrust considerations** which can be construed from the statutory text-considerations which the PCC **must also devote attention** to, and which the public, considering the incipient but technical field of competition law, 24 must appreciate.

#### The current standard results in economic injury.

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Enjoyment of the foregoing advantages should not, however, serve as vices that hinder the PCC from pursuing other policy objectives **beyond economic efficiency and consumer welfare.** The two virtues are, after all, **not without their shortcomings**-a strong admonition against the PCC from exclusively limiting its mandate to said virtues. Moreover, "with the growing complexity of modern life, the multiplication of the subjects of governmental regulations, and the increased difficulty of administering the laws," Congress has **vested "a larger amount of discretion in administrative and executive officials**, not only in the execution of the laws, but also in the promulgation of certain rules and regulations calculated to promote public interest." 9 0 To begin with, economics may not be as impartial a science as one might paint it to be, while economic efficiency and consumer welfare may not be as dispassionate. Economics, after all, is a tool that can be harnessed to suit any end. As incisively expressed in one article: Despite the laborious techniques and scientific pretention, most brands of economics are covertly ideological. Marxian economics, with its labor theory of value, assumes the inevitability of class conflict, and hence, the necessity of class struggle. Keynesianism, with its conviction that industrial capitalism is systematically unstable, offers an equally "scientific" rationale for government intervention. Neoclassical economics, with its reliance on the efficiency of markets, is a lavishly 9 Although legal analysis can now be expressed in terms of graphs, functions, equations and charts, this does not mean that competition agencies automatically possess the "cold neutrality of an impartial judge[.]" 92 **Antitrust and competition policy**, no different from the application of any other law, is **not an autarchic field** but is instead responsive to the warp and woof of other civil, political, and social dimensions. More alarmingly, employing the standards of economic efficiency and consumer welfare-more so when done to the **exclusion** of other goals-have, in some instances, **perversely led to economic injury.** Efficiency or welfare analysis has been criticized as ascribing to distinct goods and services the same social utility. Such a one-dimensional take fails to account for the harm certain goods-for instance, tobacco and guns- inflict on society. Since efficiency and welfare are primarily concerned with delivering the most competitive prices to consumers, **regulators end up making harmful goods more accessible to the consuming public.** 93 Furthermore, in a regime that adopts efficiency and/or welfare to the exclusion of other standards, "conduct that did not impair efficiency would be permitted, **regardless of the effects competitors, or the political economy at large**." 4 From a broader perspective, efficiency and consumer welfare are but two aspirations in the entire universe of objectives that antitrust may pursue. The United States case of Brown Shoe v. United States95 is instructive on this matter: Congress provided no definite quantitative or qualitative tests by which enforcement agencies were to gauge the effects of a given merger, but rather that Congress intended that a variety of economic and other factors be considered in determining whether the merger was consistent with maintaining competition in the industry in which the merging 96 The PCC shall inevitably encounter cases that will entail the application of other considerations since going by the economic efficiency or consumer welfare approach alone would be a dereliction of the duties to address various issues and promote other equally important values. As more complex variables factor into the agency's calculus, the PCC would risk undercutting its mandate if it were to limit its goals. In such case, **the ultimate loser would be society.**

#### Equitable growth in the Philippines prevents piracy.

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The Sulu-Celebes Sea is one of the major shipping routes of Southeast Asia.64 Annually, US$40 billion worth of goods pass through the Sulu-Celebes Sea, creating great economic opportunities for inhabitants of the region in logistics management, ship maintenance, and other complementary sectors.65 Moreover, its marine biodiversity66 generates economic opportunities for eco-tourism67, fish farming, and reef-sourced biomedical products.68 However, the threats arising from crime, piracy and terrorism have significantly impacted investors’ confidence in that region. Notwithstanding these opportunities, the labour force participation rate of the Bangsamoro Autonomous Region of Muslim Mindanao (BARMM) is only 62.3 percent for individuals who are above 15 years old, signalling a high unemployment figure despite the reported 3.8 percent unemployment rate. 69 More critically, low levels of formal education in the BARMM have led to limits on workforce development.70 Non-Governmental Organisations have identified coastal **poverty71** **and relative economic depression72** as the **key factors** that may induce grievances and lead to a sense of relative deprivation and injustice for which affected individuals feel the need to rebel against. This then drives **individuals into engaging in illicit activities and political violence.**73 While comprehensive data on the youth unemployment rates in the region is unavailable, the high intensity of conflict and low formal education attainment reduces economic opportunities among youth. Based on the youth bulge theory, spaces with high youth population and high youth unemployment are more prone to civil conflict.74 The poor economic outlook, coupled with existing political grievances, facilitates the continuous recruitment of disgruntled youth **into militancy**.75 The coasts of the Sulu-Celebes Seas has observed high proportion of youth participating in Abu Sayyaf activities. This includes the infamous Ajang Ajang unit, which comprised sons of deceased Abu Sayyaf members. Much of the Abu Sayyaf militant strength is derived from its youth. Notable leaders like Isnilon Hapilon (49 years old when killed), leader of the Islamic State’s East Asian Wilayah, participated in militancy since he was 17.76 Amin Baco (35 years old when killed), who was touted to succeed Hapilon, participated in Islamist insurgencies since he was 16.77 Nonetheless, more research onto this topic is required to investigate the relationship between the high youth recruitment and economic deprivation at the region. The COVID-19 pandemic has decimated the economies of the TCA member states. Youth unemployment for the Philippines, Indonesia, and Malaysia has risen significantly as a result of measures to curtail the spread of the virus.78 This trend **worsens the existing socio-political grievances** of the population, thereby **increasing** youth **participation in regional militancy**.79 Ultimately, governments must adopt both hard and soft power to build lasting peace in the region.

#### Goes nuclear---terrorist-piracy nexus guarantees escalation.

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The terrorism-piracy nexus and port security

In assessing the nature of maritime terrorist activity in Asia, it is important to study the terrorism-piracy nexus – not least because pirates have in the past financed terrorist activity.[59]Evidence of a linkage between the terrorists and pirates first emerged in May 2003, when the M/V Pen rider, a Malaysian-registered oil tanker, was attacked off the coast of Malaysia, and three crew members were taken hostage.[60] After ship owners paid $100,000 to free the crew, it emerged that the attackers were associated with the Free Aceh Movement, an insurgent group operating in Indonesia. The receipt of a ransom of $1.2 million by the Somali pirates to free a Spanish fishing vessel and 26 hostages in 2008 provided more proof of a possible link between terrorists and pirates; reportedly, the Al-Shabaab had received a five-percent cut. A year later, when the terror group hired pirates to smuggle in members of Al Qaeda to Somalia, the terror-piracy linkage seemed virtually certain.[61]

In recent years, terrorists and pirates have appeared to draw closer, even if the exact nature of their collaboration is not clear. Somali pirates and terrorists are said to have worked together in arms trafficking, and Al-Shabaab is said to have even have trained pirates for ‘duties’ at sea.[62]An investigation by the United Nations (UN) in 2017 found evidence of collusion between pirates and the Al Shabaab, including the possibility that pirates helped the latter smuggle weapons and ammunition into Somalia.[63] As discussed earlier, in Southeast Asia, the Abu Sayaff’s turn to piracy has resulted in millions earned via ransom payments.[64] Its cadres have used the revenue earned for pirate activity to expand the radical organisation’s presence in Southeast Asia.

The terror-piracy linkage is important because it highlights the causal mechanism behind rising violence at sea. The task of maritime security agencies becomes harder, however, when the lines between terrorism and piracy begin blurring, particularly in Southeast Asia, where the Abu Sayyaf has alternated between piracy and terrorism. Today’s pirates are trained fighters onboard speedboats, armed not only with automatic weapons, hand-held missiles and grenades but also and global positioning systems; professional mercenaries that loop effortlessly between rent-seeking and violent acts. Their objectives are as much ideological, as they are material.

ISPS code and littoral security

While most discussions around maritime terrorism presume a threat to sea-borne assets, port security constitutes the bigger challenge. Terrorists have long had seaports on their crosshairs, because of the latter’s role in trade and economic development. In recent years, there has been a significant increase in freight traffic, with key ports in Asia transformed into global trading hubs. In keeping with the growing importance of port-enabled trade, regional governments have taken better measures to protect ships and onshore facilities. In many ports, authorities have increased guards, gates, and security cameras, even introducing identification card programs to screen those with access to critical port infrastructure. The installation of radiation detectors has been particularly helpful in screening critical cargo and identifying suspicious shipments.

Yet, not even the best ports in Asia are able to track and monitor large containers comprehensively. With a rising quantum of cargo to be handled every day, port authorities find it impractical to scan each and every container being offloaded from cargo ships.[65]Container scanning in many ports is in fact a largely random exercise, with authorities insisting that shippers provide manifests of what is contained in cargo bins.[66]

The lack of effective checks on ports brings up the possibility of the use of containers as weapons to smuggle in arms, explosive materials or the terrorists themselves. While terrorists would not possibly target cargo ships directly, the latter could be used to transport weapons or to sabotage commercial operations. A dirty-bomb in an illicit cargo container of a cargo ship could cause a port shutdown and huge commercial disruption.[67] Even a failed attempt to smuggle a device into a major transshipment hub would significantly impact port operations.

After the 9/11 incident in the United States, the International Maritime Organization (IMO) had established the International Ship and Port Facility Security (ISPS) Code—a set of maritime regulations designed to help detect and deter threats to international shipping. The code subjects ships to a system of survey, verification, certification and control to ensure that the security measures prescribed by the IMO are implemented by member countries. It also provides a standardised, consistent framework for evaluating risk and gauging vulnerabilities of ships and ports facilities, laying down principles and guidelines for governments, port authorities and shipping companies, making compliance mandatory.[68]

The code, however, has not been effective in a way originally intended.[69]Firstly, the code is based on the experience of 9/11 and early piracy activity off Somalia. No amendments or revisions have been made with regard to new types of security threats encountered in recent years. The exclusion of vessels less than 500 tonnes, and all fishing vessels regardless of their size, is a further impediment in the code’s implementation, as terrorists have sought to use smaller boats to smuggle weapons and ammunition rarely subject to regulation.[70]

Another shortcoming is that the code does not include official monitoring procedures for security matters. Unlike the International Safety Management Code (ISM) that prescribes office audits by internal and external sources, the ISPS enumerates general guidelines and precautions—a standardised template for evaluating risks on many different types, sizes and categories of vessels and facilities.[71] The code also does not specify ways to strengthen capability to protect against new forms of terrorism, such as drone attacks.[72] With no legal obligation to implement regulations, port authorities are unwilling to make necessary investments in security measures.

The lack of national legislation/guidelines is another hurdle in the code’s implementation. Regional governments have neither enacted necessary domestic legislation to fight terrorists nor allotted resources to implement security measures.[73] In India, for instance, there is no comprehensive maritime security policy for protection of the commercial maritime infrastructure and supply chains.[74]A new Merchant Shipping Bill[75] in 2016 improved transparency and effective delivery of services, but has failed to address security concerns.

Given the complicated mix of variables contributing to port security, a study of security measures adopted by the civil aviation industry might offer some useful pointers. The latter’s efforts to prevent hijackings of commercial aircraft over the past four decades has been widely hailed as a success. Developed in the late 1960s, the international legal regime governing civilian flight operations was significantly upgraded after the attacks of 11 September 2001. The United States’ efforts to bring in legislation to regulate foreign airlines and flights from foreign airports have been particularly helpful. In concert with other international conventions drafted by the UN International Civil Aviation Organization (ICAO), the regulatory regime has deterred terrorists and criminals from targeting aircraft.[76]

This may hold important lessons for port security; in particular, approaches used in the international legal regime governing civil aviation to eliminate safe havens for pirates and terrorists by ensuring legal accountability. A study of security in the aviation sector could offer important tips on how port security systems could be mobilised to encourage best management practices; the importance of freezing assets of those who fund piracy enterprises; and the utility of enhancing communication and coordination among the various stakeholders relevant to the fight against piracy and terrorism.[77]

A next terrorist attack: Gauging the odds

To design policies that help combat maritime terrorism it is important to assess the likely nature of future attacks and their probable targets. Future terrorist attacks could be directed against four kinds of targets: warships, supertankers, passenger ships and port facilities. The most vulnerable and attractive targets remain tankers out at sea. The recent attacks on tankers in the Persian Gulf revealed that the threat is evolving and could now include unmanned vehicles.[78] More damaging would be the seizure and sinking of an oil-carrying tanker in a congested space, crippling the flow of maritime traffic. To get a sense of the extent of damage such an attack would cause, the Limburg incident in 2002 caused a massive spillage of oil (almost 90,000 tonnes) that took many weeks to clear.[79]

Another kind of attack could be on cruise ships out at sea. Big cruise ships are a lucrative target since they are lightly defended and relatively easily accessible.[80]An enquiry into the Achille Lauro incident in October 1984 highlighted fundamental deficiencies in safety procedures. Apparently, checks on passengers in the run-up to that fateful incident had not been foolproof. Despite acting nervously and even displaying anti-social behaviour, the Palestinian hijackers did not arouse the suspicions of passengers and crew.[81] While safety procedures have since improved, security procedures at ports and aboard cruise ships (with certain exceptions) are far from immaculate. During the Super Ferry incident in the Philippines in 2004, Abu Sayyaf operatives disguised as tourists smuggled 20 sticks of explosives that were stored inside an emptied out TV set.[82] There is some evidence that cruise shipping companies in Asia and Africa continue with the same lax approach that enabled that devastating attack.

The most likely venue of a future terrorist strike, however, might be inside a port facility, and it could possibly involve a ‘lone wolf’ with a loose affiliation to a bigger terrorist group. Ports are an attractive target because many of the tactical problems that terrorists face in orchestrating attacks on ships in the high seas do not apply to harbors, ports, or shore-based maritime facilities. Terrorists realise that the containerised supply chain is complex, and creates many opportunities for isolated acts of terrorism. An ineffective point of check, for instance, could allow a jihadi inside a container to detonate a vast quantity of explosives or a low-grade nuclear device; inadequate surveillance in a vessel could lead a jihadi diver to plant an explosives improvised explosive device (IED). While many ports have installed radiation detectors to combat the threat of IED, the pace of installation has been slow, and smaller ports remain vulnerable.

#### The plan solves---US antitrust law is modeled---the stakes are huge.

David J. Gerber 13. Teaches antitrust law, comparative law and more specialized seminars such as international and comparative competition law. He has been a member of the Chicago-Kent faculty since 1982. After graduating from the University of Chicago Law School, Professor Gerber practiced law in New York City and then spent several years working in a German law firm and in several universities in Europe. “U.S. ANTITRUST: FROM SHOT IN THE DARK TO GLOBAL LEADERSHIP” Then & Now: Stories of Law and Progress. 2013.

The “shot in the dark” that was the **U.S. antitrust law system** is today no longer solely a domestic field of law. It is now also a **critically important component of global economic policy!** The system that U.S. judges had evolved to deal with purely domestic problems and that relied on little more than confidence in the capacity of courts to develop reasonable responses to conflicts has been transformed into the central player in efforts to respond effectively to economic and other forms of globalization. It is now a U.S. export product, and the **stakes are enormous.** What directions and forms will the **rules of competition** take? Treatment of these issues will be a **factor in the future of many countries**, including the U.S., and for more than two decades Chicago-Kent has brought transnational competition law to our students, and Chicago-Kent faculty have contributed to the international discussion of these issues. A. Foreign Interactions and Perceptions **U.S. antitrust now plays on a global stage**, and much will depend on how foreign experts, lawyers, government officials and business leaders **see U.S. antitrust**. They will make **decisions about what to do in their own countries** and on the international level. This means that their perspectives on the U.S. system are critical to its roles both at home and abroad, and foreign images of U.S. antitrust have changed radically. Prior to the Second World War, those in Europe who knew anything about U.S. antitrust law (and they were few) generally considered it a mistake. They tended to see it as a failure that actually created more harm than good by forcing companies to merge rather than cooperate. This view predominated in large measure until after the Second World War. The Europeans were developing a different concept of competition law that emphasized administrative control of dominant firms. This conception of competition was spreading rapidly in Europe in the 1920s, but depression and war led to its virtual abandonment. After that war ended, however, U.S. antitrust law became associated with U.S. economic dominance in the “free world.” The real and imagined connections between economic concentration and military expansion in both Germany and Japan convinced many that **U.S.-style antitrust law should be used** to combat such concentrations. U.S. occupation forces in Germany and Japan imposed U.S. antitrust ideas during the occupation period, and the U.S. insisted that both countries either enact or maintain competition law after the occupation. This increased awareness of these ideas abroad. Perhaps more important, however, was the **perception that antitrust was a source of strength for the U.S. economy** and thus a potential spur to growth that other countries could employ. U.S.-style antitrust did not, however, always fit well with European legal traditions and institutions, and in most European countries skepticism toward the U.S. model limited progress in protecting competition. In Germany, however, a separate set of ideas about how to protect competition developed in the 1930s and 1940s in the underground, and after the war it became the basis for German antitrust law. From here it spread to the European level and became part of the process of Euro- pean integration. The basic idea of U.S. antitrust law—i.e., protecting the competitive process from restraints—was part of this model of competition law, but the model itself was conceptually and institutionally quite distinct. European scholars and officials in these areas often looked to U.S. antitrust for comparisons and insights into problems, but there was relatively little interaction between U.S. and European forms of competition law until the 1990s. In the 1990s these relationships became far closer and more important for both the U.S. and Europeans. Moreover, the fall of the Soviet Union precipitated widespread interest in market-based approaches around the world and revived the messianic tenor of the U.S. antitrust law community. Many countries that had socialist or other command-based approaches to the organization of economic activity now introduced antitrust laws or significantly increased their investment in the enforcement of such laws. Often they looked to U.S. antitrust officials, lawyers and scholars for help in implementing or evaluating their new activities.

### Democracy---1AC

#### Advantage 3 is Democracy.

#### Congressional inaction shifts power to less democratic institutions.

Spencer Weber Waller 19. John Paul Stevens Chair in Competition Law and Director, Institute for Consumer Antitrust Studies, Loyola University Chicago School of Law. "Antitrust and Democracy " Florida State University Law Review. 2019. https://lawecommons.luc.edu/cgi/viewcontent.cgi?article=1658&context=facpubs

It is disappointing that the U.S. Congress has more often focused on the minutiae of competition law and policy or conducted hearings on high profile mergers that, by design, cannot affect the eventual enforcement actions of the agencies. 160 There have been no major amendments of the antitrust laws since the 1970s. 16 1 Criminal penalties have been increased, but the private treble damage remedies as a whole have been largely left unchanged. 162 Exemptions and immunities have been expanded and contracted at the margins. 16 3 Budgets have been increased and lowered depending on the era and the overall political zeitgeist.

Unfortunately, much of Congressional attention to competition law has involved minor issues and outright petty matters. For example, Congress effectively killed a proposal that would have rationalized cooperation between the Antitrust Division and the FTC because it affected which Congressional committee had "jurisdiction" over the work of these agencies. 164 Even more petty was the unsuccessful effort of one Congressman to force the FTC to vacate its headquarters for an expansion of the national art museum.165

The opportunity costs for each hearing on such marginal issues, for example, whether professional baseball should continue to enjoy a partial exemption from the antitrust laws or grandstanding for constituents over the fate of a particular merger with a pronounced local effect, is high. Congress sacrifices time, money, and attention better used to study more important, broader issues of competition law and policy. Stated enforcement policy over unilateral conduct and merger policy have changed substantially between administrations and over time. Important guidelines and stated enforcement priorities have changed as well with little substantive Congressional involvement. 16 6 Critical decisions by the United States Supreme Court have changed the law in dramatic and subtle ways without significant Congressional input either before or after the decisions. 167

Perhaps Congress simply does not care about, or actually approves of, the continued evolution of United States antitrust law and policy in all its complexity. However, this silence or indifference has important consequences. It shifts power from the most democratic elected institutions to the more distant, less democratic institutions of agencies and courts to craft fundamental economic policy free from all but the most macro-level interventions or corrections.

#### That collapses court legitimacy and constitutional separation of powers.

David P. Ramsey 10. Associate Professor of Government at the University of West Florida. “The Role of the Supreme Court in Antitrust Enforcement”. May 2010. https://baylor-ir.tdl.org/bitstream/handle/2104/7960/david\_ramsey\_phd.pdf?sequence=3

White’s announcement of the rule of reason was not without its critics on the Court. Justice John Marshall Harlan, author of the Court’s opinion in the Northern Securities case, delivered a passionate dissent which, in the period immediately following announcement of the Court’s ruling in the Standard Oil case, was more widely covered in the press than White’s majority opinion. For Harlan, the real issue of the case was whether or not the Court would resist the temptation to amend the Sherman Act by a process of judicial legislation.28 Harlan places the decision in the context of the failed arguments of defendants in the Trans-Missouri and Joint Traffic arguments, who twice attempted to persuade the Court to amend or interpret the text of Sherman §1 prohibition of all agreements in restraint of trade to read all agreements ‘in unreasonable restraint of trade,’ and twice failed to do so.29 Given such precedents, Harlan found White’s decision now to incorporate the standard of reasonableness into the Court’s interpretation of the statute troubling not only because this would seem to **raise constitutional concerns** about judicial legislation, but also because it seemed to show such **blatant disregard** for stare decisis, and would thus help to **weaken** an important source of **institutional power** for the judiciary over time. 30 Finally, Harlan explained that he was worried that White’s adoption of a rule of reason would have **profound constitutional implications in future generations**, particularly the danger of judicial encroachment on the legislative power, and the danger that the Court, by something so small as inserting the word ‘reasonable’ into the Sherman Act’s prohibition of restraints of trade, might eventually come to **erect itself into a superlegislature**, just as Brutus and the Anti-Federalists had feared. Emphasizing the three “separate, equal and coordinate departments” erected by the Constitution, Harlan stresses the danger posed to our institutions should any one branch of the federal government begin to usurp the powers of another, and that this danger was all the more **prevalent and pernicious** in cases involving attempts to transcend constitutional powers in the name of the common good. Harlan closes with a passionate exhortation to resist this temptation to pursue the public good or further the legislative intent of Congress by surpassing the powers granted the Court in Article III. After many years of public service at the National Capital, and after a somewhat close observation of the conduct of public affairs, I am impelled to say that there is abroad in our land a most harmful tendency to bring about the amending of constitutions and legislative enactments by means alone of judicial construction. As a public policy has been declared by the legislative department in respect of interstate commerce, over which Congress has entire control, under the Constitution, all concerned must patiently submit to what has been lawfully done until the People of the United States—the source of all National power—shall, in their own time, upon reflection and through the legislative department of the Government, require a change of that policy.31 Though Harlan’s warning tends to be lightly dismissed by later critics, it must be remembered that at the time, federal involvement in regulation of the economy was minimal, and therefore the Court tended to defer to the political branches. Harlan’s reluctance to accept a court-made rule of reason was in part, then, an attempt to protect the Court from the political backlash that would likely result from being positioned at the vanguard of Progressive reforms. The Sherman Act was controversial enough as a statement of national economic policy without the Court adding to it an additional layer of discretionary power for the judiciary.

#### Rule of law is essential to stave off societal collapse.

Stephen Breyer 18. An associate justice of the Supreme Court of the United States. “AMERICA’S COURTS CAN’T IGNORE THE WORLD” The Atlantic. October 2018. <https://www.theatlantic.com/magazine/archive/2018/10/stephen-breyer-supreme-court-world/568360/>

Third, and finally, my legal examples suggest the importance of looking to approaches and solutions that themselves **embody a rule of law**. To achieve and maintain a rule of law is more difficult than many people believe. The effort is ancient, stretching back to King John and the Magna Carta, and still earlier. And the effort does not always succeed. I often describe to judges from other countries how, in the 1830s, a president of the United States, Andrew Jackson, when faced with a Supreme Court decision holding that northern Georgia (where gold had been found) belonged to the Cherokee Nation, is said to have remarked, “John Marshall [the chief justice] has made his decision, now let him enforce it.” Jackson sent troops to Georgia, but not to enforce the law. Instead they evicted the tribe members, sending them along the Trail of Tears to Oklahoma, where their descendants live to this day. Not for more than a century, a period that included the Civil War and decades of racial segregation, would the Supreme Court hold, in Brown v. Board of Education, in 1954, that racial segregation violated the Constitution. Yet the country did not abolish segregation the next year or the year after that. When, in 1957, a judge in Little Rock, Arkansas, ordered Central High School desegregated, the local White Citizens’ Council, supported by the governor, rallied in front of the school, letting no black child enter. It took more than judicial decisions to end segregation. It took a president’s decision to send 1,000 paratroopers to Arkansas. It took Martin Luther King Jr., and the Freedom Riders, and the words and deeds of countless Americans who were not lawyers or judges. Today the public has come to accept the rule of law. When the Court decided Bush v. Gore, a case that was unpopular among many, and was (as I wrote in dissent) wrongly decided, the nation accepted the decision without rioting in the streets. That is a major asset for a nation with a highly diverse population of 320 million citizens. We do not have to convince judges or lawyers that maintaining the rule of law is necessary—they are already convinced. Instead we must convince ordinary citizens, those who are not lawyers or judges, that they sometimes must accept decisions that affect them adversely, and that may well be wrong. If they are willing to do so, the rule of law has a chance. And as soon as one considers the alternatives, the need to work within the rule of law is obvious. The **rule of law** is the opposite of the arbitrary, which, as the dictionary specifies, includes the **unreasonable, the capricious, the authoritarian, the despotic, and the tyrannical.** Turn on the television and look at what happens in nations that use other means to resolve their citizens’ differences. For my generation, the need for law in its many forms was perhaps best described by Albert Camus in The Plague. He writes of a disease that strikes Oran, Algeria, which is his parable for the Nazis who occupied France and for the evil that inhabits some part of every man and woman. He writes of the behavior of those who lived there, some good, some bad. He writes of the doctors who help others without relying upon a moral theory—who simply act. At the end of the book, Camus writes that the germ of the plague never dies nor does it ever disappear. It waits patiently in our bedrooms, our cellars, our suitcases, our handkerchiefs, our file cabinets. And one day, perhaps, to the misfortune or for the education of men, the plague germ will reemerge, reawaken the rats, and send them forth to die in a once-happy city. The struggle against that germ continues. And the rule of law is one **weapon that civilization has used to fight it.** **The rule of law is the** **keystone of the effort to build a civilized, humane, and just society.** At a time when facing facts, understanding the local and global challenges that they offer, and working to meet those challenges cooperatively is **particularly urgent**, we must continue to construct such a society—a **society of laws**—together.

#### Judicial activism collapses democracy.

James Muffett 14. Founder & President of Student Statesmanship Institute and President of Citizens for Traditional Values. “The Danger Of Judicial Activism”. Michigan All Rise. 9-8-14. <https://michiganallrise.org/resources/the-danger-of-judicial-activism/>

There is a battle in our nation between those who believe that judges should follow the law as intended by the legislature, and those who think judges have latitude to interpret the law according to their view of what the law ought to be. The latter are referred to as, “activist judges.” When judges insert their own personal bias, they usurp the role of the legislators whom the citizens elect to represent them in deciding disputed, difficult policy issues. Thus, judicial activism **undermines the very basis of our representative democracy.** It can be argued that activist judges have done more damage to traditional, Judeo-Christian values than the other branches of government combined. The areas of greatest damage include free enterprise, human life, marriage, personal freedoms, property rights and religious liberty. Judges who usurp the authority of the people are **not merely incorrect; they are themselves unconstitutiona**l. And they are unjust. In fact, Justice White in his Roe v. Wade dissent opinion, wrote that the court had acted “**not in constitutional interpretation**, but in the unrestrained imposition of its own, **extra-constitutional value preferences**.” In addition to short-circuiting the democratic process, this judicial approach creates an environment of unpredictability which ultimately leads to **destabilization and more litigation.** When judges exercising the power of judicial review are guided by the text, logic, structure, and original understanding of the Constitution and the law, they deserve our respect and gratitude. By operating with this type of judicial oversight, they are playing their part to make constitutional republican government a reality. But where judges usurp democratic legislative authority by imposing on the people their moral and political preferences, under the guise of fairness or empathy, they should be severely criticized and resolutely opposed. It is time for all citizens to wake up to this **crisis** and work to elect “Rule of Law” judges who exercise constitutional authority only to enforce the law as written and ensure that laws apply to everyone equally.

#### Antitrust is key to democratic legitimacy---sets a precedent.

Daniel A. Crane 21. Frederick Paul Furth, Sr. Professor of Law, University of Michigan. "Antitrust Antitextualism " Notre Dame Law Review. 1-28-2021. https://scholarship.law.nd.edu/cgi/viewcontent.cgi?article=4952&context=ndlr

3. Implications for Interpretation

The phenomenon of antitrust antitextualism is important for understanding the U.S. antitrust system, its history, and the possibilities for its reform, but it also has significance for more general understandings of how statutes are written and how their interpretation functions or should function. Scholars have argued that Congress sometimes means statutory language to be purely expressive, indeed that it means for the courts not to give that language legal effect.262 But the story of antitrust antitextualism goes far beyond judicial excision of stray words or phrases from the antitrust statutes. In important instances, particularly with respect to the FTC and Robinson-Patman Acts, the courts have entirely rewritten the textual meaning and legislative purpose of the statute.263 Through a chronic cycle of legislative enactment, judicial disregard, and implicit legislative acquiescence, Congress and the courts have constituted the common-law system that judges and scholars across the political spectrum now consider normalized and perhaps even inevitable.

This pattern of judicial/legislative engagement (with the executive playing an enabling role) raises both analytical and normative questions for the jurisprudence of statutory interpretation. Analytically and descriptively, is antitrust law sui generis, or do other statutory domains exhibit a similar, but perhaps unrecognized, dynamic? Do the antitrust laws idiosyncratically operate in a space of equipoise between Jeffersonian idealism and Hamiltonian pragmatism, with Congress implicitly assigning itself the role of idealist orator while acquiescing as the courts provide pragmatic counterbalance? Or is this yin and yang phenomenon, disguised in the interpretive rhetoric of broad delegations and common-law method, a more general one, in maybe unappreciated ways? Once a pattern is observed in one legal domain, it tends to be observed soon in others as well. Finding a recurrence of the antitrust pattern elsewhere could provide new insights on statutory interpretation, separation of powers, and the de facto institutional roles of the legislative and judicial branches.

Normatively, there is much to question about the democratic legitimacy of the implicit system of legislative declaration and judicial reformation described in this Article. There seems little in it that either a committed textualist or a committed purposivist could defend, since the system entails the courts honoring neither what Congress wrote nor what it meant. To rehabilitate the system’s democratic legitimacy, a subtle purposivist might say that what Congress actually meant—in a deep sense—must be gathered from the norms of the system itself rather than from conventional evidence such as floor statements by members of Congress, committee reports, or other contemporaneous sources of public meaning. Perhaps members of Congress legislate against a backdrop of expectation that the courts will continue to read down new statutes to accommodate pragmatic efficiency interests, and consenting to this implicit system, the members feel liberated to express more in the statute than they actually mean as prescriptive. But if that is wholesome democratic practice, that case is yet to be made.

#### Democratic backsliding in the US spills over.

Larry Diamond 21. Senior Fellow at the Hoover Institution and the Freeman Spogli Institute for International Studies at Stanford University. "A World Without American Democracy?". Foreign Affairs. 7-2-2021. https://www.foreignaffairs.com/articles/americas/2021-07-02/world-without-american-democracy?utm\_medium=referral&utm\_source=www-foreignaffairs-com.cdn.ampproject.org&utm\_campaign=amp\_kickers

Aprolonged global democratic recession has, in recent years, morphed into something even more troubling: the **“third reverse wave” of democratic breakdowns** that the political scientist Samuel Huntington warned could follow the remarkable burst of “third wave” democratic progress in the 1980s and the 1990s. Every year for the past 15 years, according to Freedom House, significantly more countries have seen declines in political rights and civil liberties than have seen gains. But since 2015, that already ominous trend has turned sharply worse: 2015–19 was the first five-year period since the beginning of the third wave in 1974 when more countries **abandoned democracy**—twelve—than transitioned to it—seven. And **the trend continues.** Illiberal populist leaders are **degrading democracy** in countries including Brazil, India, Mexico, and Poland, and **creeping authoritarianism** has already moved Hungary, the Philippines, Turkey, and Venezuela out of the category of democracies altogether. In Georgia, the dominance of the Georgian Dream Party has led to the steady decline of electoral processes and a breakdown in the rule of law. In Myanmar, the military overthrew the elected government of Aung San Suu Kyi, ending an experiment in partial democracy. In El Salvador, president Nayib Bukele staged an executive coup by removing the attorney general and Supreme Court justices who were obstacles to his consolidation of power. In Peru, democracy hangs from a thread as the right-wing autocrat Keiko Fujimori advances vague claims of election fraud in a bid to overturn her narrow electoral defeat to left-wing opponent Pedro Castillo. What is especially striking about this last case is that Fujimori’s gambit bears a grim resemblance to the lie perpetuated by former U.S. President Donald Trump and his followers about the 2020 presidential election. This is no coincidence. As the journalist and historian Anne Applebaum has observed, fictitious claims of fraud and “stop the steal” tactics are becoming a common means by which autocratic populists try to obstruct democracy. Such tactics have long been a source of instability in countries struggling to develop democracy. But the fact that the most recent iteration of the antidemocrat’s playbook draws heavily on precedents in the **world’s most important and powerful democracy** marks the start of a **dangerous new era.** Today, the United States confronts a **growing antidemocratic movement**, not just from the ranks of fringe extremists but also from a substantial group of officeholders—a movement that is challenging the very foundations of electoral democracy. Should this effort succeed, the United States could become the first ever advanced industrial democracy to fail—that is, to no longer meet the minimum conditions for free and fair elections as political scientists and other scholars of democracy define them. The **failure of American democracy would be catastrophic** not only for the United States; it would also have **profound global consequences** at a time when freedom and democracy are already **under siege**. As Huntington noted, the diffusion of democratic movements and ideas from one country to another has helped drive positive democratic change. Antidemocratic norms and practices can **spread in a similar fashion**—especially when they emanate from powerful countries. That is why the acceleration of a democratic recession into a democratic depression happened largely on Trump’s watch. And it is why no development would **more gravely damage the global democratic cause** than the democratic backsliding of its **most important champion.**

#### Democracy solves great power war.

Larry Diamond 19. PhD in Sociology, professor of Sociology and Political Science at Stanford University. “Ill Winds: Saving Democracy from Russian Rage, Chinese Ambition and American Complacency,” Kindle Edition

In such a near future, my fellow experts would no longer talk of “democratic erosion.” We would be spiraling downward into a time of democratic despair, recalling Daniel Patrick Moynihan’s grim observation from the 1970s that liberal democracy “is where the world was, not where it is going.” 5 The world pulled out of that downward spiral—but it took new, more purposeful American leadership. The planet was not so lucky in the 1930s, when the global implosion of democracy led to a catastrophic world war, between a rising axis of emboldened dictatorships and a shaken and economically depressed collection of selfdoubting democracies. These are the stakes. Expanding democracy—with its liberal norms and constitutional commitments—is a crucial foundation for world peace and security. Knock that away, and our most basic hopes and assumptions will be imperiled. The problem is not just that the ground is slipping. It is that we are perched on a global precipice. That ledge has been gradually giving way for a decade. If the erosion continues, we may well reach a tipping point where democracy goes bankrupt suddenly—plunging the world into depths of oppression and aggression that we have not seen since the end of World War II. As a political scientist, I know that our theories and tools are not nearly good enough to tell us just how close we are getting to that point—until it happens.

#### The plan is key to reverse erroneous court judgement that distorted the purpose of antitrust law.

Daniel Hanley 21. A policy analyst at the Open Markets Institute. "Slate - How Antitrust Lost Its Bite" Open Markets Institute. 4-21-2021. https://www.openmarketsinstitute.org/publications/slate-how-antitrust-lost-its-bite

Antitrust is about determining and allocating the rights, privileges, and duties of all economic actors. When Congress originally enacted the Sherman Act, the law was intended to protect consumers, workers, and democracy from excessive concentrations of corporate power. Because of this reality, it is an inherently political area of law. The shift toward rooting it in economics, and making its application substantially more obscure than a bright-line rule, is effectively a means by the judiciary to strip the historical foundations of antitrust from the record and instead substitute its own judgment on what the priorities are for the economy and how it should be structured.

When combined with the rule of reason, the judiciary’s consumer welfare framework effectively erases Congress’ intent for the antitrust laws to operate as a “comprehensive charter of economic liberty” that “does not confine its protection to consumers, or to purchasers, or to competitors, or to sellers.” Such values are best determined by members of the elected legislature rather than unelected judges, a point ironically acknowledged by the Supreme Court in 1972.

Lower federal courts today continue to push the consumer welfare standard even further by, in violation of controlling Supreme Court precedent, weighing the competitive harms of a dominant firm’s conduct against one group to the benefits provided to another group. In ongoing litigation against the NCAA that was heard by the Supreme Court last week, the district court judge ruled that the NCAA’s compact with universities to set a ceiling on the amount of compensation that student-athletes can receive is legal because of the reputed benefit consumers derive from watching athletes knowing there is a cap on their compensation. The court employed the rule of reason to arrive at this result. In an alternative enforcement regime, the NCAA would be a per se illegal employer cartel that is suppressing workers’ wages.

Comprehensive empirical analysis has revealed that the rule of reason has been a rubber stamp for even the most egregious antitrust conduct. A 2009 analysis revealed that 97 percent of cases analyzed under the rule of reason result in victories for defendants. That means corporations are effectively shielded from most antitrust violations.

Part of the reason for such a skewed result in favor of antitrust defendants is that dominant firms have access to high-salaried economists that are able to manipulate analyses to mask the corporation’s conduct to look like it is operationally efficient instead of engaging in predatory practices. Such a situation also deters antitrust litigation because a plaintiff will also have to incur the cost of an economist—which can cost several thousand dollars and, in some cases, several hundred thousand dollars. Thus, the battle over the legality of a business tactic under a consumer welfare framework and rule of reason legal analysis depends on access to immense financial capital and judicial appeasement of policies that favor corporate integration rather than common notions of fairness, equity, and deconcentrated markets—which was the original purpose of the antitrust laws.

Despite controlling Supreme Court precedent prohibiting the use of economics in certain antitrust violations, courts now routinely use it to justify corporate consolidation. For example, in the context of merger analysis, the economization of antitrust has led courts to believe and depend on theoretical assumptions on how mergers are beneficial for society and consumers. In the case of AT&T and its pursuit of acquiring Time Warner in 2018, the corporation stated its merger would produce efficiencies and save customers money. District Court Judge Richard Leon was persuaded by AT&T’s statements holding that vertical integration is able to shrink its costs and will “lead to lower prices for consumers.” But such assumptions have been categorically repudiated by researchers. In one example, the economist John Kwoka found that 80 percent of studied mergers led to high prices and even reduced output. Other studies have found equivalent results. In the context of AT&T, subsequent evidence showed that AT&T did raise prices on consumers.

As Congress considers enacting new legislation, it must start by reclaiming control over antitrust by enacting laws with clear rules that could deter exclusionary conduct and greatly simplify the litigation process for plaintiffs. Moreover, instead of just restoring many of the historical bright-line rules that the judiciary has eroded over the last 60 years, new laws should go further to ensure that markets remain deconcentrated and to promote economic fairness. For example, Congress could enact strict prohibitions on firms entering certain lines of business, such as AT&T being prohibited from entering the computer industry in 1956, or ban the use of specific competitive practices outright, such as noncompetes that restrict the mobility of workers. Rules like these ensure the markets are structured by publicly accountable institutions to incentivize socially beneficial corporate conduct, such as investments in research and development and product quality.

Importantly, rules-based laws would also ensure the judiciary is adhering to Congress’ directive to keep markets deconcentrated and acknowledge that the judiciary is not a reliable safeguard for smaller independent firms and workers who often do not have access to significant amounts of capital to litigate an antitrust lawsuit. In fact, in commonly applied rules for how judges interpret Congress’ laws, the judiciary views ambiguity as an opportunity to fill any legal gaps with its interpretation and ideology.

History has consistently shown that only bright-line rules will lead to an effective and vigorous enforcement environment, as they do in other areas of law, and prevent the judiciary from favoring dominant economic enterprises and distorting the antitrust laws to preference increased concentration. The Supreme Court’s original development of the rule of reason and its subsequent gutting of the enforcement of the Clayton Act in the 1930s is particularly illustrative of why bright-line rules are necessary.

### Plan---1AC

#### The United States Federal Government should prohibit private sector business practices that violate an antitrust worker welfare standard.

### Solvency---1AC

#### Contention 4 is Solvency.

#### Replacing consumer welfare with worker considerations lets labor win---alternatives legalize exploitation and ban collective bargaining.

Firat Cengiz 20. School of Law and Social Justice, University of Liverpool. "The conflict between market competition and worker solidarity: moving from consumer to a citizen welfare standard in competition law". Cambridge Core. 10-8-2020. https://www.cambridge.org/core/journals/legal-studies/article/conflict-between-market-competition-and-worker-solidarity-moving-from-consumer-to-a-citizen-welfare-standard-in-competition-law/6E783D1FC4BAB5605DFABCD17FBE3F35

Introduction

This paper offers a critical investigation of the law and economics of competition law enforcement in conflicts between workers and employers in the European Union (hereinafter EU) and the US. In such cases competition law comes into direct conflict with the principle of worker solidarity: according to the principle of market competition individuals are expected to take independent economic decisions and actions, whereas workers need to take collective economic actions and decisions to protect their interests. This conflict is particularly obvious in the context of the so-called gig economy,1 in which employers keep casualised workers at legal arms’ length to reduce labour and regulatory costs.2 If gig workers take collective action against their working conditions, they might face attack from competition law, because legally they might be considered independent service providers, rather than workers.3

The legal conundrum facing gig workers has become an increasingly popular subject in the law and economics literature.4 Nevertheless, the more fundamental question of how the enforcement of competition rules affects the overall position of workers beyond the limited case of the gig economy remains largely unexplored. This paper aims to investigate this broader and more fundamental question. In order to provide a sufficiently global answer, the paper focuses on the legal positions of the EU and US, as the leading competition law jurisdictions and primary competition policy exporters.5 The EU–US comparison shows that despite the slightly different legal tests applied in these polities, competition rules constitute nearly equally disciplining mechanisms against collective worker action on either side of the Atlantic.

This paper also makes an original contribution to the emerging debate on whether and how competition law can contribute to wealth equality between citizens in the post-2008 crisis economy. The existing debate on the competition law–equality relationship takes the ‘consumer welfare’ standard as its main reference point: it focuses exclusively on the distribution of wealth between consumers and producers; as a result, it overlooks the production process that takes place before consumers meet products and services, and the position of workers within it.6 This is a natural result of competition law's reliance on a limited area of neoclassical economics called ‘equilibrium economics’ that understands efficiency exclusively as a market mechanism in which the price manifests itself where supply meets demand.7 Departing from the mainstream competition law and economics methodology, this paper builds its investigation on a holistic theoretical foundation, looking beyond equilibrium economics at labour exploitation theory as established in neoclassical as well as Marxian models. This analysis shows that despite standing at opposing ends of the political spectrum and whilst having some fundamental differences, Marxist and neoclassical models agree that collective worker action is economically beneficial and socially necessary. As a result, a critical analysis of the current legal situation on both sides of the Atlantic in light of this holistic framework illustrates how competition law's hostility towards collective worker action is not only unjust but also economically unsound.

This paper demonstrates that the key problem in competition law's treatment of labour stems from the application of the consumer welfare standard in cases involving the competition–solidarity conflict without paying any attention to the idiosyncratic qualities of labour that render it naturally open to exploitation. Similarly, the consumer welfare standard overlooks the fact that consumers and workers are essentially the same group of people and one's welfare cannot be increased or decreased without affecting the other's.8 Even if worker exploitation could result in reduced labour costs and decreased prices, this cannot be deemed efficient as it reduces the workers’ welfare and results in broader negative socio-economic effects. Similarly, collective worker action resulting in higher labour costs and potentially higher prices cannot automatically be deemed inefficient, because although this might increase the prices consumers pay, they benefit from higher wages and better working conditions in their position as workers. As a result of this critical analysis, the paper proposes an original and more inclusive ‘citizen welfare’ standard that takes into account the economic effects of anti-competitive behaviour on workers as well as consumers. The citizen welfare standard could also potentially be applied in other contexts to solve long-standing conflicts between competition and other policy objectives, such as industrial, environmental and social policy objectives,9 although this paper primarily focuses on the application of citizen welfare to the competition–solidarity conflict.

The structure of the paper is as follows: the next section provides an opening discussion of competition law, consumer welfare and equality. This is followed by a discussion of the economic theory of labour exploitation. Then, the paper investigates how competition law approaches the competition–solidarity conflict in the EU and the US. The fourth section critically discusses the EU and US legal positions in light of economic theory. This section also develops the citizen welfare approach as an alternative to consumer welfare for the resolution of the competition–solidarity conflict. This is finally followed with conclusions. Regarding terminology, this paper uses the term ‘worker’ (rather than employee) as a non-legal, generic term encompassing all individuals who make a living by providing labour power as a production factor in the production process of goods and services. Similarly, the term ‘labour’ is used to refer to the contribution of the workers to the production process as an abstract human factor. However, if the courts or authorities in question use a different term (such as employee) in a specific case, the paper uses the same term in the discussion of that specific case.

#### Antitrust law must prioritize worker welfare---workers suffer a greater loss than consumers.

Clayton J. Masterman 16. 2019 graduate of the Vanderbilt University Ph.D. Program in Law & Economics. “The Customer Is Not Always Right: Balancing Worker and Customer Welfare in Antitrust Law” Vol. Vanderbilt Law Review. 69:5:1387. 2016. <https://law.vanderbilt.edu/phd/students/The-Customer-Is-Not-Always-Right-Balancing-Worker-and-Customer-Welfare-in-Antitrust-Law.pdf>

As this Note has already stated, the purpose of antitrust law is to protect competition, but the **meaning of competition is nebulous**.136 Regardless of whether total welfare or the consumer welfare standard is the appropriate measure of net competitive effect,137 a body of law that protects competition should **not allow firms to engage in conduct that restricts trade severely** in one part of the supply chain merely because it prioritizes end customer benefits.138 As a class of consumers, **workers also deserve protection from anticompetitive employer agreements.** Congressional intent **supports prioritizing the interests of workers** over customers when analyzing anticompetitive restraints in labor markets. Unions are inherently anticompetitive; a union is a combination of workers jointly setting wages and other work conditions, just as a cartel is a combination of firms setting prices together.139 As a result, the existence of unions increases the wages that firms pay their workers, which in turn results in price increases for customers.140 Nonetheless, labor law staunchly defends the ability of workers to create unions. When antitrust restrictions would deter union conduct, Congress has decided that **labor law carries more weight.**141 Thus, the labor exceptions to antitrust law142 demonstrate a congressional decision that the welfare gains to workers from increased wages and other improved terms of employment outweigh the costs to customers in the output market from the resulting increased prices. Given that Congress protects workers in one class of anticompetitive conduct, it is reasonable to **structure antitrust law to protect workers from conduct with parallel effects**. Restraints of trade in labor markets are the converse of unions, trading lower wages for lower prices. However, it is possible that Congressional intent extends only to weighing the interests of workers over customers in the special case of union activity. Even though unions engage in political activies, the aims of unions are primarily economic.143 Thus, Congress supports the economic mission of unions (advancing the welfare of workers despite the potential economic effects on firms and customers) by favoring them in antitrust law. Unions are only special in antitrust because Congress has expressed a legislative preference for workers over other economic actors. It is thus **appropriate for courts to weigh workers over other actors** when firms engage in conduct that affects workers at the expense of other groups. Further, the welfare economics of restricting competition in employment markets supports worker protection. Economists generally agree that individuals exhibit diminishing marginal utilities of wealth—that is, each additional dollar an individual receives makes them a little less well off than the previous dollar did.144 **Diminishing marginal utility of wealth** thus implies that when two individuals lose equivalent amounts of money, the individual for whom the loss was a greater portion of his or her wealth **suffers a greater loss**.145 Generally, the wages that workers lose as a result of anticompetitive conduct will be larger than the price cuts for customers.146 Where the monopsonist also has market power in the output market, the price decrease passed on to customers will be even smaller than in a competitive output market.147 Because wages likely represent a larger portion of workers’ wealth than the additional wealth consumers gain from lower prices, workers lose more welfare than customers gain. Moreover, behavioral economics suggest that the losses to workers from wage reductions will **hurt workers more** than the gains that customers will receive from lower prices.148 Behavioral economists have recognized that individual utility is relative to a reference point like the status quo; losses relative to that reference point **cause a welfare loss about twice the size of the welfare gain** from an equivalent gain.149 Put simply, losses hurt more than equivalent gains feel good. Because monopsonistic conduct results in losses for workers and gains for customers relative to the competitive equilibrium, the **total net effect on welfare that consumers experience is even more likely to be negative.** To be sure, behavioral economics has not been universally welcomed in antitrust law.150 But courts have entertained behavioral economics arguments in antitrust before, generally in cases where neoclassical economic analysis would sharply diverge from what the court believes a “real” customer would do.151 Here, it is unlikely that customers weigh price decreases in the same way that workers weigh wage increases because wages are the primary source of most workers’ incomes; as a result, equivalent economic losses to workers likely outweigh the gain.152

#### Worker welfare can easily be assessed by the Courts.

Eugene K. Kim 20. J.D. 2020; Yale College, B.A. 2016. “Labor’s Antitrust Problem: A Case for Worker Welfare” The Yale Law Journal. 2020. https://www.yalelawjournal.org/pdf/130.2Kim\_q1s8bt8t.pdf

Just as consumer welfare can be measured through economic factors like price, output, quality, and innovation, **courts and economic experts can assess worker welfare through a set of analogous factors:** wages and benefits, hours, working conditions,65 and training. One major tension between these two standards is that workers benefit from higher wages while consumers benefit from lower prices, but these factors capture **similar characteristics of equilibria in both markets**.66 Wages and hours are the labor-market analogs of price and quantity, and benefits can be considered along with wages as a type of compensation. **Working conditions reflect heterogeneity within a single type of employment**, just as quality reflects heterogeneity within a single type of product. And training reflects how labor markets can be dynamic, just as innovation reflects how product markets can be dynamic: that is, labor productivity can improve over time, just as firm productivity can improve over time. As in product-market analysis, courts and economic experts can assess how a contested activity (e.g., a merger) **affects these factors and estimate the net effect on worker welfare.** A worker welfare standard would be similar to a consumer welfare standard in that much of its application would fall on economic experts, whose work would be assessed and weighed by courts. Of course, some cases will be clearer and may be amenable to per se analysis, like an agreement between firms to fix wages. But, as in product markets, other cases will be subtle, and economics will have a role to play. **Just as economic models are used to forecast** the effects of certain market events on price and quantity, and aggregate those effects to estimate net effects on consumer welfare,67 economics will also be instrumental in forecasting the effects of market events on wages and hours, and aggregating those effects to estimate net effects on worker welfare. Antitrust analysis is highly technical in the status quo,68 and **a worker welfare standard would not be any different in its reliance on economics**. The main difference is that a worker welfare standard **focuses attention on the interests of workers, who are often neglected** despite their vulnerability to rent-extractive firm behavior, and recognizes that advancing the interests of workers may **require more than advancing the interests of consumers.**

# 2AC

## T

### We Meet---2AC/1AR

#### We meet---the plan prohibits activity.

Leon B. Greenfield, et al. 20. Perry A. Lange & Nicole Callan, Antitrust Populism and theConsumer Welfare Standard: What Are We Actually Debating?, 83 Antitrust L.J. 393(2020).

1. Public Interest Considerations in Merger Review

Under a "public interest" standard, mergers could be prohibited for reasons going beyond competitive harm, such as reduced wages, job cuts, or harm to small business. Critics of a public interest test argue that it would unconstructively inject social and political concerns into enforcement. For example, Di-ana Moss of the American Antitrust Institute (which generally advocates for aggressive antitrust enforcement) has warned that a public interest standard would introduce uncertainty into the antitrust laws and "could include every-thing that is affected by a merger or abusive conduct: employment, health and safety, and even environmental concerns."168

### Rule of Reason OR Per Se---2AC

#### Prohibition includes per se and rule of reason.

Anu Bradford and Adam S. Chilton 18. Anu Bradford Henry L. Moses Professor of Law and International Organization, Columbia Law School. Adam S. Chilton. Assistant Professor of Law and Walter Mander Research Scholar. https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=3519&context=faculty\_scholarship

Before discussing our data and the coding of the CLI, it is important to recognize that there are limitations to any index that attempts to quantify competition regulation. This is because it is difficult to produce a single metric that tells the comprehensive story of country’s competition regime. For example, if a specific type of conduct is prohibited, is it prohibited always (per se) or sometimes (rule of reason)? This seems like a relevant distinction to code, but it turns out to be difficult to capture systematically in many jurisdictions. For instance, Article 101(3) of the Treaty on the Functioning of the European Union (TFEU) seems to regulate anticompetitive agreements under the rule of reason standard in the European Union, but, in practice, cartels are per se prohibited. This highlights the challenge of coding even just the law in books, let alone accounting for all the nuances of a country’s competition policies.20

### CI---Anything Violating Antitrust---2AC

#### Prohibitions are any proscribed conduct in antitrust.

Margaret V. Sachs 01. Robert Cotten Alston Professor of Law, University of Georgia School of Law. A.B. 1973, Harvard University; J.D. 1977, Harvard Law School. “Harmonizing Civil and Criminal Enforcement of Federal Regulatory Statutes: The Case of The Securities Exchange Act Of 1934”. https://www.illinoislawreview.org/wp-content/uploads/2001/06/Sachs.pdf

Many federal regulatory statutes are hybrid statutes—their prohibitions1 are enforceable in criminal actions as well as in private or govern- mental civil actions (or both).2 Leading examples include the Sherman Antitrust Act,3 the Clean Water Act,4 the Truth in Lending Act,5 the False Claims Act,6 the Racketeer Influenced Corrupt Organizations Act,7 the Federal Food, Drug and Cosmetic Act,8 and the Securities Exchange Act of 1934.9 Hybrid statutes present an important question that has divided courts but received virtually no attention from legal scholars—can the same prohibition mean different things in different enforcement contexts?10

---FOOTNOTE 1 STARTS---

1. For purposes of this article, the term “prohibition” refers to the part of the statute that identifies proscribed conduct. The plaintiff must prove that the defendant engaged in this conduct in order to establish a prima facie case.

---FOOTNOTE 1 ENDS---

## Econ DA

#### Inequality reduces growth.

OECD 18. “HOW CAN COMPETITION CONTRIBUTE TO FAIRER SOCIETIES?” Organisation for Economic Cooperation and Development. 11-29-18. https://one.oecd.org/document/DAF/COMP/GF(2018)13/en/pdf

35. Growing **inequality reduces economic growth**. Financial hardship and credit market imperfections combine to **reduce people's ability to invest** in education and training, to change jobs, to learn new skills or start new businesses. Inequality harms the morale and the work effort of those who are left behind. It also leads to an **inefficient provision of public goods** that benefit the non-wealthy, like transportation and education even if they would foster overall economic growth. Growing inequality tilts public policy to favour the interests of the wealthy, which potentially creates a **vicious public policy cycle that could perpetuate inequality** and market power and threaten democracy. Inequality undermines the legitimacy of the social order, it lessens the sense that everyone has a fair opportunity and an equal voice, and finally many people would say inequality is objectionable morally. Put in utility terms, the marginal dollar may be more valuable socially if it is given to a struggling family to spend than to a wealthy one. There is a wealth transfer from the victims of market power to the firms exercising it. There are allocative efficiency losses and there is wasteful rent seeking as firms invest to create, obtain or preserve market power. Within the markets that are affected by market power, **innovation and productivity improvements slow.**

#### Investor fears high now---heightened enforcement and China---and COVID thumps.

Reuters 8-9-21. "Biden's antitrust crackdown fuels anxiety of merger investors". INQUIRER.net. https://usa.inquirer.net/79749/bidens-antitrust-crackdown-fuels-anxiety-of-merger-investors

U.S. President Joe Biden’s tougher regulatory stance on big corporate mergers has fueled a rise in investor bets on some deals not being completed, threatening to push the brakes on a record-setting dealmaking boom. Spreads between deal prices and the share prices of acquisition targets widened this week after the U.S. Federal Trade Commission said on Tuesday that a surge in mergers and acquisitions (M&A) would delay antitrust reviews, and that companies that did not wait for their outcome completed their deals at their own risk. On Wednesday, the Information reported that the U.S. Department of Justice was weighing a lawsuit to block UnitedHealth Group’s nearly $8 billion deal to acquire health care analytics and technology vendor Change Healthcare. Such a move would follow its lawsuit to block Aon’s $30 billion acquisition of Willis Towers Watson, which resulted in the insurance brokerages abandoning their deal last month. “The fact that spreads have widened is the understatement of the year,” said Roy Behren, managing member of Westchester Capital Management, which currently has $5.1 billion of assets under management, 85% of which is invested in merger arbitrage. The White House did not immediately respond to a request for a comment. Widened spreads include the proposed $33.6 billion deal between railroad operators Canadian National Railway and Kansas City Southern, as both companies await approval from the Surface Transportation Board. Shares of Kansas City are currently trading at $262 apiece, well below the agreed cash-and-stock deal of $325 per share. Other deals where spreads have increased include Zoom Video Communications’ nearly $15 billion all-stock deal for cloud-based call center operator Five9 Inc and medical device maker Thermo Fisher’s $17.4 billion buyout of contract researcher PPD Inc. Adding to the anxiety of merger investors are the escalating geopolitical tensions between China and the United States. China can thwart mergers of U.S. companies if they have a significant present in the country. The spread on semiconductor designer Advanced Micro Devices Inc’s $35 billion acquisition of Xilinx Inc has widened in recent days for that reason, investors said. “The climate of fear surrounding transactions that require Chinese approval is as difficult as I’ve seen in many, many years,” said Behren. It is not uncommon for M&A spreads to widen in times of uncertainty. They blew up dramatically in March 2020, when Wall Street fretted over the financial fallout of the coronavirus outbreak.

### AT: Business Confidence

#### Business confidence drives antitrust violations.

Christopher R. Leslie 10. Professor of Law, University of California, Irvine School of Law. “Rationality Analysis in Antitrust Law. University of Pennsylvania Law Review. January 2010. Vol. 158, No. 2. <https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=1127&context=penn_law_review>

In the context of anticompetitive conspiracies, **overconfidence** can explain why an arguably irrational scheme is perceived as rational and consequently undertaken. In finding predatory pricing conspiracies to be inherently irrational, the Matsushita Court focused on the fact that recoupment would require the conspirators to participate in a traditional cartel.225 Because price fixing is illegal, the majority suggested that a recoupment strategy based on price fixing would be irrational. The Court’s equation of illegality with irrationality, and then irrationality with nonoccurrence, is flawed. First, price-fixing cartels exist and thrive throughout the American and international economies, despite being illegal.226 Second, price-fixing conspirators often **display extreme overconfidence in the belief that they will never be exposed.**227 Exhibiting daring and cheek, businesspeople routinely plan long-term business strategies based on continuing and **undiscovered antitrust violations**.228 In the context of price fixing, the fine line between overconfidence and audacious profit maximization often turns out to be largely a function of whether one gets caught. The fact that a firm allegedly pursuing an anticompetitive strategy ultimately fails does not mean that the strategy was unattempted. It could simply mean that the firm was **overoptimistic** about its prospects for success, just as DuPont was when it launched Corfam. Behavioral research suggests that the more that a firm values an outcome—e.g., monopoly power—the more likely it is that **overconfidence will bias the decisionmaking process**.229 In short, firms bent on monopolization or cartelization may make a decision to **violate antitrust laws** even though a federal judge later scrutinizing the same business environment would not find such behavior plausible or rational. The fact that the judge would make a particular decision in that situation does not answer the question of whether the defendant, brimming with overconfidence, did in fact violate antitrust laws.230

#### Businesses can afford a wage increase and know they would benefit.

Zoe Willingham 21. A research associate for Economic Policy at the Center for American Progress. “Small Businesses Get a Boost From a $15 Minimum Wage” Center for American Progress. 02-25-21. https://www.americanprogress.org/issues/economy/reports/2021/02/25/496355/small-businesses-get-boost-15-minimum-wage/

Small businesses can reap several benefits from a higher minimum wage that may offset the increased payroll costs. A survey from CNBC found that a majority of small businesses can **absorb the rise in labor costs resulting from increases** in state and local minimum wages in January 2021.19 A growing number of business owners have recognized the benefits of paying a fair wage, paying living wages to their employees, and even supporting a national wage increase. Businesses represented by Business for a Fair Minimum Wage **welcomed the wage increases** that went into effect in several states at the beginning of 2021, stating in a press release, “Businesses depend on customers who make enough to buy what they are selling, from food to car repairs. Minimum wage increases will **go right back into local economies**, **helping workers and businesses** get through the pandemic and economic crisis.”20 Increased demand is good for local economies One of the reasons that large job losses do not tend to accompany increases in the minimum wage is that the increase in low-wage workers’ incomes generates increased spending in the local economy. The workers who would receive this wage increase are more likely to spend it than high-earning households—injecting local economies with a wave of consumer spending—to the benefit of local businesses.21 The Economic Policy Institute found that raising the minimum wage to $15 per hour could increase a worker’s annual salary by $5,100, which would likely go toward daily necessities.22 A study by the Federal Reserve Bank of Chicago estimates that a $1 raise for a minimum wage worker translates to an additional $2,080 in consumer spending by their household over the course of a year.23 One of the first types of spending to increase when workers get raises is dining—an effect that will provide some relief to the struggling restaurant industry.24 The increase of spending by low-income workers on household necessities and other consumer goods will help juice the economy and boost the revenue of small businesses. As David Cooper of the Economic Policy Institute aptly puts it, “The number one problem for businesses right now isn’t excessive labor costs, it’s a lack of demand.”25 Small businesses that pay living wages reap significant benefits In addition to enjoying higher consumer demand, small businesses that adopt living wages **benefit from a more productive workforce** with fewer incidental payroll costs.26 Quite simply, employees that make a fair wage are **able and willing to work harder**. When workers experience less economic anxiety, they are better able to focus on their tasks. Moreover, better pay is related to better health outcomes, meaning workers take fewer sick days. It also means that employees are more invested in their work and are less likely to be late, miss a shift, or have other disciplinary problems.27 In total, **worker productivity and the quality of service increases**, potentially allowing a firm to increase its prices to compensate for the higher pay.28 For example, a study of nursing home staff performance after a minimum wage increase showed a significant increase in the quality of care received by residents.29 In addition to higher productivity from individual workers, small **businesses benefit from lower staff turnover.**30 The time and money needed to recruit, interview, and train a new employee eats up significant resources. By some estimates, it costs about one-fifth of a worker’s annual salary to replace them, and low-wage jobs such as retail and food service are among those with the highest turnover rates.31 In the long term, raising the minimum wage will likely bring cost savings to small businesses that find it easier to retain employees after the wage increase.

#### Wage increases benefit investment and growth.

James Manyika et al 18. James Manyika Jaana Remes, and Jan Mischke. “The U.S. Economy Is Suffering from Low Demand. Higher Wages Would Help” Harvard Business Review. 02-21-18. https://hbr.org/2018/02/the-u-s-economy-is-suffering-from-low-demand-higher-wages-would-help

To put it simply, when consumers have more to spend, they buy more sophisticated things. That’s good not just for consumers and producers, but **for the overall economy**, because making more sophisticated, higher-value things **makes everyone involve more productive**, and therefore helps **increase overall standards of living.** In addition, we found two other ways weak demand hurt productivity growth in the aftermath of the financial crisis: a reduction in economies of scale and weak investment. First, the economies of scale effect. In finance, productivity growth declined particularly in the United States, United Kingdom, and Spain due to contractions in lending volumes that banks were unable to fully offset with staff cuts due to the need for fixed labor (for example to support branch networks and IT infrastructure or to deal with existing loans and bad debt). The utilities sector, which has seen flattening demand growth due to both energy efficiency policies as well as a decline in economic activity during the crisis, was similarly not able to downsize labor due to the need for labor to support electricity distribution and the grid infrastructure, and here, too, productivity growth fell. Second, the effect of weak investment. We have found from our global surveys of businesses that almost half of companies that are increasing their investment budgets are doing so because of an increase in demand. **Demand is the single most important factor** driving corporate investment decisions. Investment, in turn, is critical for productivity growth, as it equips workers with more – and with more recent and innovative – equipment, software, and structures. But we have seen capital intensity growth fall to the lowest levels in post-WWII history. Weaker demand leads to weaker investment and creates a vicious cycle for productivity and income growth. Of course, the financial crisis is long since over, and the economy has recovered, at least by some measures. So what’s to worry about? Won’t demand return to pre-recession levels, and thereby increase productivity? Unfortunately, there is reason to believe that some of the drags on demand for goods and services may be **more structural than crises-related**. Slowing population growth means less rapid expansion of the pool of consumers. And **rising income inequality** is shifting purchasing power from those most likely to spend to those more likely to save. This is reflected in **slowing growth expectations in many markets**. For example, across our sectors and countries studied, in the decade from 1995 to 2004, growth in demand for goods and services averaged 4.6%, slowed to 2.3% in 2010 to 2014, and is forecast to slightly increase to 2.8% in 2014 to 2020. Today, there is concern about where the next wave of growth will come from. Some prominent economists worry that we may be stuck in a **vicious cycle of economic underperformance** for some time. Our analyses strongly suggest that **supporting sustained demand growth needs to be part of the answer**. Demand may deserve attention to help boost productivity growth not only during the recovery from the financial crisis but also in terms of longer-term structural leakages and their impact on productivity. Suitable tools for this longer-term situation include: focusing on productive investment as a fiscal priority, **growing the purchasing power of low-income consumers** with the highest propensity to consume, unlocking private business and residential investment, and supporting worker training and transition programs to ensure that periods of transition do not disrupt incomes.

### Democracy Turns Confidence---2AC

#### Democratic backsliding turns business confidence.

Rebecca Henderson 21. The John and Natty McArthur University Professor at Harvard University, where she has a joint appointment at Harvard Business School in the general management and strategy units, and the author of the book. “Business Can’t Take Democracy for Granted” Harvard Business Review. 01-08-21. <https://hbr.org/2021/01/business-cant-take-democracy-for-granted>

For years, American business has **taken American institutions for granted**. It has assumed that someone else would ensure that democracy, the rule of law, and the kind of robust, respectful discourse that keeps societies healthy would simply survive — and that the role of business was to keep its head down and maximize profits in the meantime. But this week’s events have demonstrated that **we cannot take our democracy for granted**. Early polls suggest that as many as 45% of Republicans approve of the assault on the U.S. Capitol. If this result holds up, it would imply that millions of Americans see nothing wrong with attempting to overturn the results of an election by force. Democracy Is in Trouble. Business Must Help Fix It. Strengthening democracy is the only way to **ensure the survival of free-market capitalism.** Let’s be clear: This belief is a fundamental threat to the long-term health of our economy and to the strength of American business. As I’ve argued in the past, **American business needs American democracy.** Free markets cannot survive without the support of the kind of capable, accountable government that can set the rules of the game that keep markets genuinely free and fair. And only democracy can **ensure that governments are held accountable**, that they are viewed as legitimate, and that they don’t devolve into the rule of the many by the few and the kind of crony capitalism that we see emerging in so many parts of the world. No businessperson I know is a huge fan of government. I don’t care much for paying taxes myself. But as the pandemic has made **clear, strong government** — democratically accountable government, balanced by a free media and a thriving private sector — is the price we pay for **strong societies**. Without them, there’s far too little investment in public goods like public health, clean air and sensible anti-trust rules. Without them, the rich and the powerful end up in control of both the economy and the state, throttling the entrepreneurial energy and the innovation and experimentation that has made the American economy the envy of the world. We must not become Russia. Strengthening democracy is the only way to ensure the **widespread survival of free-market capitalism**, and with it the prosperity and opportunity that has changed the lives of billions of people. It’s also the only way to tackle the world’s biggest threats, from global warming to increasing inequality. And business has to play a leading role — now.

## FTC DA---2AC

#### The FTC’s ramping up antitrust enforcement now beyond the scope of existing antitrust law

Caitlin Styrsky 8/17/21. Staff writer at Ballotpedia. “Checks and Balances: FTC expands interpretation of its antitrust enforcement authority.” https://news.ballotpedia.org/2021/08/17/checks-and-balances-ftc-expands-interpretation-of-its-antitrust-enforcement-authority/

The Federal Trade Commission (FTC) on July 1 voted 3-2 to broaden its interpretation of the commission’s Section 5 authority, which authorizes the FTC to investigate and challenge what it deems “unfair methods of competition in or affecting commerce.” The change could allow the agency to expand enforcement proceedings against companies that don’t expressly violate federal antitrust statutes.

The new interpretation departs from the commission’s 2015 precedent, established through internal guidance, that relied on the consumer welfare standard to determine what constitutes antitrust activity. According to the consumer welfare standard, only companies that artificially raise prices qualify as monopolies for the purposes of FTC enforcement. The FTC did not pursue companies via this standard if enforcement through the Sherman Act or the Clayton Act could address the competitive harm.

Under the FTC’s broadened interpretation of its authority, the commission can issue civil penalties to challenge what it deems to be anti-competitive behavior regardless of whether the behavior violates federal antitrust statutes. The change could allow the FTC to bring enforcement proceedings against tech companies that do not qualify as monopolies but that, in the opinion of FTC Chair Lina Khan, have been alleged to have exhibited anti-competitive practices.

“Withdrawing the 2015 Statement is only the start of our efforts to clarify the meaning of Section 5 and apply it to today’s markets,” wrote Khan in a statement. “Section 5 is one of the Commission’s core statutory authorities in competition cases; it is a critical tool that the agency can and must utilize in fulfilling its congressional mandate to condemn unfair methods of competition.”

#### The FTC is already under-staffed and under-resourced in privacy law.

Andrea Vittorio 20. Reporter. “FTC’s Demand for Tech Company Data Shows ‘Underutilized’ Power” Bloomberg Law. 12-16-20. https://news.bloombergtax.com/privacy-and-data-security/ftcs-demand-for-tech-company-data-shows-underutilized-power

The FTC has **faced pressure** to more regularly use its “underutilized” authority to demand data from companies, according to Justin Brookman, a former FTC official who’s now director of consumer privacy and technology policy at Consumer Reports. That’s especially true for privacy policy, where Brookman said **the FTC is seen as “understaffed,” “under-resourced,”** and regulating industry without a federal consumer privacy law. “So this is the FTC trying to use relatively **novel tools** to move the debate and inform policymakers,” he said. Brookman added that the study could lead to the FTC calling on Congress to provide more power to oversee privacy protections for consumer data.

#### FTC overstretch is inevitable---the plan fiats legislative backing and court victory---that’s key to legitimacy and funding.

Marianela Lopez-Galdos 21. 7-28-21. Global Competition Counsel at the Computer& Communications Industry Association, previously served as Director of Competition & Regulatory Policy, and is a professor at George Washington University Competition Law Center and at the University of Melbourne Law School. “Policy Decisions of Antitrust Institutions Series: The Future of the FTC and Its Perils”. Disruptive Competition Project. https://www.project-disco.org/competition/072821-policy-decisions-of-antitrust-institutions-series-the-future-of-the-ftc-and-its-perils/

But the current FTC leadership seems to have overlooked the agency’s history. As such, it has already promised to produce different policy outcomes and noted that the Section 5 Policy Guidelines were shortsighted. As a result, the current FTC has decided, with the support of the other two Democratic Commissioners, to rescind the Policy Guidelines.

It is unknown whether the current FTC will try to adopt different guidelines or whether it will start opening more cases under Section 5 of the FTC Act. Furthermore, it is less clear whether the new FTC leadership currently counts with the sufficient and aligned Neo-Brandeisian human talent to bring solid cases that are not based on the consumer welfare standard or to litigate before judges that support the Neo-Brandeisian vision of antitrust.

What seems clear is that the new agency’s leader might find it hard to bring all Commissioners to an agreement with respect to what the agency can do with Section 5 of the FTC Act, and this situation, in and of itself, puts the agency in peril.

The FTC’s Rulemaking Authority

Another important policy change that may be detrimental to the FTC is its expressed willingness to expand the agency’s rulemaking authority under, e.g., Section 18 of the FTC Act. It is well known that in addition to its authority to investigate law violations by individuals and businesses, the FTC also has federal rulemaking authority to issue industry-wide regulations.

However, the agency’s rulemaking authority has been self-limited since the 80s in an effort to ensure the institution doesn’t overuse its capacity to adopt industry-wide regulations and raise concerns with those policy makers that are against the legislature deferring its core mandate to an independent agency that doesn’t represent the people.

Traditionally the legislature has the constitutional mandate to create laws affecting different sectors of the economy. Whereas it is legally accepted to design independent agencies with constrained mandates to adopt regulations, such powers are not necessarily understood to construe independent agencies as substitutes for the legislature’s powers. It is a basic tenet of administrative law, that agencies are constrained by the enabling statute that gives them authority to promulgate regulations in the first place.

Against this background, it seems risky for the new leadership to engage in broad rulemaking endeavors that might raise concerns from an institution legitimacy perspective. In the long term, it is predictable that many policymakers might not be supportive of an agency that implements its rulemaking authority in its broadest sense. As a result, some degree of political backlash against the agency might not help the agency’s lifecycle, especially if the agency is not granted with specific legislative guidance in the form of new legislation.

The Future of the FTC

One of the most challenging matters to tackle when it comes to leadership of antitrust authorities, or administrative agency for that matter, is legacy and the impact for the future of the agency. To put it simply, while antitrust leaders leave agencies, the side effects of leadership’s successes and failures condition the future of the agencies. Their leadership has consequences and sets precedent which will bind the agency well into the future.

Under the current political context, it would not be surprising if the current Neo-Brandeisian FTC enjoyed political support and success with its decision to bring big cases, especially against leading tech companies. In the short term, if the FTC makes headlines for opening cases against “Big Tech”, policymakers pushing for antitrust reforms will surely applaud the new changes as they would reflect a commitment to enhanced enforcement outcomes notwithstanding the strength of the cases.

However, in the mid-and long-term, if the FTC loses the big cases, the commitment to policy outcomes won’t be met. And then, it is unlikely that the question would be whether the antitrust norms are fit for today’s economy, but rather if the agency is capable of executing its mandate effectively. The recent decision in the FTC v. Facebook case is a good example of this paradigm, where the Judge expressed that the FTC had not carried out a sufficiently robust analysis supported by evidence, and therefore dismissed the case.

Eventually, the agency’s short-term reputational gains could quickly turn into a debacle for the institution itself with the caveat that by then, most probably, Neo-Brandeisian leadership will be long gone. Unfortunately then, the U.S. antitrust system — which is the only one to keep two federal antitrust agencies, bringing about positive outcomes for consumers — might be at risk. Political support to merge these two institutions could gain even more support, as has happened in the past, to the detriment of consumers.

## Regs CP---2AC

#### Can’t solve inequality:

#### Antitrust is a pre-requisite to effective labor law. Anything else allows skirting damages and prevention of effective collective bargaining.

Marshall Steinbam 19. Professor of Law, University of Utah. “Antitrust, The Gig Economy, and Labor Market Power.” *Law and Contemporary Problems* 82(3): 61-64.

This paper sets out an important but under-appreciated aspect of the rise in labor market precarity and diminishing worker bargaining power: the erosion of antitrust laws restricting dominant firms’ ability to use vertical restraints to control and restrict both less powerful affiliates and the workers who work for them, and the concurrent use of antitrust against any attempt by those workers or independent businessmen or contractors to bargain collectively against such concentrations of power. In ascertaining the causes of contemporary inequality in wealth, income, and social status, especially with respect to the labor market, we cannot overlook the role that antitrust has played.

This contrasts with a recent Economic Policy Institute paper by Heidi Shierholz and Josh Bivens that treats the rise of employer power in labor markets, and the extent to which weakening antitrust has caused that phenomenon, as a less important cause of rising inequality and stagnant wages compared to the erosion of labor law and thus of collective bargaining.95 Their evidence for the contention that diminishing worker bargaining power matters more than concentrated employer bargaining power is that inequality within the distribution of labor income is a more significant cause of stagnating wages and the growing gap between median worker pay and average worker productivity than is the declining labor share of national income, which is of more recent vintage than either of the first two economic trends.

But we cannot map rising labor income inequality to worker bargaining power and labor law and the declining labor share of income to employer power and antitrust so neatly. As the analysis in Parts II and III show, income inequality is to a large extent caused by rising earnings inequality between firms, rather than between workers, reflecting employer power to set wages. This is the result of the legalization of business models like the fissured workplace that allow powerful employers to segregate workers from the profits they earn for their bosses. The point of Part II of this paper is that the fissured workplace is the product of both labor regulation and antitrust. Thus, increasing inequality of power between employers and workers cannot be coherently treated as two separate phenomena: rising employer power, and declining worker power.

That means the solution to unequal bargaining power is not necessarily or not entirely an antitrust solution, but antitrust must play a major part, since it implicates the business models available to the economy’s dominant firms. In particular, we should seek, through revived antitrust and labor regulations that both take account of how the economy actually works, and how power is exercised within it, to re-establish the sharp distinction embodied in Richfield Oil. Either workers are employees, in which case they can be controlled by their bosses, who in turn owe them statutory protections including the right to bargain collectively, or they are independent businesses, in which case they cannot be coerced by contract or by any other means. Proposals to extend and strengthen labor law tests for statutory employment to take account of gig economy technologies are crucial, but they will be ineffective so long as employers and lead firms retain the strong incentive to push workers outside their protection. The role of antitrust in that context is to create a significant cost to so doing: the potential for treble damages under antitrust liability should a lead firm be caught coordinating and directing the activities of its non-employee subsidiaries and contractors. That is the mechanism that would weigh against employers’ incentive to mis-classify.

Putting such an antitrust regime in place entails the abandonment of both the consumer welfare standard and, with it, the Chicago School’s jurisprudence of vertical restraints. Instead, any vertical restraint, price or non-price, should be a presumptive violation of the Sherman Act if it is imposed by a firm with market power. And antitrust’s definition of market power must, in turn, be expanded beyond the confined market-share-based Sherman Act jurisprudence to instead take account of the many ways economists have of testing for the existence of market power. Firms would be judged to have market power if they:

• Have the power to unilaterally raise prices for their customers or lower them for their suppliers, including workers;

• Wage- or price-discriminate among customers, suppliers, or workers;

• Unilaterally impose non-price, uncompensated contractual provisions on their counterparties, like non-compete agreements in labor contracts;

• Impede or control entry by would-be competitors; or

• Earn profits and/or make payments to their shareholders at a rate in excess of their market cost of capital.

All of these things are economic indicia of market power because they could not be done by any one or more firms acting in concert in the face of competition from rivals—therefore they should be legal indicia of market power as well.96

Drilling down on how the antitrust laws should target labor market monopsony in particular, not merely prohibit vertical restraints that enable fissured workplace-style business models, the antitrust authorities should bring a monopsonization suit against an online labor platform like Uber that fixes wages and imposes exclusivity on independent businesses, along the lines of Meyer v. Kalanick. If, as would be expected, that case would be adjudicated under the Rule of Reason, despite its economic equivalence to the FTC’s per se cases against professional organizations and unions of independent contractors, then Congress should streamline the Rule of Reason for labor monopsony. This should be done along the lines proposed by Ioana Marinescu and Eric Posner, setting out principles to guide market definition that are responsive to measured firm-level labor supply elasticities.97 In fact, if firms have the unilateral power to dictate wages without causing a significant share of their workforce to leave, then the proper market definition for a monopsonization case may be significantly smaller than the one those authors recommend as a baseline. The point of such a suit is to force Uber to choose one business model or another: either employ the drivers if Uber wants to fix their wages and monitor them on the job, or give up the price- setting and market coordination power that makes the platform such a value proposition for its investors. It cannot be allowed to do both. Meanwhile, workers themselves who are not statutory employees should be protected by antitrust’s labor exemption and should be permitted to bargain collectively. However, any such extension of the labor exemption must not also immunize the powerful employer against whom they would seek to bargain. And at the very least, both no-poaching clauses in franchising contracts and non-compete clauses in employment contracts should be illegal per se.98

Finally, analysis of labor market impact should be incorporated in the statutory prospective merger review process that federal agencies undertake as a matter of routine, in order to prevent the harmful accumulation of monopsony power in labor markets by merger. The current FTC Chairman, Joseph Simons, said as much in Congressional testimony in the fall of 2018,99 but to date there is no evidence that any such investigation has taken place. In the recent merger approval for Staples’s takeover of its supplier Essendant, the majority of the commission claimed that the merger would have a pro-competitive impact on input markets.100 Specifically, if the combined firm reduced the price it pays to manufacturer, it would in fact purchase more from them, not less, and hence that price reduction would not be an exercise of buyer power (the majority’s opinion says nothing about labor specifically as an input). But the idea that the volume of sales is dispositive about the anti-competitive exercise of monopsony power is not correct. Wilmers finds evidence that dominant retailers and manufacturers impose price reductions on the suppliers over whom they exercise market power, and those suppliers in turn pass those price reductions through to their workers in the form of lower wages.101 That is an exercise of monopsony power, but it might well be accompanied by greater sales volume from the supplier to the dominant customer.

Altogether, the thesis of this paper is that there is no way to confront the economy’s crisis of unequal bargaining power without confronting the role that antitrust has played in getting us there. Antitrust is not a substitute to any of the many other ways that policy ought to be extended to halt and reverse the economy-wide erosion of worker bargaining power behind rising inequality and wage stagnation. But strengthening it is a necessary condition for the success of many of those alternatives, notably, labor law reform and collective bargaining on the part of precariously employed gig economy workers.

#### Regs fail---prefer case-by-case enforcement.

Howard Shelanski 21. Professor of Law, Georgetown University; Partner, Davis Polk & Wardwell LLP. “Antitrust and Deregulation.” *Yale Law Journal* (127): 1951-1953. <https://www.yalelawjournal.org/pdf/Shelanski_kcn6n4k3.pdf>

A longstanding debate examines the comparative advantages of antitrust and regulation. The late Cornell economist Alfred Kahn, the architect of airline deregulation in the Carter Administration, wrote that “society’s choices are always between or among imperfect systems, but that, wherever it seems likely to be effective, even very imperfect competition is preferable to regulation.”117 Kahn does not address antitrust in that quotation, but it suggests that he would find antitrust law’s more targeted, case-by-case approach to governing competition to be preferable to regulation. Indeed, Kahn elsewhere wrote, while expressing his “belief in vigorous enforcement of the antitrust laws,” that “the antitrust laws are not just another form of regulation but an alternative to it—indeed, its very opposite.”118 Then-Judge Stephen Breyer has similarly stated that “antitrust is not another form of regulation. Antitrust is an alternative to regulation and, where feasible, a better alternative.”119

The comparisons that Breyer and Kahn made were, in context, mostly between antitrust and rate regulation, where the agency was trying to protect consumers from monopoly pricing.120 But some of these criticisms, including “high cost; ineffectiveness and waste; procedural unfairness, complexity, and delay; unresponsiveness to democratic control; and the inherent unpredictability of the end result,” apply to most kinds of regulation.121 Regulation might well be worthwhile despite those potential drawbacks, but certain attributes—ex post and case-by-case enforcement, judicial oversight with the government bearing the burden of proof—make antitrust enforcement less vulnerable to those critiques.

Regulation can also be comparatively slow to adapt to new market conditions, and that delay can affect an entire regulated industry.122 Antitrust authorities also might fail to foresee relevant market changes, but their actions typically affect only one discrete case and they generally have flexibility, as conditions change, to modify relevant consent decrees and decline to pursue similar investigations or sanctions.123 It is harder for government agencies to make changes to established regulatory programs,124 making regulation more likely than antitrust to outlast the problems it was implemented to solve. Regulation’s delayed adaptation to changing conditions can be costly,125 especially as markets transition to more competitive structures.126 As Michael Boudin, a former DOJ antitrust official (and later federal judge) put it, “regulation almost always will be very difficult to dislodge, even if it proves mistaken. Almost any regulatory regime will develop a constituency, armed with congressmen and self-interested bureaucrats . . . [and] become[] the foundation on which private arrangements are constructed, arrangements that cannot easily be discarded.”127

#### 4. Only the plan imposes harsh enough penalties.

Samuel Weinstein 19. Assistant Professor of Law, Benjamin N. Cardozo School of Law, Yeshiva University. “Article: Financial Regulation in the (Receding) Shadow of Antitrust.” *Temple Law Review* (91): 487-491.

Even when sector regulators prioritize protecting competition, many lack the expertise and institutional mechanisms to do so effectively. Regulatory agencies might not employ investigatory and adjudicatory procedures sufficient to root out anticompetitive conduct. While courts must in many cases allow for exhaustive discovery, the same cannot be said for most agency proceedings. As a result, even those sector regulators that value protecting competition may not have the institutional systems necessary to follow through effectively.

The relative weakness of remedies typically available to regulatory agencies compounds these problems. Most agencies do not have access to remedies as stringent as an antitrust court's power to assign treble damages under the Sherman Act or to permanently enjoin anticompetitive conduct. The administrative record in Trinko showed that Verizon admitted it had violated its open-access commitments and voluntarily paid $ 3 million to the FCC and $ 10 [\*488] million to competitive local exchange carriers. While the Trinko opinion relied on these sanctions in part for its conclusion that the FCC's regulatory regime had fulfilled the antitrust function, the FCC Chairman subsequently told Congress that the Commission's maximum fine authority was in many instances "insufficient to punish and deter violations" that incumbent local exchange carriers like Verizon had committed with the aim of "slow[ing] the development of local competition." Among other measures, Chairman Powell recommended increasing the FCC's forfeiture authority against common carriers for single continuing violations of the Telecommunications Act from $ 1.2 million to "at least $ 10 million."

Agency capture is another explanation for regulators' relative weakness as competition enforcers. The literature on capture is well developed. There is a general scholarly consensus that the political nature of top agency jobs and the revolving door between agencies and the industries they oversee make sector regulators much more susceptible to industry pressure than antitrust courts. Studies have shown that capture may be a particular problem at the financial regulatory agencies. There is a steady flow of lawyers between the SEC and CFTC, on the one hand, and Wall Street firms and the law firms and lobbyists [\*489] that represent them on the other, which appears to affect outcomes of agency proceedings in some cases.

Objective measures of the relative competition-enforcement abilities of the antitrust agencies versus the sector regulators tend to confirm the supposition that sector regulators generally cannot be relied on to fulfill the antitrust function in regulated markets. The expert staffs of the antitrust agencies are far larger and more experienced than the competition staffs, if any, at the sector regulators. In recent years, the Antitrust Division typically has had between 340 and 400 attorneys and approximately 50 economists dedicated to competition enforcement, while the FTC's Bureau of Competition has had around 300 attorneys and support staff and approximately 50 antitrust economists. Some regulatory agencies, like the FCC, Federal Deposit Insurance Corporation (FDIC), and the Federal Reserve, have dedicated competition staff with specific expertise. The FCC has a Wireline Competition Bureau, which includes a Competition Policy Division. The FDIC, Federal Reserve, and the Office of the Comptroller of the Currency have staff dedicated to reviewing proposed bank mergers. Even at these agencies, however, the competition staff is smaller and more narrowly focused than the staffs of the Antitrust Division and FTC. [\*490] The comparison with the SEC and CFTC is starker. Neither agency has a dedicated competition division or group. And neither agency established such a body post-Credit Suisse, when it appeared the SEC and CFTC would have increased responsibility for competition matters, or in the wake of Dodd-Frank, which required the agencies to monitor and protect competition in the derivatives markets. This paucity of personnel resources is perhaps predictable given these agencies' bureaucratic cultures.

Considering this lack of experienced competition staff, it is unsurprising that the SEC and CFTC bring very few independent competition-related enforcement actions. While these agencies have collaborated with the [\*491] Department of Justice and other enforcement agencies on significant competition investigations, there is little evidence that they would bring such cases on their own. It seems clear that the financial services agencies are either unwilling or unable to "perform the antitrust function" as envisioned by the Supreme Court's case law balancing antitrust and regulation. This conclusion is troubling. It means that when courts apply Credit Suisse or Trinko to shift the responsibility for policing competition away from the expert antitrust agencies to regulatory bodies that are unprepared for the task, they are leaving some regulated markets, especially the financial markets, vulnerable to anticompetitive conduct.

#### 5. Regs can’t solve future problems.

Jon Sallet 18. Partner at Steptoe. Previously, he was General Counsel of the Federal Communications Commission and Deputy Assistant Attorney General at the Antitrust Division. Before the Federal Trade Commission. “Competition and Consumer Protection in the 21st Century”. https://www.ftc.gov/system/files/documents/public\_events/1415284/ftc\_hearings\_session\_5\_transcript\_11-1-18\_0.pdf

One, we will look at incipiency, actions that have not had the kind of competitive effect that he thought the Sherman Act examined. Secondly, because, he said, there will be new kinds of harm that we cannot anticipate. If we write a detailed list, we are going to miss some. So he wanted a standard that would evolve as economic issues as the facts evolved.

#### 9. Perm do both---that’s best.

Eric A. Posner 21. 8/13/21. Kirkland & Ellis Distinguished Service Professor at University of Chicago. How Antitrust Failed Workers. Oxford University Press, 2021.

The antitrust litigation gap has not been filled with other legal protections for workers. But even if those legal protections were introduced, a role remains for antitrust law. Labor markets, like product markets, are best for society when they are competitive. In part II, I propose ways for strengthening antitrust law so it can more adequately address labor monopsony.

#### 11. Perm do the CP---antitrust laws are regs.

Robinhood 20. Robinhood Financial LLC. “What are Antitrust Laws?”. 10-6-20. https://learn.robinhood.com/articles/4x5oCZOtg43uORfxEnxPRW/what-are-antitrust-laws/

Antitrust laws are regulations that aim to promote fair business competition in an open market and protect consumers by banning certain predatory practices.

## States CP --- 2AC

### Premption

#### State labor actions get pre-empted under the NLRA---thousands of empirics.

Moshe Marvit 17. attorney and fellow at the Century Foundation, and co-author with Richard D. Kahlenberg of Why Labor Organizing Should Be a Civil Right: Rebuilding a Middle-Class Democracy by Enhancing Worker Voice. “The Way Forward for Labor Is Through the States.” The American Prospect. 9/1/2017. <https://prospect.org/labor/way-forward-labor-states/>

While reforms to federal law have been blocked by Congress, states and cities have faced a different hurdle: the courts. Starting in 1959, **the Supreme Court has written into the National Labor Relations Act (NLRA) a continually expanding preemption doctrine that prevents states and cities from passing laws that touch upon anything related to labor**, involve the interpretation of a collective bargaining agreement, or even involve issues that the courts believe Congress intended to leave to the free play of market forces. Congress can, and often does, expressly preempt states from passing laws that fall within a defined scope. Neither the NLRA nor its extensive legislative history, however, contains any mention of preemption: Congress did not expressly preempt states from acting. **In instances where Congress has not expressly preempted states from acting, state laws that actually conflict with federal laws are still preempted**. However, neither the NLRA nor its legislative history show any consensus that Congress meant to push states and cities from making laws that advanced, and do not conflict with, the pro-collective-bargaining policies of the NLRA. And yet, as Harvard Law Professor Ben Sachs has pointed out, the Supreme Court has not employed the typical typologies of preemption at all when dealing with labor law. Rather, it has created a preemption doctrine [that] is among the broadest and most robust in federal law. In most other areas of worker protection, from minimum wage to antidiscrimination laws, the federal government has set the floor under which states and cities may not go, but they can and often do raise the ceiling by increasing state or local minimum wage or including additional protected categories such as sexual orientation to existing protections. Indeed, the evolution of many of the nation's employment and civil rights protections began at the state level and trickled up to the federal government. It is only in the area of workers' labor rights that states and cities are powerless to act and that, solely as the result of judicial decisions. The Supreme Court's preemption doctrine started with the 1959 case, San Diego Building Trades v. Garmon, where the employer got a state court injunction against the union for picketing. The Supreme Court should have held that the picketing that the union was engaged in was a protected right under federal labor law, and therefore the state could not pass a law that conflicts with that right. Instead, the Court went further and held that Congress gave the National Labor Relations Board primary agency jurisdiction, and so when something is arguably protected or prohibited by the NLRA, then only the Board can act. Furthermore, only the Board can answer the initial question of whether conduct is arguably under the Board’s jurisdiction. The Supreme Court then doubled down on its preemption doctrine in the 1976 case, Machinists v. Wisconsin Employment Relations Commission. In the Machinist case, an employer brought an unfair labor practice charge against union workers who engaged in concerted refusal to work overtime during contract negotiations. The NLRB dismissed the charge because it held that the work refusal was not prohibited under the NLRA, so the employer brought a state court action against the union. In response, the Supreme Court expanded its earlier Garmon preemption to hold that Congress intended that certain conduct be left unregulated and left to be controlled by the free play of economic forces. Though the union in the Machinists case benefitted from the Court’s expansion of federal preemption, the decision has led to states and cities being almost absolutely prohibited from passing laws that promote unionization and collective bargaining. These Court decisions, and **thousands of lower court decisions that have followed the precedent in overturning state and local laws,** rely on three types of specious and archaic reasons that deserve challenge and reconsideration. First, the Court has repeatedly shown a strong reliance on the state of the economy and labor force during the time when these decisions were issued. In the Machinists case, the Court described how it experimented with various types of preemption before settling on the broad form begun by Garmon, stating, as it was, in short, experience, not pure logic, which initially taught that each of these methods sacrificed important federal interests in a uniform law of labor relations. The experience the Court referred to was that of the late 1940s and 1950s, when union membership was at its peak. Whatever balance between labor and management that may have existed then has since eroded. Second, the Court has long interpreted the statute to require a uniform labor law across the country, and yet, labor law has become in many ways a crazy quilt, varying from region to region, from state to state, and from one president to the next. The NLRB has become a highly politicized agency, with its decisions swinging wildly every time a new president appoints new members and a general counsel. Cases that proceed through the National Labor Relations Board are often appealed to federal courts, and different federal circuits often come to opposite conclusions, meaning that the laws in different states effectively differ though it is the courts, not state or local governments, that create those differences. Further, the expansion of state right to work laws, as well as a variety of state public sector labor laws have also undermined any goal of national uniformity in labor law. Lastly, the Court's determination that Congress intended to leave a wide variety of conduct to the free play of economic forces has, in the words of NYU Law Professor Cynthia Estlund, done what Congress did not do in the NLRA, or even with the Taft-Hartley Act: It has granted to employers a federal right to use their economic power against unions. The Congress that passed the NLRA may have intended to ensure a balance between employer and union power, but there is no indication that it intended employers to be able to use the Act to evade any regulation in broad areas through a laissez faire argument. The result of this judicially created broad preemption has been to limit state and local experimentation in line with what Justice Brandeis described as laboratories of democracy with labor laws that advance the stated purpose of federal labor law. However, since states and cities cannot act in the field of labor law, all discussions of federal labor law reform are purely theoretical and lack any empirical basis for their possible effects. Numerous labor law scholars have written critically over the years of the rationale for such broad preemption, as well as the effects it has had on workers' ability to organize. Recently, Lewis & Clark Law Professor Henry Drummonds came up with a list of ten potential reforms that would advance the pro-collective bargaining mission of the NLRA if states could be able to pass such reforms under normal preemption rules. These include allowing states to: increase damages for violating workers' labor rights so the penalties are in line with those for other forms of workplace discrimination; experiment with restrictions on permanent replacement of striking workers and on the use of employer lockouts; experiment with â€œcard checkâ€ recognition of the union; provide equal access to union advocates as well as employers during a campaign for unions; and require arbitration if an impasse arises in the bargaining over a first contract. **The one and only major state labor reform since** the **1935** enactment of the NLRA has had a profound effect on the division of wealth and power in the United States. That, of course, **was the provision of the 1947 Taft-Hartley Act enabling states to pass right to work laws.** Allowing states and cities to create local rules that promote unionization and collective bargaining that are tailored to local needs and local industries could prove just as significant in the opposite direction.

### Can’t solve advantage 1

#### The DOJ and FTC undermine states.

The Open Markets Institute and Service Employees International Union 19. “How the Antitrust Agencies Can Help—Instead of Hurt—Workers”. https://www.justice.gov/atr/page/file/1217856/download

The DOJ and the FTC have largely failed American workers today by allowing a concentration crisis in scores of industries to weaken competition for labor. Instead of actively policing mergers for harms to workers, they have let employer-side concentration reach very high levels. Troublingly, when the FTC and DOJ have acted against practices in labor markets, the two agencies often have used antitrust laws to either undermine efforts by employees and states to challenge abusive behavior by employers or actually targeted efforts by workers or professional to work together. The FTC, for instance, has filed numerous complaints against workers for engaging in collective bargaining and other joint action. Furthermore, the FTC has campaigned against state and local occupational licensing rules that can enhance the bargaining power and earnings of workers, professionals, and independent entrepreneurs. The DOJ meanwhile has endorsed legal standards that would empower franchisees to collude against workers.

The DOJ’s and FTC’s general inactivity against employers and activity against workers reinforce and deepen inequality between the individual and the corporation. The agencies should reorient their enforcement priorities and focus on protecting workers from employers rather than on interfering with the basic rights of workers, professionals, and independent entrepreneurs to organize.2

#### Even with fiat, states lack enforcement mechanisms and administrative infrastructures to protect workers’ rights.

Bourree Lam 17. former staff writer at The Atlantic. She was previously the editor of Freakonomics.com. “Will States Take Up the Mantle of Worker Protection?” The Atlantic. 1/17/2017. <https://www.theatlantic.com/business/archive/2017/01/worker-protection-schneiderman/513182/>

But it’s not as though states took a backseat during the Obama administration. Some states took on an increased role in handling wage and labor practices, with a growing number of have passed their own minimum wage and paid-leave laws. Seven states—California, Connecticut, Massachusetts, Oregon, Vermont, and most recently Arizona and Washington—now have laws requiring paid sick leave. Minimum wage went up in 21 states and 22 cities at the start of this year. For labor advocates, the concern about this approach is what happens to people in states that are less adamant about enforcement. While workers in states that have been active on these issues in the past—such as California, Connecticut, Illinois, and Massachusetts to name a few—will likely continue to be protected by their state agencies, states without established resources in place will **have a harder time stepping up in the same way**. In Georgia, for example, there is no state-level enforcement process, and wage claims are **filed directly to the Department of Labor**. “It’s far from ideal, if this ends up happening,” says Tsedeye Gebreselassie, an attorney at the National Employment Law Project. “The way that this should be done is that the federal Department of Labor remains an effective recourse for workers whose rights have been violated, not just on minimum wage but all the federal laws that the Department of Labor enforces. But then you also have states there too as another avenue through which workers can recover their unpaid wages.” Additionally, though states can play a key role on some employment issues, there are workplace issues that **require federal enforcement**. "States can play a tremendously important role in combating wage theft, but in other critical areas, like workplace safety and health or workers' right to organize, states may have a harder time filling in the gap because they are often preempted by federal law from directly enforcing these laws," says Gerstein. “To me, there’s no question that it’s federalism from below,” says Janice Fine, an associate professor and labor expert at Rutgers University’s School of Management and Labor Relations. Fine has been studying how states and localities think about enforcement, and while she’s concerned about states with less enforcement, she’s found that there can be see creative solutions. She cites the example of the Fair Food Standards Council in Florida, a labor group which won over companies on fair work conditions and now acts as a private enforcement agency to protect farmers on health, safety and wage issues, as well as the work of the Workers Defense Project in Texas, which has notably pushed through a bill that makes it easier for police departments across Texas to arrest employers engaging in wage theft. A state-by-state approach means that worker protection becomes less an American project, and more a feature of the particular place one lives. And for workers who don’t live in the states that will fill in where the federal government leaves off, that could mean many American workers not getting paid what they’re owed.

### Can’t Solve advantage 2

#### Can’t solve international coop---the DOJ and FTC are key to American antitrust’s global solvency.

Garza et. al. 07. Chair of the Antitrust Modernization Commission, a bi-partisan blue ribbon commission created by Congress to advise Congress and the President on the state of U.S. Antitrust law enforcement and former DOJ Antitrust Deputy Assistant Attorney General for Regulatory Affairs. “Antitrust Modernization Commission: Report and Recommendations: Chapter 2,” p. 216-217. Antitrust Modernization Commission. 2/4/2007. https://govinfo.library.unt.edu/amc/report\_recommendation/chapter2.pdf

The Antitrust Division of the Department of Justice (DOJ) and the Federal Trade Commission (FTC) have made extensive efforts to improve cooperation between the United States and other nations’ antitrust enforcers.26 Both U.S. antitrust agencies “enjoy [a] strong cooperative relationship[] with a large and increasing number of foreign enforcement agencies, enabling close cooperation on cases, coordination on international antitrust policy, and provision of technical assistance to new agencies around the world.”27 Whereas U.S. requests for cooperation previously took up to a year to be processed,28 today antitrust agencies worldwide have a “pick up the phone” approach toward sharing information and assisting each other in their antitrust enforcement efforts.29 This high degree of cooperation has facilitated convergence of both procedural and substantive aspects of antitrust law.

The efforts of the U.S. antitrust agencies have been advanced in part through their participation in two organizations, the OECD and the ICN.30 The OECD was created in 1961 to expand free trade and improve development in member countries.31 As part of these efforts, it created a Competition Law and Policy Committee that provides a variety of means for countries to share their best practices regarding antitrust and competition policy.32 The ICN, in comparison, is relatively new, but has a more broad-based membership. It was created after ICPAC called for the creation of a “Global Competition Initiative” to address antitrust enforcement in a growing globalized economy.33 Membership in the ICN has increased from fourteen jurisdictions when it began in 200134 to ninety-seven members from eighty-five jurisdictions in 2007.35

The ICN and OECD have promulgated “best practices” on merger reviews and cartel investigations and continue to work on convergence of substantive and procedural law.36 For example, the ICN is currently undertaking a study of unilateral conduct standards with the goal of developing a consensus on the objectives and legal and economic bases of enforcement regarding unilateral conduct.37 The ICN in the past has developed principles of best practices regarding merger notification regimes, with the objective of highlighting the importance of transparency and clarity in each jurisdiction’s rules regarding filing requirements and review.38 Overall, through their efforts, these institutions have had a meaningful influence in “promoting convergence in antitrust enforcement”39 and have contributed to the “significant recent progress in reducing conflicts by increasing cooperation, information sharing, and networking.”40 Indeed, their successes are reflected at least in part by the fact that the vast majority of international investigations are conducted without incident.41

## Big Tech DA

### Big Tech DA---2ac

#### No link – the tech labor market is competitive.

Brittany Meiling, 7-31-21. San Diego Union-Tribune. "Employers bow to tech workers in hottest job market since the dot-com era". Los Angeles Times. 7-31-2021. https://www.latimes.com/business/story/2021-07-31/employers-bow-down-to-tech-workers-in-hottest-job-market

There’s an air of desperation among tech employers this summer. Software talent, it seems, is in such high demand that companies are morphing how they hire. And workers are the ones with the power. Good and experienced tech workers are being treated like celebrities — hounded by recruiters, courted by managers, and bestowed a bevy of options before choosing their next boss. “It makes you feel like you’re amazing, when really ... you’re just another software engineer that’s looking for a job,” said Henry Chesnutt, who just moved back to San Diego from San Francisco to work at the rapidly growing tech startup Flock Freight. The job outlook for workers like Chesnutt has been good for much of the last decade. But now, a multitude of factors are driving competition for talent to a level not seen in nearly 20 years, some recruiters say. “This is the most competitive market I can remember in my professional career, with many people comparing it to the dot-com market of the late ‘90s,” said Jim Bartolomea, vice president of global talent at tech titan ServiceNow, which employs a huge chunk of the software talent in San Diego. Last month, employers posted more than 365,000 job openings for IT workers, the highest monthly total since September 2019, according to IT trade group CompTIA. The positions highest in demand include software developers, IT support specialists, systems engineers and architects. [There’s no labor shortage — just not enough good jobs](https://www.latimes.com/business/story/2021-07-02/labor-shortage-is-workers-crisis-as-covid-economy-recovers) Employers in California and the U.S. are scrambling to fill jobs as the dust from the pandemic begins to settle. Just don’t call it a labor shortage. The demand has been attributed to all sorts of things. During the pandemic, businesses that had been slow to adopt enterprise software began rapidly catching up. A tidal wave of productivity software, conferencing and collaboration tools, and e-commerce tech flooded the world. The same was true for consumer tech, with video game development, entertainment tech and social platforms booming. Many of these jobs are going unfilled, as competition for new hires ramps up. Simultaneously, remote work became the status quo in the tech industry. Suddenly, software talent could pick and choose from a massive pool of job opportunities. All while existing talent is beginning to stray. Roughly a third of more than 2,800 IT professionals said they plan to look for a new job in the next few months, according to a recent Robert Half International survey. Aaron Bartholomew, a lead backend developer at tech company Trust & Will, just went through a two-month job search in which he held the power in the employer-worker exchange. “I realized pretty quick that I was the one with the upper hand,” Bartholomew said. “All these companies were moving incredibly fast to try and close on me.” Software interviews have a reputation for being slow, painful processes that involve tests of logic, design and computer science knowledge. Years ago, Chesnutt was tested for five straight hours on algorithms during an interview with YouTube. But now, these technical interviews are often being waived, said Chesnutt and Bartholomew, who both experienced this step dropped for the sake of urgency. Recruiters are increasingly using what Chesnutt sees as pressure tactics, such as “exploding offers,” which are job offers that self-detonate at a set date and time if engineers don’t accept them soon enough. “They’ll try to rush you through the process as soon as possible, and get you to sign that day while they’re on the phone with you,” Chesnutt said. Brett Wayne, a tech recruiter and managing director at Cypress, said the competitive pressure is unlike anything he’s seen in his 13-year career in recruiting. He likened it to what’s happening in the real estate market. Just like a hot property with multiple bids, Chesnutt ended his job hunt with four employment offers. To win a bid on a quality engineer, companies are offering things such as flexible hours, sign-on bonuses and permanent remote work, the last of which has become a requirement for much of the workforce. Dice, a website and staffing firm that focuses on tech talent, published [a report in June](https://www.dice.com/media/dice-press-releases/6-15-21-dice-report-shows-technologists-desire-flexible-structure-over-full-time-remote-work.html) that found only 17% of technologists wanted to work in an office full time, while 59% wanted remote and hybrid approaches. [‘Work from anywhere’ is here to stay. How will it change our workplaces?](https://www.latimes.com/business/technology/story/2020-11-12/companies-will-allow-employees-to-work-wherever-they-want) Working from home will become the norm for many employees even after the pandemic ends. But prepare for a pay cut. Wayne said he’s observed companies shoot themselves in the foot by not offering remote options, making an already slim candidate pool even slimmer. “If it was hard to hire talent 18 months ago — and now you cut the group you’re going for in half — it’s going to be really tough for you,” Wayne said. Bartholomew said he’s watched a great migration of developers out of urban areas, riding remote work out of San Diego or other cities. “Literally about 50% of my peer group has moved,” Bartholomew said. “Companies that adapt will get the majority of the talent pool.” It’s not strict remote work, however, that seems to be appealing to the majority of engineers, according to the Dice report. It’s more about flexibility to choose. “While many technologists would still prefer to work 100% remotely, there is an equal desire for a hybrid approach, and we’ve actually seen fewer remote days per week become more desirable over the past year,” Art Zeile, CEO chief executive of Dice, said in a statement. “The companies who succeed in attracting and retaining top talent will be those who take the time to build an agile approach that gives technologists flexibility and control over their work environment.” U.S. tech salaries are also on the rise. A recent [Dice report](https://techhub.dice.com/Dice-2021-Tech-Salary-Report.html) found tech jobs saw an average salary increase of 3.6% between late 2019 and late 2020. That might not sound like much, but it’s a significant jump compared with 2017, 2018 and 2019, when annual increases were less than 1%. U.S. employers across all industries — not just tech — reported their strongest hiring outlook since 2000, according to an [employment outlook survey](https://www2.staffingindustry.com/site/Editorial/Daily-News/US-hiring-plans-in-Q3-highest-since-2000-ManpowerGroup-57966) published by staffing giant ManpowerGroup in June. “It’s a worker’s market, and employees are acting like consumers in how they are consuming work — seeking flexibility, competitive pay and fast decisions,” Becky Frankiewicz, ManpowerGroup president for North America, said in a statement. “Now is the time for employers to get creative to attract talent — and to hold onto the workers they have with both hands.”

#### Big tech is already under attack – FTC, DOJ, Congress, states, and EU

Margaret Harding Mcgill, 8-30-21. Axios. "Fall antitrust forecast: Biden raises hammer on Big Tech". Axios. 8-30-2021. https://www.axios.com/antitrust-big-tech-apple-google-amazon-facebook-2e619cf6-2fd9-48be-bc72-0e36cb7fdcfb.html

The antitrust scrutiny of tech giants that began during the Trump era will only intensify this fall as Big Tech critics Lina Khan, Tim Wu and Jonathan Kanter take the lead on competition policy and enforcement in the Biden administration. Why it matters: Facebook, Google, Amazon and Apple face threats from federal regulators, Congress, state attorneys general and European Union authorities. The big picture: That's four companies each being challenged from four directions: No wonder the antitrust arena can feel like three-dimensional chess. As the fall season looms, here's what the game board looks like: Facebook The Federal Trade Commission, now led by Khan, [renewed its legal effort](https://www.axios.com/ftc-accuses-facebook-of-buy-or-bury-scheme-in-new-antitrust-complaint-465b1a63-6d78-444d-9863-d34249604f48.html) challenging Facebook's acquisitions of Instagram and WhatsApp in August. The FTC accuses Facebook of buying rivals or using anticompetitive tactics to stymie them in order to squelch competition. What to watch: Facebook has until Oct. 4 to respond. The European Commission launched [an antitrust investigation](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2848) of Facebook Marketplace in June over concerns that Facebook's collection of data from advertisers gives it an unfair advantage. What to watch: The United Kingdom announced a similar investigation in June that also focuses on Facebook's online dating service. In Congress, the House Judiciary Committee [narrowly approved](https://www.axios.com/house-committee-tech-competition-bills-pass-34dbc5fc-3075-4a89-beb6-2f59f6ea4915.html) a slate of tech antitrust bills, including one that would force more interoperability and another that would bar big companies from snapping up rivals through acquisitions. What to watch: Bipartisan companion legislation in the Senate would give these bills some momentum. Sen. Tom Cotton (R-Ark.) said in July he intends to introduce a bill that would curb mergers among big tech companies. Amazon The FTC has been investigating Amazon's business practices since the Trump administration and [is also digging](https://www.wsj.com/articles/amazons-planned-purchase-of-mgm-to-be-reviewed-by-ftc-11624379614) into the e-commerce giant's plan to buy Hollywood studio MGM. What to watch: Amazon wants Khan [to recuse herself](https://www.axios.com/amazon-ftc-chief-recusal-antitrust-ecb53fe6-8cc9-476f-813c-00b7b1346cfb.html) from FTC's Amazon cases, given her previous advocacy of action against the company. The European Commission accused Amazon last November of [violating antitrust rules](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2077) by harnessing data it collects from third-party sellers to shape the products it offers that compete with those merchants. What to watch: The commission also opened a separate investigation into how Amazon selects which products get the coveted "Buy Box" label. But a Financial Times story in March suggested that case has been an [uphill climb](https://www.ft.com/content/d5bb5ebb-87ef-4968-8ff5-76b3a215eefc). In Congress, Amazon faces the potential for drastic changes to its business model through the House antitrust bills that would bar it from both operating its online marketplaces and selling goods on them. What to watch: Amazon is [warning sellers](https://www.cnbc.com/2021/08/20/amazon-launches-website-to-warn-sellers-about-antitrust-bills.html) that they could bear the brunt of the cost if such legislation is enacted — and hoping those sellers will call their representatives. Google The Justice Department and several state attorneys general filed multiple antitrust lawsuits against Google last year, with the DOJ [accusing Google](https://www.axios.com/justice-department-sues-google-over-alleged-search-monopoly-e885ac43-b7a6-4dac-afe3-b5ca8402c833.html) of an illegal monopoly in online search and search advertising. What to watch: The judge in DOJ's case indicated it likely won't go to trial until 2023. President Joe Biden nominated Jonathan Kanter, an antitrust attorney who has battled Google on behalf of its tech foes, to lead the antitrust division of the DOJ, though he has not yet been confirmed by the Senate. In Congress, Google faces multiple legislative threats, from the House antitrust bills as well as legislation in both the House and the Senate that would [curb its power](https://www.axios.com/app-stores-bipartisan-senate-bill-google-apple-081c9949-ba90-4996-ad9f-fecc16029f9e.html) over its Google Play Store. What to watch: State attorneys general [also sued](https://www.axios.com/google-state-antitrust-lawsuit-b20ff43c-e0d5-4b5a-b064-5b091519d7cf.html) Google over how it operates its app store. The European Commission opened its [own investigation](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_3143) in June into Google's power in the online advertising ecosystem. What to watch: Previous European antitrust investigations into Google have led to billions of dollars in fines. Apple In Congress, Apple is facing proposed laws in both House and Senate that would limit its control over how it runs its App Store. What to watch: Apple recently offered [some concessions](https://www.axios.com/apple-settles-developer-class-action-c13bb308-daf3-4231-a399-ffd48b6b2c52.html) on its App Store policies to settle a class-action lawsuit — but not enough to satisfy those who back these bills. The European Commission, acting on a complaint by Spotify, accused Apple in April of [violating antitrust laws](https://ec.europa.eu/commission/presscorner/detail/en/ip_21_2061) by requiring rival music streamers to use its in-app payment system and follow other rules. What to watch: The commission opened [a separate investigation](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1073) in June to more broadly review Apple's rules for app developers. The Justice Department is [reportedly also investigating](https://www.politico.com/news/2020/06/24/justice-department-anti-trust-apple-337120) Apple for anticompetitive practices, although that probe has led to no charges so far.

#### Collapse of big tech is inevitable – tech bubble

William Quinn and John Turner 21. William Quinn of Queen's Management School at Queen's University Belfast. John Turner of Queen's University Belfast. “Are we in the middle of a tech bubble?”. Economics Observatory. 5-24-21. https://www.economicsobservatory.com/are-we-in-the-middle-of-a-tech-bubble

Shares in new technology companies in the United States have enjoyed a remarkable 16 months: the New York Stock Exchange Fang+ Index has risen over 100%. This index measures the performance of Facebook, Amazon, Apple, Netflix and Alphabet (formerly Google) or the [FAANG](https://www.investopedia.com/terms/f/faang-stocks.asp) companies as they are collectively known, as well as other large tech companies. The SDPR Kensho Clean Power exchange-traded fund (ETF), which invests in renewable energy companies, has witnessed similar returns over the same period. But these are dwarfed by the return on shares in electric car company Tesla, which have risen by over 700% since the start of 2020 (see Figure 1). This might not seem surprising given how much life has moved online since March 2020 – a shift reflected in the record profits that some tech companies have reported. But the run-up in the prices of tech shares appears to be mainly an American phenomenon: the performance of European equivalents of the Fang+ index, such as the FTSE techMark All-Share index and the SDPR MSCI Europe Tech ETF, which invests in European tech shares, have been much less spectacular. Nevertheless, the high returns seen in the United States have led several commentators to suggest that we are now in a technology bubble. What is a tech bubble? A technology bubble is a substantial rise and fall in the prices of assets associated with a new technology ([Kindleberger, 1996](https://link.springer.com/book/10.1057/9780230628045" \t "_blank); [Quinn and Turner, 2020](https://www.cambridge.org/gb/academic/subjects/history/economic-history/boom-and-bust-global-history-financial-bubbles?format=HB)). They are generally thought to arise as a result of excitement surrounding a new technology, sometimes accompanied by high initial profits, which attract capital to firms that use this technology. An initial increase in prices then draws speculative or ‘momentum’ traders, causing prices to continue to rise, often to levels that are difficulty to justify based on the profitability of the underlying firm ([Perez, 2010](https://academic.oup.com/cje/article-abstract/34/1/185/1699623)). While valuations may appear to be excessively high to professional investors, they often persist for several reasons. First, because the technology is so new and its economic impact is highly uncertain, there is little concrete information with which to value new tech companies ([Goldfarb and Kirsch, 2019](https://www.sup.org/books/title/?id=24950)). Second, excitement surrounding technology can lead to high levels of media attention, drawing in more and more naïve investors. This is often accompanied by the emergence of a ‘new era’ narrative, which appears to justify the very high prices of tech companies’ shares ([Perez, 2010](https://academic.oup.com/cje/article-abstract/34/1/185/1699623); [Shiller, 2015](https://press.princeton.edu/books/paperback/9780691173122/irrational-exuberance); [Goldfarb and Kirsch, 2019](https://www.sup.org/books/title/?id=24950)). The most famous and largest tech bubble in history was the dot-com bubble of the 1990s. The shares of new information technology and internet companies surged during the late 1990s, with companies like WebVan and Pets.com valued at hundreds of millions of dollars despite making heavy losses. In 2000, the bubble burst and many of these companies went bankrupt. The magnitude of the dot-com bubble can be seen in Figure 2. The 1920s stock market boom in the United States also had a large new technology component to it ([Nicholas, 2008](https://www.aeaweb.org/articles?id=10.1257/aer.98.4.1370); [Quinn and Turner, 2020](https://www.cambridge.org/gb/academic/subjects/history/economic-history/boom-and-bust-global-history-financial-bubbles?format=HB)). American society was transformed by electrification in the 1920s. This made mass production possible and all kinds of consumer goods cheaper to produce – from automobiles and telephones to washing machines and refrigerators. A lesser-known tech bubble is the UK bicycle mania of the 1890s, when hundreds of bicycle companies were floated on UK stock exchanges and the price of bicycle shares rose substantially and then imploded ([Quinn, 2019](https://academic.oup.com/cje/article-abstract/43/2/271/5067125?redirectedFrom=fulltext)). In this instance, the underlying new technology was the pneumatic tyre and diamond frame, which transformed bicycles from a minority pursuit into a mass market means of transport. Is there a tech bubble in the market today? Bubbles, by definition, burst. As a result, it is impossible to say with absolute certainty whether one exists or not, and identifying bubbles requires the use of judgement. Many investors look for qualitative indications that the market is in a bubble. For example, [Quinn and Turner (2020](https://www.economicsobservatory.com/why-has-stock-market-bounced-back-when-economy-seems-so-bad)) argue that bubbles occur when three necessary components are present: marketability; money/credit; and speculation. Each of these is abundant in today’s markets. Marketability – the ease of buying and selling assets – has increased substantially in the past year with the proliferation of zero-commission trading apps and [fractional trading](https://www.forbes.com/sites/simonmoore/2020/06/27/what-is-fractional-trading/#4f366b921de3). Near-zero interest rates and extraordinary central bank interventions have led to abundant money and credit. Speculation and momentum trading also appear to be rife, the most obvious example being the recent [GameStop squeeze](https://www.economicsobservatory.com/gamestop-what-is-going-on-with-prices-in-the-us-stock-market). Another warning sign is the entry of large numbers of new and inexperienced investors into financial markets. This can be seen today from the [enormous growth in the trading app Robinhood](https://www.bloomberg.com/news/articles/2021-02-04/robinhood-downloads-surge-as-it-plans-super-bowl-ad-after-gamestop-gme-revolt): the [number of users](https://www.businessofapps.com/data/robinhood-statistics/) has grown from 0.5 million in 2015 to 13 million last year. The structure of the app also encourages momentum trading. Bubbles also tend to be accompanied by new era narratives that rationalise why old investing rules no longer apply ([Shiller, 2015](https://press.princeton.edu/books/paperback/9780691173122/irrational-exuberance)). Again, these appear to be present today in the belief that the pandemic will usher in a new economy dominated by technology firms. Another way of assessing whether we are in a technology bubble is to try to determine whether the technology companies could become profitable enough to justify their current share price. The most common valuation metric is the price-to-earnings (P/E) ratio, which links a company’s share price to its earnings. The S&P 500 [currently has a P/E of 37](https://www.macrotrends.net/2577/sp-500-pe-ratio-price-to-earnings-chart), which is considered very high by historical standards. Tesla’s P/E [is currently over 1,100](https://www.macrotrends.net/stocks/charts/TSLA/tesla/pe-ratio), suggesting that it is spectacularly overvalued relative to its current profitability. But such metrics struggle to capture the true value of technology firms – especially as the business model is based around future growth, whereas P/E looks only at past earnings. Perhaps the most convincing argument that technology shares are overvalued is the behaviour of insiders. Many tech firms are selling large numbers of their own shares: Blink Charging [issued 5.4 million new shares in January](https://finance.yahoo.com/news/blink-charging-announces-closing-public-210100701.html), while Tesla issued [over 50 million new shares in 2020](https://www.forbes.com/sites/jimcollins/2020/12/08/yet-another-stock-offering-will-further-pressure-teslas-already-pathetically-low-roe/?sh=7b43d771165e). Others have been extensively using their own shares instead of cash to pay their employees. The price of [Palantir](https://finance.yahoo.com/quote/PLTR/), a data analytics firm, has fallen by 42% from its February peak, partly due to the expiration of lock-up agreements on employee-held shares, which prevented insiders from selling their shares for a certain period. When the cryptocurrency trading platform Coinbase went public on 14 April, insiders [sold $5 billion of shares](https://www.coindesk.com/coinbase-ceo-sold-291-8m-in-shares-on-opening-day) on the opening day of trading. In other words, those closest to technology firms often seem to believe that their shares are overvalued.

### China Turn---2ac

#### Big Tech helps China gain geopolitical leverage over the US.

Ganesh Sitaraman, 20. Chancellor Faculty Fellow and Professor of Law at Vanderbilt Law School and Director of its Program in Law and Government. "The National Security Case for Breaking Up Big Tech". Knight First Amendment Institute at Columbia University. 1-30-20. https://knightcolumbia.org/content/the-national-security-case-for-breaking-up-big-tech

Advocates for breaking up and regulating big tech hold that these companies have become a danger to the economy, society, and democracy. Opponents of breaking up and regulating big tech have put forward a variety of responses, but among them is the assertion that breaking up big tech is problematic in an era of resurgent great power competition, particularly between the United States and China. This argument takes different forms. Some commentators have argued that the United States and China are in a Cold War­-style arms race over artificial intelligence (AI); big tech, they argue, is needed to win that contest. Alphabet’s former chief, Eric Schmidt, has thus highlighted U.S.-Chinese competition for technology in response to arguments that tech should be broken up.5 A second argument is that if big American tech companies are broken up and regulated, one consequence will be that the big Chinese tech companies will become dominant globally. Facebook’s Mark Zuckerberg and Sheryl Sandberg have taken this position, with Zuckerberg noting that the Chinese companies “do not share the values that we have.”6 Even Congressman Ro Khanna and Senator Mark Warner, who have both been critical of big tech companies, have expressed concerns along these lines, namechecking Alibaba, Baidu, and Tencent as potential global powerhouses.7 The claim that breaking up and regulating big tech might have consequences for great power competition deserves to be taken seriously. The problem is that upon serious consideration, the national security case against breaking up and regulating big tech is not just weak—it is backwards. Far from being a threat to the United States, breaking up and regulating big tech are necessary to preserve America’s competitiveness, national defense, and democratic freedoms in an era of great power competition. First, big tech companies are not competing with China in some kind of new Cold War arms race; rather, many are integrated with China, seeking to expand further into China, and cooperating with Chinese companies and (by extension) likely with the Chinese government. Big tech’s integration with China thus supports the rise and export of digital authoritarianism; deepens economic dependence that can be used as leverage against the United States in future geopolitical moments; forces companies to self-censor and contort their preferences to serve Chinese censors and officials; and makes profit-seeking corporations and their lobbyists less trustworthy in advocating for the interests of the United States in Washington, D.C. Second, in an era of great power competition, innovation and a strong defense industrial base are essential. But relying on a small number of big tech companies (and, in particular, failing to enforce antitrust laws and regulate the sector) means less competition—and that in turn means less innovation, particularly when compared with a system of robust competition and public investment in research and development. Concentration in the tech sector also weakens the defense industrial base by making the government dependent on a small number of contractors and redirecting taxpayer dollars from research to monopoly profits. Taking into account all of these dynamics, national security arguments do not favor protecting big tech companies from competition and regulation. American national security would be strengthened by breaking up and regulating big tech companies. Big Tech, Global Entanglements, and Great Power Competition At a time of resurgent great power competition, claims that big tech companies are assisting that competition are superficially appealing, but they largely do not hold up to scrutiny. Many of the biggest tech companies are global players, operating in China, working with that government (knowingly or unknowingly), and seeking to expand their footprint. This not only means that their work abroad assists technological development in China but also that the Chinese government has increased leverage over those companies and the United States. Breaking up these companies would create a domestic technological ecosystem in which a more significant part of the marketplace is not dependent on Chinese markets, thereby making the United States more resilient. How Big Tech Helps Strengthen China The claim that big American tech companies are somehow an alternative to Chinese dominance—or, in the more extreme form, that they are competing with China on behalf of the United States—is largely backwards. In fact, many big American tech companies are operating in China, working with Chinese companies, and seeking to expand. Because markets and the state are intertwined in China, interactions with Chinese companies and investments in China are likely to pass along operational and technological developments to the Chinese government and military, including in ways that advance its emerging surveillance state—and accelerate its ability to spread its model of digital authoritarianism around the world. In short, big tech companies that operate in China are likely assisting the rise of China, not acting as a hedge against it. Rather than competing with China, many big tech companies are integrating with China or attempting to deepen their integration with China. Google has announced an AI center in Beijing,8 and it is exploring a partnership with Tencent that involves using the Chinese tech giant’s cloud service as an alternative to Google Cloud.9 In 2018, the company also proposed Project Dragonfly, which would have created a search engine that would be in compliance with Chinese censorship regulations behind the Great Firewall.10 That endeavor created controversy within the firm and criticism from human rights groups.11 Other companies also operate in China or are seeking to do so. Microsoft is expanding data centers in China and has built an operating system, “Windows 10 China Government Edition,” for the Chinese government.12 After Alibaba, Amazon provides the largest cloud service in China, and its Amazon Web Services division works with local companies and is expanding its data centers.13 Apple, of course, famously designs its phones in California but makes them in China.14 In 2017, Apple announced a partnership with a Chinese firm with close ties to the government and a year later moved its Chinese iCloud and iCloud encryption services to China.15 Notably, Facebook isn’t operating in China—but not for lack of trying. The company has repeatedly attempted to gain access but has been blocked by government officials.16 Merely operating in China might not seem like it undermines the claim of U.S.-Chinese competition. After all, it might be that American companies are seeking to steal market share from Chinese companies in China. Global dominance requires, unsurprisingly, dominance around the globe, including in the world’s biggest markets. The problem is that, according to scholars, U.S. government officials, and even American business associations, any U.S. company that is developing AI in China, making significant technological investments in China, or simply operating in China is likely supporting the Chinese government and military. Chinese companies are often state-run, partly owned by the state, or have informal ties to state and Communist Party officials, as scholars have documented.17 Formal and informal ties allow the government to have influence over many companies, and they create an incentive for companies to comply with party preferences preemptively even without formal government pressure.18 Cooperation and partnerships with these companies therefore mean cooperation with state-directed aims. “No major Chinese company,” Senator Mark Warner has noted, “is independent of the Chinese government and Communist Party.”19 An official at the U.S. Chamber of Commerce goes even further, arguing that American firms going to China have “to please the Chinese government and the Communist Party.”20 Moreover, because artificial intelligence is a dual-use technology, ostensibly commercial innovations can also have military implications. China’s stated doctrine of “civil-military fusion” thus virtually guarantees that companies are indirectly assisting the military if they are working with Chinese entities.21 Under that doctrine, “any technologies held by the private or academic sectors—whether imported or developed in-house—must be shared with the Chinese military.”22 When combined with the corporate-state relationship in China, this means the technological innovations in the private sector are likely being shared with the government for military purposes. As former defense secretary Ash Carter has noted, “If you’re working in China, you don’t know whether you’re working on a project for the military or not.”23 The fact that Chinese companies and the state are intertwined means that American companies working in China are potentially helping accelerate the adoption of digital authoritarianism within China and its spread abroad. In general, the development of artificial intelligence “offers a plausible way for big, economically advanced countries to make their citizens rich while maintaining control over them.”24 Big data, combined with AI, enables governments and big tech companies not only to predict but also to shape what individuals will do. Politically, this means that governments will have the power to preempt dissenters to a far greater degree than authoritarian regimes of the past.25 Economically, it means that centralized economic planning might find greater success than in the past, because governments and companies can shape the behavior of individuals.26 And over time, behavioral changes shape beliefs, potentially building support for the regime itself.27 These dynamics suggest that the new “digital authoritarianism” may have greater staying power than its low-tech precursors.28 At home, China has long been concerned about domestic disharmony and has pursued a policy of “social management” to achieve “holistic” security—not just national security but party organization and the management of the social order.29 The Chinese State Council sees AI as “irreplaceable” in ensuring social harmony in the future.30 China has taken steps to develop a “social credit system,” in which individuals are assessed in every interaction to determine their trustworthiness, their compliance with laws and social norms, and the degree to which their social networks are also compliant. Chinese tech companies have reportedly agreed to share data with the government in support of this project.31 Local governments and tech companies are cooperating to develop “credit cities,” the local counterpart to a full-on national system.32 Chinese companies are also already exporting surveillance technologies abroad, including biometric censors and facial recognition software.33 Given that many big American tech companies are operating in China or seeking to do so and that engagement with Chinese entities likely means information is transferred to the government, the idea that big American tech companies are helping the United States vis-à-vis China in some kind of Cold War-style technology arms race makes little sense. It is just as likely, if not much more so, that firms operating in China are directly or indirectly furthering China’s emergent domestic surveillance capabilities, its military use of those technologies, and its spread of digital authoritarianism abroad as well.34 How Big Tech’s Entanglements Threaten American Power and Values In addition to benefiting Chinese power, big tech’s integration with China threatens the United States by creating leverage over the United States, and it could, in the future, undermine the American ecosystem of free speech and expression. This could happen in multiple ways: Integration opens the United States to espionage and surveillance, creates economic leverage over the United States, and preemptively forces companies to adhere to the standards of Chinese censors, thereby restricting speech and expression particularly on issues related to democracy. Most obviously, integration with China raises concerns about espionage and surveillance. For example, Pentagon officials have been concerned that if the Chinese company Huawei operates 5G systems among American allies, the United States will have to restrict intelligence sharing along such systems; if those systems have surveillance capacities or backdoors, information across the system could be captured by the Chinese government.35 Federal regulators have also flagged a Chinese company’s acquisition of the dating app Grindr, which has a great deal of personal information that could be used to pressure or blackmail users.36 More broadly, economic interdependence can be used as leverage for political purposes. Scholars refer to this by a variety of terms, including “geoeconomics,”37 “reverse entanglement,”38 and “weaponized interdependence.”39 But the tactics are similar regardless of the label—and China utilizes them frequently. To retaliate against South Korea’s adoption of a U.S. missile defense system, China blocked tourism to the country.40 And it blocked imports from Norway after dissident Liu Xiaobo was awarded the Nobel Peace Prize.41 Interdependence in the economy generally, and in the technology sector specifically, thus bring significant risks to the United States in an era of great power competition. The more integrated the economies of two countries, the more likely it is that a foreign country will have leverage over the United States. The use of boycotts is one example. But raising tariffs to start a trade war could devastate sectors of the economy, and interrupting a supply chain for essential parts and components (whether consumer, commercial, or military) could have significant consequences, particularly in a crisis. Integration also means that corporations are contorting their operations outside of China in order to comply with the preferences of Chinese censors. The most prominent concern is self-censorship—companies and other actors that change their messages, artistic choices, or statements for fear of offending Chinese censors. For example, the general manager of the Houston Rockets basketball team tweeted support for the Hong Kong protestors, only to backtrack in the face of concerns about the Chinese reaction.42 The People’s Daily branded Mercedes-Benz an “enemy of the people” after the car manufacturer posted a quote from the Dalai Lama on Instagram; Mercedes later deleted the post.43 Some university researchers are concerned about self-censorship within academia on topics related to China.44 And tech companies too have taken steps toward compliance with Chinese internet regulations: Apple, for example, “removed VPNs [virtual private networks] from the Chinese version of its App Store.”46 Google’s Project Dragonfly was controversial internally with employees for the same reason. Why does it matter if corporations change their behaviors based on Chinese preferences? After all, global companies have done so for many years. McDonald’s and Coca-Cola, for example, offer different menus and beverages in different countries to respond to the tastes and preferences of consumers. The shift in corporate behavior in response to Chinese preferences differs in two ways. First, unlike the McDonald’s and Coca-Cola examples, companies aren’t just changing their products within China. They are doing so globally. That the leaders of Mercedes won’t quote the Dalai Lama and Hollywood writers are changing scripts for blockbuster films because they might offend Chinese censors means that American audiences are subject to the views of Chinese censors, as is the rest of the world. Second, the willingness of these companies to adhere to Chinese preferences calls into question whether global firms can be trusted when they seek to lobby or influence the U.S. government. In the mid-twentieth century, the maxim “what’s good for General Motors is good for America” suggested a link between corporate success and national success. That is unlikely to be the case anymore (if it ever was). Under the dominant ideology of contemporary corporate lawyers—who see shareholder profits as the sole aim of corporate managers—corporate managers are required to pursue profitable operations; American national interests are not part of the calculus.47 A global corporation that gains most of its profits from abroad might therefore have profit-based interests that do not align with American national interests. To put a fine point on it, one could imagine a company that seeks to expand its access into China lobbying the United States government in ways that are detrimental to American interests and, indeed, even serve the interests of the Chinese government. This is not to say that corporate executives or lobbyists are foreign agents deliberately pursuing such an aim—or that they think of themselves that way and would state as much to government officials. This wolf comes in sheep’s clothing: Policies will likely be justified as pursuing neutral economic principles, and many who advocate for them might not even see the broader connections. Defenders of integration often suggest that narrowly drawn regulations can address any problems that might arise from integration, though at least some defenders consider even limited restrictions on economic integration to be disastrous.48 For example, one set of think tank scholars have argued for requiring transparency in Chinese corporation ownership (that is, to identify state-owned or -invested companies) as a way to prevent Chinese influence over American corporations. 49 Another set says that U.S. policy should consider “who owns a company’s stock, how the company is governed, and whether it has sizable contracts with the Chinese military or defense industry. … Similarly, companies with executives close to the state, through either prior employers or personal connections, warrant further scrutiny.”50 A third argues that “the United States should work with its allies and trading partners to pressure Beijing to open up the Chinese market to foreign companies, curb its preferential treatment of Chinese firms, and better protect foreign companies' intellectual property.”51 If it is correct that the Chinese state and market are integrated, as a number of senior defense officials and scholars of the Chinese state and market have argued,52 then these policy solutions cannot meet the nature of the challenge. Transparency rules will not solve the problem of informal ties between government and private sector in China, nor do they place mandates on companies if there are formal ties. Careful investigation of the relevant relationships and ownership ties might miss important connections, ignore the fact that Chinese doctrine requires civil-military fusion, and neglect to address the incentive companies have to comply preemptively with Chinese government preferences, even absent any specific connection to the government or pressure from the government. Finally, efforts to reduce preferential treatment and protect American intellectual property run counter to the fact that the integration of state and market in China is not a bug, but a central feature of the system.

**China rise causes extinction.**

Graham T. **Allison 17**. Professor and director of the Harvard Kennedy School’s Belfer Center. “How America and China Could Stumble to War.” The National Interest. 4/12/2017. https://nationalinterest.org/feature/how-america-china-could-stumble-war-20150?page=0%2C6

In the years ahead, could a collision between American and Chinese warships in the South China Sea, a drive toward national independence in Taiwan or jockeying between China and Japan over islands on which no one wants to live spark a war between China and the United States that neither wants? It may seem hard to imagine—the consequences would be so obviously disproportionate to any gains either side could hope to achieve. Even a non-nuclear war conducted mostly at sea and in the air could kill thousands of combatants on both sides. Moreover, the economic impact of such a war would be massive. A 2016 RAND study found that, after just one year, American GDP could decline by up to 10 percent and Chinese GDP by as much as 35 percent—setbacks on par with the Great Depression. And if a war did go nuclear, both nations would be utterly destroyed. Chinese and American leaders know they cannot let that happen. Unwise or undesirable, however, does not mean impossible. Wars occur even when leaders are determined to avoid them. Events or actions of others narrow their options, forcing them to make choices that risk war rather than acquiesce to unacceptable alternatives. Athens did not want war with Sparta. Kaiser Wilhelm did not seek war with Britain. Mao initially opposed Kim Il-sung’s attack on South Korea in 1950 for fear of blowback. But events often require leaders to choose between bad and worse risks. And once the military machines are in motion, misunderstandings, miscalculations and entanglements can escalate to a conflict far beyond anyone’s original intent. To better understand these dangers, Washington and Beijing have developed scenarios, simulations and war games. These often begin with an unexpected incident or accident. Individuals assigned to play the hand of China or the United States take it from there. Participants in these exercises are repeatedly surprised to find how often and easily small sparks lead to large wars. Today, there are at least three plausible paths to war between the world’s two greatest powers. IN WAR scenarios, analysts use basic concepts made familiar by the U.S. Forest Service. Arsonists cause only a small fraction of fires. Discarded cigarettes, smoldering campfires, industrial accidents and bolts of lightning are much more common sources. Fortunately, in the forest as well as in relations among nations, most sparks do not ignite a blaze. Background conditions often determine which sparks become fires. While Smokey the Bear’s warning that “only you can prevent forest fires” teaches campers and hikers about sparks, the Forest Service posts additional warnings after long dry spells or periods of extreme heat, occasionally closing high-risk areas. Moreover, it regulates the storage of flammable chemicals, propane tanks and gas depots, becoming increasingly stringent as conditions worsen. In relations between China and the United States today, relevant background conditions include geography, culture and history. “History,” Henry Kissinger observed in his first book, “is the memory of states.” China’s memory is longer than most, with the century of humiliation forming a core part of the country’s identity. Recent military engagements are also part of each state’s living memory. The Korean War and Sino-Soviet border conflict taught Chinese strategists not to back down from more powerful adversaries. Moreover, both the American and Chinese militaries acknowledge that the United States has lost, or at least failed to win, four of the five major wars it has entered since World War II. The most pertinent background conditions, however, are Thucydides’s Trap and the syndromes of rising and ruling powers that China and the United States display in full. Thucydides’s Trap is the severe structural stress caused when a rising power threatens to displace a ruling one. Most contests that fit this pattern have ended badly. Over the past five hundred years, a major rising power has threatened to displace a ruling power sixteen times. In twelve of those, the result was war. The rising power syndrome highlights the upstart’s enhanced sense of itself, its interests, and its entitlement to recognition and respect. The ruling power syndrome is essentially the mirror image: the established power exhibiting an enlarged sense of fear and insecurity as it faces intimations of “decline.” As in sibling rivalries, so too in diplomacy one finds a predictable progression reflected both at the dinner table and at the international conference table. A growing sense of self-importance (“my voice counts”) leads to an expectation of recognition and respect (“listen to what I have to say”) and a demand for increased impact (“I insist”). Understandably, the established power views the rising country’s assertiveness as disrespectful, ungrateful and even provocative or dangerous. Exaggerated self-importance becomes hubris; unreasonable fear, paranoia. LIKE GASOLINE to a match, accelerants can turn an accidental collision or third-party provocation into war. One cluster of accelerants is captured by what Carl von Clausewitz called the “fog of war.” Extending Thucydides’s insight about war as “an affair of chances,” Clausewitz observed that “war is the realm of uncertainty. Three quarters of the factors on which action in war is based are wrapped in a fog of greater or lesser uncertainty.” This profound uncertainty can lead a commander or policymaker to act aggressively when a fuller set of facts would advise caution, and vice versa. The advent of disruptive weapons that promise “shock and awe” makes the fog and uncertainty even worse. With attacks on command-and-control systems, enemies can paralyze a nation’s military command. In Desert Storm, U.S. forces demonstrated version 1.0 of this option. They destroyed Saddam Hussein’s intelligence and cut communication links to his commanders in the field. Isolated, his forces hunkered down; it was like “shooting fish in a barrel,” U.S. pilots remarked. Antisatellite weapons are one accelerant that military planners expect to play a big role in any U.S.-China conflict. Long a subject of science fiction, such weapons are today a fact of life, running the gamut from kinetic ones that physically destroy their targets to quieter systems that use lasers to jam or “dazzle” satellites, rendering them inoperable. In 2007, China successfully destroyed a weather satellite, and it regularly tests its antisatellite capabilities in less dramatic fashion. Satellites provide a crucial link in almost every U.S. military endeavor, from early warning of ballistic-missile launches and providing imagery and weather forecasts to planning operations. Global positioning satellites put the “precision” in almost all the military’s precision-guided munitions and allow ships, planes and ground units to know where they are on the battlefield. The United States depends on this technology more than any of its competitors, making it a perfect target for Chinese military planners. Cyberspace provides even more opportunities for disruptive technological transformations that could provide a decisive advantage, on the one hand, but might also risk uncontrolled escalation, on the other. The details of offensive cyberweapons remain heavily classified and are constantly evolving. But the public has seen glimpses of them in some cases, such as America’s cyberattack against Iran’s nuclear program or its “left-of-launch” attacks on North Korea’s missile tests. America’s primary cyberspace organizations, the National Security Agency and U.S. Cyber Command, as well as their Chinese counterparts, can now use cyberweapons to silently shut down military networks and critical civilian infrastructure like power grids. Moreover, by employing proxies and assembling an international web of compromised computers, they can disguise the origins of a cyber-operation, slowing the victim’s ability to identify the attacker. Like antisatellite measures, cyberweapons could create a decisive advantage in battle by disrupting the command-and-control and targeting information on which modern militaries depend—and without bloodshed. This presents a dangerous paradox: the very action that attackers believe will tamp down conflict can appear reckless and provocative to the victims. Similarly, cyberattacks that disrupt communication would intensify the fog of war, creating confusion that multiplies the chances of miscalculation. While both the United States and China now have nuclear arsenals that could survive the other’s first strike and still allow for retaliation, neither can be sure its cyber arsenals could withstand a serious cyber assault. For example, a large-scale Chinese cyberattack against the U.S. military’s networks could temporarily cripple Washington’s ability to respond in kind, or even to operate some of its critical command-and-control and surveillance systems. This creates a dangerous use-it-or-lose-it dynamic in which each side has an incentive to attack key links in the other’s computer networks before their capabilities are disabled. Compared with the bluntest instruments of war, especially nuclear bombs, cyberweapons seem to offer the promise of subtlety and precision. But this promise is illusory. Increased connectivity among systems and devices creates a domino effect. Unable to determine how the hacking of one system may affect others, attackers would find it difficult to narrowly tailor the effects of their operation and avoid unintended escalation. In 2016, 180,000 Internet-connected industrial control systems were operating around the world. Along with the proliferation of the “Internet of Things,” which encompasses some ten billion devices worldwide, the number of enticing targets is growing rapidly. Another accelerant might involve compromising the confidentiality of sensitive networks. Some are obvious, such as those that operate nuclear command and control. Each side, however, may perceive other actions quite differently. Take China’s “Great Firewall,” a collection of hardware and software that enables Beijing to monitor and block vast segments of online content. Washington could disable a system essential to the Great Firewall, intending it as a modest, private warning. But for Chinese leaders who regard the ability to control citizens’ access to information as vital, the operation could be misconstrued as the tip of a spear aimed at regime change. Given these background conditions, potential sparks can be frighteningly mundane. Escalation can occur rapidly. The following three scenarios show just how easily the United States and China can stumble into a war that each side hopes to avoid. CURRENTLY, AMERICAN and allied warships and aircraft are operating in greater proximity to their Chinese counterparts than ever before. U.S. Navy guided-missile destroyers periodically conduct freedom-of-navigation operations near Chinese-controlled islands in the disputed waters of the South China Sea. Suppose that during routine operations an American destroyer passes near Mischief Reef, one of the newly constructed islands where China has built runways for aircraft and installed air and missile defenses. As the ship nears the contested site, Chinese coast guard vessels harass the destroyer, just as they did during the USS Cowpens incident in 2013. Unlike that encounter, however, the U.S. destroyer is unable to swerve in time. It collides with a Chinese ship and sinks it, killing all on board. The Chinese government now has three options. The dovish course would be to avoid escalation by allowing the American destroyer to leave the area and to protest its actions through diplomatic channels. At the other end of the spectrum, it could adopt an eye-for-an-eye approach and sink the destroyer using aircraft or missiles stationed on Mischief Reef. By refusing to be the “chicken,” while also not wanting to escalate, Beijing could opt for what it believes is a middle course. As the U.S. destroyer attempts to leave the area, a PLA Navy cruiser blocks its way, insisting that the destroyer entered Chinese territorial waters and demanding that its crew surrender and face justice for the deaths of the coast-guard personnel. China believes it is deescalating the situation by allowing for a diplomatic solution, akin to the deal that permitted an American crew to go free after a crash landing near Hainan Island sixteen years ago. The background conditions have changed since that incident. From a U.S. perspective, China’s reckless harassment of the destroyer caused the collision in the first place. China’s attempt to arrest American sailors in international waters would undermine the principles of the law of the sea. Surrendering would have far-reaching repercussions: if the U.S. military will not stand up to China to defend operations conducted by its own navy, what message does that send to America’s allies, including Japan and the Philippines? Not willing to undermine its credibility by surrendering, the destroyer could simply sink the Chinese cruiser blocking its path. Alternatively, to avoid further bloodshed and to show a degree of sensitivity to the nationalistic pressures Chinese leaders face at home, the United States could use a show of force to get the cruiser to back down peacefully. U.S. Pacific Command in Hawaii, in consultation with leaders in Washington, could order nearby aircraft to fly to the area, send an aircraft carrier stationed in Japan toward the South China Sea, and forward-deploy B-2 bombers to Guam. American officials believe these actions will signal their seriousness without risking any further escalation. Events look different to Beijing, especially amid the fog of war. As China sees it, the United States has already sunk a Chinese vessel. Now scores of American aircraft are aloft, threatening attacks on the Chinese cruiser, other naval vessels, or military installations on nearby islands. Mindful of public opinion, Chinese leaders are especially conscious that any further bloodshed inflicted by the United States would force them to retaliate aggressively. But events are running beyond Beijing’s control. As U.S. fighter jets rush to the scene to assist the stranded destroyer, a Chinese antiaircraft battery panics and fires on the oncoming aircraft. The U.S. aircraft take desperate evasive action, and the destroyer begins firing on Chinese antiaircraft sites on the island. Under attack, the Chinese commander on the island bombards the destroyer with antiship missiles. The missiles hit their intended target, killing hundreds of American sailors and sinking the ship. Those who escape are now stranded in small lifeboats. Chinese leaders are desperate to avoid a full-scale war with the United States, but also cannot admit that their chain of command broke down. They claim their actions were a proportionate and defensive response because the American destroyer was the aggressor. Officials in Washington are stunned that China has sunk a $3 billion vessel and killed hundreds of American sailors. Though wary of going to war with China, those in the Situation Room cannot back down: video of the ship’s wreckage and stranded U.S. sailors on cable news and social media has made that impossible. Many in Congress are calling on the administration to authorize war plans based on the doctrine formerly named Air-Sea Battle, which calls for massive air strikes against missile and radar systems on the Chinese mainland. Realizing that attacks on China’s mainland would trigger war, the president authorizes Pacific Command to instead destroy China’s military bases on disputed islands in the South China Sea. The president reasons that this is a proportionate response, since these islands were directly responsible for the sinking of the destroyer. Furthermore, eliminating these military bases will allow U.S. ships to rescue the sailors stranded nearby. Most important, such an action would target only China’s artificial islands, leaving its mainland untouched. President Xi Jinping and other Chinese officials do not make this distinction. For years they have told the public that China has undisputed sovereignty over these islands. They are an integral part of China proper, and America has just attacked them. (Americans who scoff should recall that the Japanese attack on Pearl Harbor struck neither the mainland nor even a U.S. state, yet still rallied a nation to war.) Many in China are demanding that Xi order the PLA to destroy U.S. military bases in Guam, Japan and elsewhere in the Pacific. Some want China to attack the United States itself. No one is calling for China to exercise restraint. As millions of its citizens’ social-media postings are reminding the government, after its century of humiliation at the hands of sovereign powers, the ruling Communist Party has promised: “never again.” Still, President Xi clings to the hope that war can be avoided, an impossibility if China begins attacking U.S. military bases in Guam or Japan, killing soldiers and civilians and triggering retaliatory attacks on the Chinese mainland. Seeking a proportionate response to the U.S. attack on China’s island bases, Xi instead approves an alternative plan: using lasers, electronic and kinetic weapons to destroy or disable all U.S. military satellites in orbit above the crisis area, and using cyberattacks to cripple American command-and-control systems throughout the Asia-Pacific. The goal is to deescalate: Xi hopes that the United States will be shocked into backing down. But from the American perspective, these “blinding” attacks are indistinguishable from the first stage of a coordinated attack on the U.S. aircraft carrier and its strike group sailing from Japan—an event for which the PLA has spent decades developing its “carrier-killer” antiship ballistic missiles. The ninety-thousand-ton carrier, a floating city of 5,500 sailors that the United States describes as sovereign American territory, is simply too big to lose. The president is not willing to take the risk. On the advice of the Joint Chiefs of Staff, the president reluctantly approves the only plan ready on short notice that has a chance of saving the carrier: a war plan based on Air-Sea Battle. Using those assets still operational after the Chinese attack, the United States military begins destroying China’s “kill chains,” the various satellite and surveillance systems that allow Beijing to accurately target American carriers with its antiship missiles. It also launches massive cruise missile and stealth bomber attacks on PLA missile sites and air bases on the Chinese mainland, which could at any moment be used to sink U.S. vessels anywhere within the first island chain. The attacks provoke exactly what they intended to avoid. Its mainland now under attack, and the targeting systems needed to operate China’s antiship weapons about to be lost, China must use them or lose them. Xi authorizes attacks on all U.S. warships within range, including the carrier group. American aircraft and naval escorts intercept Chinese bombers and fighter jets flying to the carrier, but a swarm of DF-21D ballistic missiles—the so-called carrier killers—prove too much to handle. Enough reach their target to sink the carrier, killing most of the 5,500 sailors on board—far more than died during Pearl Harbor. The dynamics of playing chicken with cyber and space weapons over the South China Sea has transformed a tiny spark into a roaring fire. IF TAIWAN were an independent nation, it would be among the most successful countries in the world. Its hardworking population of twenty-three million has developed a market economy twice the size of the Philippines, Thailand or Vietnam. Although many in Taiwan want independence, China views it as a province. Beijing is prepared to do whatever it takes to keep Taipei from asserting its sovereignty. No other country has been prepared to fight China over the matter. Suppose, however, that the Chinese government were to substantially increase repression at home, including in Hong Kong, where China promised to maintain considerable autonomy and freedom when Britain returned control of the city in 1997. Enraged that the Chinese government is backtracking on its promises, residents of Hong Kong take to the streets to demand that Beijing uphold its commitment to “One Country, Two Systems.” As the protests drag on for weeks with no resolution in sight, Xi orders the military to do what it did in Tiananmen Square in 1989: crush the protests. The ensuing violence shocks the Taiwanese, particularly the younger generation. Pro-independence and anti-Beijing sentiment soars. In this atmosphere, the Taiwanese president is emboldened to ramp up rhetoric emphasizing her people’s hard-won rights and democracy. Her political allies go further, insisting that what has occurred in Hong Kong proves that Taiwan can never guarantee its citizens’ freedom without becoming a sovereign, independent country. To signal disapproval of Chinese regression in Hong Kong, the American president pointedly announces his respect for the Taiwanese president’s strong stance and declares that the 1979 Taiwan Relations Act fully commits the United States to defend Taiwan against a Chinese invasion. This is a major break from the long-standing U.S. policy of “strategic ambiguity” on the issue, and the Taiwanese president interprets it as tacit endorsement of a move toward independence. In an interview with the New York Times , she announces that Taiwan will apply for full membership to the UN (a move that China has long opposed) and rejects the so-called 1992 Consensus, under which both parties had agreed to the One-China concept while allowing for differing interpretations of what it actually meant. To punish Taiwan’s insubordination and scare it into backing down, China conducts an enhanced version of the Third Taiwan Strait Crisis by barraging Taiwanese waters with “tests” of ballistic and cruise missiles, severely interrupting the commercial shipping that constitutes the island’s lifeline to the world. When Taipei still refuses to withdraw its membership application, China uses other weapons, including mine-laying drones, to further disrupt shipping into and out of Taiwan. As a small island nation, Taiwan imports 70 percent of its food and most of its natural resources, including energy. A sustained blockade would grind its economy to a halt and cause large-scale food shortages. Despite opposition to Taiwan’s application to join the United Nations, the United States feels obliged to prevent its strangulation. Many pro-Taiwan members of Congress are demanding that the White House send aircraft carriers to Taiwan’s aid, just as Bill Clinton did during the 1995–96 crisis. But the administration knows that China’s antiship ballistic missiles would now pose a serious threat to any U.S. carriers moving into the area, and the American public has little stomach for another war. Instead, U.S. Pacific Command offers to escort commercial shipping through the affected seas, a gesture of support but not of willingness to fight. The escort campaign puts U.S. warships at risk of being sunk by the Chinese missile barrage, either deliberately or accidentally—an event that could instantly kill more than one thousand Americans and spark calls for retaliation. In this scenario, a Chinese antiship missile—ostensibly fired as part of ongoing test barrages—sinks the USS John P. Murtha , an amphibious transport dock ship acting as an escort to civilian shipping. All of the nearly eight hundred sailors and marines aboard are killed—more than the United States lost in the first year of the Iraq War. China insists that the sinking was accidental; the Murtha merely got in the way of a missile fired at a random patch of ocean. It reminds Washington that America accidently bombed China’s embassy in Belgrade in 1999. But in Washington, the secretary of defense and the chairman of the joint chiefs urge the president not to be deceived by this explanation. Instead they urge him to authorize the Air-Sea Battle plan to strike PLA antiship missile-launch sites on the mainland. Confronted with the sinking of the Murtha, the president accedes to pressure from military and political advisers, and agrees to preemptively strike antiship and other ballistic-missile systems on the Chinese mainland. Because China’s conventional and nuclear missiles are kept in the same locations, and their command-and-control systems are intertwined, Beijing mistakenly believes the United States is trying to eliminate its nuclear arsenal in a surprise first strike. In a desperate attempt to “deescalate by escalating”—an Orwellian doctrine that is nevertheless a pillar of Russian military strategy—China fires one of its land-based, nuclear-tipped ballistic missiles into an empty tract of ocean south of Okinawa. The nuclear threshold has been crossed. And while no lives have been lost in the strike, it is but a short step from here to all-out nuclear war. THE SPARK to a Sino-American clash need not initially involve American or Chinese military forces. Instead, it might result from a confrontation with or between third-party allies. Such a scenario nearly became reality in 2010, when North Korea sank the South Korean warship Cheonan, killing forty-six South Korean sailors. China supported North Korea’s denial of involvement. Seoul, meanwhile, insisted that Pyongyang be held accountable. Ultimately, the two Koreas and their allies stepped back from the brink. But with a new set of background conditions and accelerants today, it is not clear that it would be so easy to avoid war, especially if the third parties involved were less inured to the sort of slow, grinding tensions that the Korean Peninsula has endured for decades. Besides South Korea, the other major U.S. ally in China’s immediate vicinity is Japan, a country with a post–World War II history of pacifism, but whose politics have become increasingly militaristic in recent years. Conservative Japanese politicians have spoken ever more stridently about revising the pacifist constitution imposed on their country by the United States. They have also been chafing against Chinese claims of sovereignty in the East and South China Seas. In a crisis involving its historical rival Beijing, any steps Tokyo takes would certainly be shaped by these memories, and by the Japanese government’s shifting attitude toward military force. A likely flashpoint is the Senkaku Islands (known in China as the Diaoyu Islands), located near valuable fishing grounds, trade routes and potential oil reserves in the East China Sea. The United States controlled the islands after World War II, before returning them to Japan in the early 1970s. That same decade, China began claiming sovereignty over the islands. Chinese ships regularly pass through these waters, raising tensions between Beijing and Tokyo and risking a collision that could set off a chain reaction. Consider a scenario that provided the story line for a recent war game designed by the RAND Corporation. A group of Japanese ultranationalists set sail for the Senkakus in small civilian watercraft. On social media, they explain that they are headed for Kuba Jima, one of the smaller islands, which they intend to claim and occupy on behalf of Japan. They land and begin building unidentified structures. Taking a page out of the Chinese playbook, they live stream their activities for the world to see. China reacts swiftly, its coast guard arriving within hours with officers who arrest the Japanese dissidents and take them back to the Chinese mainland for trial. Does Japan allow them to face justice in a Chinese court? It could. Instead, rather than lose face, Japan dispatches some of its own coast-guard vessels to intercept the ship carrying the ultranationalists and prevent them from being taken to China. A pileup ensues as both the PLA Navy and the Japan Maritime Self-Defense Force deploy warships and fighter planes to the area. Neither side backs down. To make matters worse, some of the Japanese vessels land amphibious troops to occupy Kuba Jima, doubling down on the nationalists’ actions. A skirmish has become a military confrontation. In an urgent call, the Japanese prime minister reminds the U.S. president that Tokyo expects Washington to uphold the seven-decade-old mutual defense treaty, noting that senior officials have repeatedly confirmed that America’s commitment applies to the Senkakus. As the standoff enters its third day, the president and his National Security Council must decide: Does the United States wholeheartedly respond to Japan’s appeal, putting air power over the disputed island to protect the Japanese troops now on the ground there? Or is there a more restrained course that will satisfy the Japanese without antagonizing China and further escalating the tense naval standoff? The president opts for the latter, directing the Japan-based carrier strike group to patrol outside the range of the PLA’s land-based carrier-killer missiles, but keeping aircraft and submarines close enough to aid Japanese vessels and territory if things get ugly. They do. The next morning, a Chinese destroyer collides with a Japanese fishing boat in the crowded waters off the Senkakus, and soon fighter jets from both sides are provocatively buzzing their opponent’s warships. The standoff erupts into a brief, bloody naval battle as a Japanese captain, fearing for his ship’s safety, downs one of the low-flying Chinese fighters, and the PLA Navy warships, in return, sink his vessel. Both sides are at the edge of war at this point, and so is the United States, which is in a position to sink Chinese vessels with its hidden attack submarines or to send its carrier’s air wing into action. At this juncture, however, before the next decision has been made, something unexpected happens. All communications between Japanese forces on and around the Senkakus and their headquarters go dark. A cyberattack has severely disrupted one of the Japanese military’s command-and-control systems. The United States and Japan immediately blame China. The attacker has even left the telltale signs of the PLA’s offensive hacking unit. There is little hesitation in Washington or at U.S. Pacific Command about what to do next. To prevent the Japanese naval force from being annihilated while it is incommunicado, U.S. submarines sink three PLA Navy warships off the Senkakus with torpedoes. China, Japan and the United States have now fired their opening shots in a three-nation war. But what if it was not the PLA that launched the cyberattack after all? What if it was a carefully timed false-flag operation by Russia, seeking to draw the United States and China into a conflict in order to distract Washington from its wrestling match with Moscow over Ukraine? By the time intelligence agencies around the world learn the truth, it will be too late. The Kremlin has played its hand brilliantly. From the Senkakus, the war zone spreads as China attacks more Japanese vessels elsewhere in the East China Sea. Tokyo is desperate for the United States to commit its carrier strike group to the fight. If Washington makes that call, the same point of no return may well be crossed as in the collision-at-sea scenario: the destruction of one of the crown jewels of the U.S. Navy and the loss of life of all aboard could be the tragedy that the U.S. administration is forced to avenge with widening attacks on Chinese forces in a full-scale Pacific war. WAR BETWEEN the United States and China is not inevitable, but it is certainly possible. Indeed, as these scenarios illustrate, the underlying stress created by China’s disruptive rise creates conditions in which accidental, otherwise inconsequential events could trigger a large-scale conflict. That outcome is not preordained: out of the sixteen cases of Thucydides’s Trap over the last five hundred years, war was averted four times. But avoiding war will require statecraft as subtle as that of the British in dealing with a rising America a century ago, or the wise men that crafted a Cold War strategy to meet the Soviet Union’s surge without bombs or bullets. Whether Chinese and American leaders can rise to this challenge is an open question. What is certain is that the fate of the world rests upon the answer.

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#### Other factors weaken business confidence.

Eric Rosenbaum 21. Senior Editor. “Politics, inflation pinch as small business confidence rises slower than markets and economy” CNBC. 05-03-21. <https://www.cnbc.com/2021/05/03/politics-inflation-pinch-as-small-business-confidence-trails-economy.html>

**Confidence** among small business owners has barely risen as fears about **inflation, hiring costs, tax hikes and partisan politics** weigh on Main Street as it shows some signs of returning to pre-pandemic levels. According to a CNBC|SurveyMonkey Small Business Survey conducted last month, **64% of entrepreneurs say their business can survive** more than a year under current business conditions as the wave of shutdowns and bankruptcies that crushed many Main Street enterprises eases and the country emerges from Covid-19. That’s up from 55% in the first quarter. The survey also found that 34% of business owners think current business conditions are good. The survey’s Small Business Confidence Index ticked higher to 45 in the current quarter from a record low of 43 in the first quarter. To be sure, that’s still a negative sentiment reading. “In the middle, confidence wise, is appropriate, because there are still lots of unknowns as far as the recovery,” Small Business & Entrepreneurship Council President Karen Kerrigan said. “Many are still digging out ... paying back-rent, getting back to a normal level of revenue.” The percentage of business owners forecasting a revenue decrease over the next year dropped to 18% from 27% last quarter. Less than half, 46%, expect revenue to grow. Biden’s infrastructure plan and Main Street The U.S. economy is staging a sharp recovery as several rounds of stimulus checks have buoyed consumers. President Joe Biden’s infrastructure plan and spending priorities are also expected to provide an economic boost. But **views about the president’s ambitions are mixed on Main Street.** While just over half of small business owners support Biden’s infrastructure legislation, there is a divide on Main Street driven by party affiliation. According to the survey, 97% of small business owners who identify as Democrats and Democratic leaners support The American Jobs Plan. That drops to 55% among independents and to 23% among Republicans and GOP leaners. The tax policy needed to fund the infrastructure plan **divides small business owners**, with 39% of entrepreneurs in favor of paying for the measures by raising the corporate tax rate to 28% from 21%, while **59% disapprove**. The partisan split here is also wide: 85% of Democrats and Democratic leaners approve of a corporate tax hike, along with just 38% of independents and a mere 13% of Republicans and GOP leaners “We view this as a fragile recovery and these proposals certainly infuse a little more uncertainty into that,” said Kevin Kuhlman, vice president of federal government relations at the National Federation of Independent Business. The NFIB’s most-recent survey found small business confidence is back at its historical average after being below that level for nearly a year. Certain industries within the small business community should benefit from infrastructure spending, such as construction and internet services. But Biden’s alignment with labor unions could dampen expectations among small business owners over the plan’s potential benefits. “Most companies are not union companies,” Kerrigan said, though she added most do view infrastructure spending positively. Fears about inflation, hiring As businesses attempt to get back to normal, finding workers and supply chain issues are **still headwinds for operating at full capacity.**