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### Adv---Inequality

#### Increased concentration of buyer power in labor markets drives inequality---only antitrust can address supply and demand

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A détente is especially desirable today in light of the severe stagnation in American wages. In the past thirty-five years, U.S. gross domestic product has all in all grown but the purchasing power of the average worker has barely changed.3 Labor’s share of national income declined precipitously in the 2000s, and in the five years after the Great Recession it was lower than at any point since World War II.4 Because most people get most of their income from labor, and because those who get most of their income from capital tend to be wealthy, this income shift has dramatic consequences for inequality.

Economists and policymakers have advanced numerous explanations for this troubling trend ranging from the decline of unions, to tighter monetary policy, to increased trade liberalization, and more.5 One explanation that has received attention in recent years is an apparent epidemic of market concentration and flagging competition.6 A growing body of evidence suggests that over time fewer and fewer firms have come to dominate sectors across the economy.7 One study found that from 1982 to 2012, the share of sales by the sectors’ top four firms increased in manufacturing, finance, services, utilities, retail trade, and wholesale trade.8 Average markups above cost—a manifestation of market power—rose from eighteen percent in 1980 to sixty-seven percent in 2014.9 This increase in concentration is due, in part, to a growing wave of mergers. By one count over 325,000 mergers have been announced since 1985.10 That year, around 2,000 mergers with a value of a little over $300 billion were announced.11 In 2018, 15,000 mergers occurred—valued at just under two trillion dollars.12

The ability of firms to charge prices for their products or services that exceed the competitive level harms workers in their role as consumers, and the reverberating inefficiencies have consequences for wages as well.13 Workers are harmed more directly, though by firms with buyer power in labor markets. Instead of enabling firms to charge high prices for the goods or services they sell, buyer power—also known as monopsony power—allows firms to push wages below the level workers would receive in competitive labor markets.

A recent study applied the Herfindahl-Hirschman Index (HHI), which is used to measure market concentration. The Department of Justice (DOJ) and the Federal Trade Commission (FTC) (“the agencies”) used HHI in merger review, and found that at least forty percent of job markets fell into the “highly concentrated” category, making them especially susceptible to anticompetitive behavior by employers.14 The hiring markets for the twenty-five percent most concentrated occupations in almost every commuting zone in the country have concentration levels nearly tripled the “highly concentrated” threshold.15 In commuting zones across middle America, the hiring market for nearly every occupation is highly concentrated.16 As discussed below, a concentrated labor market generally increases the buyer power of participants in that market. Recent research on labor supply elasticity, which is an indicator of vulnerability to employers’ market power, further challenges traditional assumptions of competitiveness in labor markets.17

Historically, antitrust enforcers have given far less attention to firms’ power as buyers than as sellers and have been particularly hesitant to check their power as buyers of labor. However, the tide may be beginning to change. Federal and state enforcers have begun to challenge anticompetitive labor contracts,18 and there is a small but growing body of precedent addressing increased buyer power in mergers.19 In 2016, the Obama Administration’s Council of Economic Advisors issued a report describing the problem of labor market power and encouraging greater attention to the issue by the antitrust enforcement agencies.20 Separately, then-Acting Assistant Attorney General Renata Hesse stated that antitrust enforcement efforts should not only be concerned with the welfare of consumers, but should “also benefit workers, whose wages won’t be driven down by dominant employers with the power to dictate terms of employment.”21 Nevertheless, to date, the agencies have never blocked a merger on the basis of harm to workers.

There are many reasons that may account for the dearth of enforcement, including misunderstandings of the relationship between labor and antitrust laws, the momentum of precedent focused on seller-side harms, and the resistance of some to increased antitrust enforcement as a general matter.22 In addition to these practical and ideological impediments, mistaken intuitions about the economics of buyer power create obstacles for enforcement. At first glance it would seem that if firms use their buyer power to lower their costs, downstream customers are ultimately benefitted. Therefore, the consumer welfare standard, which underpins modern antitrust enforcement, would seem to counsel against intervention contrary to buyer power. In most cases, though, this intuition is simply wrong.23 More competitive labor markets are not just good for workers; they are good for consumers too.

Clarifying the relevant interests at stake is crucial as policy reforms begin in earnest, and there is reason to believe that such reforms are on the horizon. Several politicians have recently advocated for greater antitrust scrutiny of labor markets. For example, in 2017 Senator Amy Klobuchar introduced a bill that would require the enforcement agencies to pay greater attention to buyer power in merger review.24 Senator Elizabeth Warren—who seeks more interventionist antitrust policy on many fronts25—and Senator Cory Booker—who in 2017 sent a letter to the DOJ and FTC citing concern with the failure of the agencies to address labor market power—have also taken up the cause.26

Labor market issues are also garnering increased attention from antitrust scholars.27 In an article published in 2018, C. Scott Hemphill and Nancy Rose argued for more interventionist merger policy directed at various forms of buyer market power.28 The same year, Suresh Naidu, Eric Posner and Glen Weyl published Antitrust Remedies for Labor Market Power, a sweeping analysis of the myriad options available to enforcers to promote more competitive labor markets.29 This legal analysis has been spurred by a growing body of empirical work on buyer power in labor markets.30 An array of scholars concluded that labor market power is a problem and one that antitrust institutions should do more to address.

This paper similarly argues that buyer power—and specifically buyer power in labor markets—deserves greater antitrust scrutiny and, to that end, develops a framework for systematically evaluating labor market power in merger analysis. The enthusiasm of some progressive politicians for more interventionist antitrust policy has drawn skepticism from many antitrust practitioners and scholars who worry that reforms will unmoor antitrust policy from its foundational principles and turn antitrust enforcement over to political whims.31 At least with respect to labor market power, however, economic theory and empirical evidence support increased enforcement without any reform of the basic legal framework and without deviating from substantial consensus about the proper role for antitrust in the economy.

#### Monopsony power depresses growth---results in underemployment and decreases labor productivity

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.

#### Antitrust is key---permissive guidelines enabled the rise in monopsonies---expanding the competition standard to labor markets is key to wage equality

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Of course, this is not the world in which we live. Even the corner grocery store knows it can raise its prices a little bit without losing all of its customers, which is what the standard competitive theory suggests. More and more, firms have demonstrated high and increasing levels of market power (Philippon 2019; Stiglitz 2019). At the same time, the bargaining power of workers has weakened.

It was never an equal match. An employer typically can find an alternative worker far more easily than a worker can find an alternative employer. This is especially so during slack periods in the labor market, or in places where there has been persistent unemployment. Leaving or losing a job is often greatly disruptive to workers and their families. There are mortgages to pay, children to feed, bills coming due. From the perspective of workers, jobs are not easily substitutable.

As the chapters in this volume make abundantly clear, this imbalance of market power has consequences. It enables firms to raise prices for goods and services—lowering the real incomes of workers. It enables firms to suppress wages of workers below what they would be in a competitive marketplace—contributing to the inequality crisis facing the country. This economic inequality gets translated into political inequality, especially in our money-driven politics, resulting in rules that evermore favor big corporations at the expense of workers. The growing political inequality, in turn, hampers economic performance, and ensures that most of the benefits of our anemic economic growth go to those at the very top (Stiglitz 2012).

In the middle of the 20th century, John K. Galbraith (1952) described an economy based on countervailing power—where labor institutions and government checked the power of large corporations and financial institutions. But policy choices over the past half century have upset this balance in ways that have weakened not only the workers, but also the economy and the country. This volume explores what has happened by concentrating on one understudied part of the problem: the labor market.

Explaining the Weakening of Workers’ Bargaining Power

Multiple factors have contributed to the weakening of workers’ bargaining position. This volume focuses specifically on the ways that employers have increased their market power over workers.

Employer Concentration

Permissive antitrust enforcement has promoted concentration across industries, reducing the number of employers—particularly those in rural areas (Stiglitz 2016).1 With few alternatives, workers must accept the low wages that large local employers offer. More precisely, limited competition by buyers—in this case, employers who buy labor services—gives rise to monopsony power.2 Any firm with monopsony power knows that if it hires more workers, it will drive up the wage. The marginal cost of hiring an additional worker is thus greater than the wage. The result is lower employment and lower wages than if there were a competitive labor market. The chapter by Marinescu in this volume forcefully documents the degree of monopsony in labor markets across the United States, especially in rural areas—areas where, not surprisingly, wages lag behind the rest of the country.

Collusion

Typically there is some, but limited, competition in the labor market, but it is competition that is insufficient to achieve anything approximating what would emerge in a truly competitive marketplace. But employers often do not like even this limited competition, because even some competition means that wages are higher than they would be with no competition. Thus, firms sometimes collude to not compete; and that collusion drives down wages. The incentives for firms to do this—if they can get away with it—are obvious: collusion has been a feature of capitalism from the start. As Adam Smith observed in The Wealth of Nations, “Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. . . . Masters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy” (Smith 1776, book 1, chap. 8).

Even then, Smith had observed an asymmetry not only in bargaining power, but also in capitalists’ response to workers’ attempts to redress the balance. When workers combine their forces, “the masters . . . never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combination of servants, labourers, and journeymen” (Smith 1776, book 1, chap. 8). This stance, of course, was markedly different from capitalists’ own behavior—not only in labor markets, but elsewhere, too. As Smith put it in one of his most famous statements, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices” (book 1, chap. 10). This issue is central: to redress the natural imbalance of bargaining power, workers have to band together and engage in collective bargaining. Unions are critical. But it is precisely because unions have been somewhat successful in redressing the imbalance that employers have worked so hard to suppress them, as I comment later in this introduction.

Contracts

In multiple contexts, business enterprises have not been satisfied with the increased profits brought by greater market concentration and occasional collusion. Businesses have figured out how to sustain and amplify those profits by the clever design of contracts that are conceived to inhibit competition in the labor market. This is another method that enables them to drive down wages still further.3 The chapters by Evan Starr and Terri Gerstein (this volume) provide ample evidence of the harmful impact of the misuse of labor contracts, noting in particular that often-used ruses distort the true impact on workers. Noncompete agreements, by definition, reduce competition. There might be some justification for not allowing employees with knowledge of trade secrets to go to work for competitors, but that hardly applies to employees of fast-food chains.

Employers have also put into contracts provisions that weaken workers’ rights—and power—if a dispute arises. Inserting arbitration clauses into most contracts has moved dispute resolution out of the public domain— where it can be protected in the public interest, through transparency and basic standards—into private hands. This not only weakens workers’ position after a dispute arises, but also subtly changes the balance of power— making it easier for firms to take advantage of workers, knowing that their ability to get redress is so circumscribed. Making matters worse is a broader set of changes in legal frameworks that has hurt workers and consumers at the expense of corporations. For instance, the ability to bring class-action lawsuits, particularly in arbitration, has been greatly limited.

Asymmetric Information

The standard competitive theory assumes perfect information. Research over the past 50 years has explained how even a little information asymmetry can have a large impact. Employers have recognized this—they have figured out that such asymmetry can weaken workers’ position and lead to lower wages. They have responded by doing what they can to increase these asymmetries, sharing data with each other but insisting that workers keep their own compensation data confidential, and punishing employees who violate such confidentiality. The chapter by Harris in this volume describes the adverse effects of informational asymmetries, how firms have tried to increase these asymmetries, and what governments have done and can still do to promote transparency—and thus competition—in the labor market.

#### The plan solves inequality and wages

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The spectacle of the antitrust challenge to Big Tech has been riveting. But a far more consequential transformation in antitrust law has largely escaped notice — the movement to use antitrust law to address wage suppression and inequality caused by the power of employers in labor markets.

Economic theory says that when a pool of workers has only one potential employer, or a small number of potential employers, those workers will be paid below-market wages. Without the credible threat to quit and work for a competitor, workers lack leverage that could allow them to secure a raise and better conditions. This situation is sometimes called monopsony, and it is similar to monopoly in the market for goods. When buyers have no choice among sellers, a monopolist can charge high prices; when workers have little choice among employers, the employer can “charge” low wages.

Monopolies result in sluggish economic growth as well as high prices because in order to raise prices, monopolists make fewer goods or provide less in services. Companies that use their market power to suppress wages do something similar: They hire fewer workers, and this leads to unemployment and low growth as well. And because employers push down wages by reducing employment, they supply fewer goods, causing higher prices to consumers even though labor costs are reduced. A business might have monopoly power (over goods it sells), monopsony power (over workers), both or neither. If a small town has one newspaper, the newspaper has both a monopoly over local news and a monopsony over journalists. If the town has a single automobile manufacturing plant, that business will have a monopsony over the relevant skilled workers but not a monopoly over cars, which are sold into a national market where there are competitors.

Economists have understood these things since Adam Smith, who famously called wage-fixing by employers “the natural state of things, which nobody ever hears of.” But economists did not take this risk very seriously until recently, instead usually assuming that employers compete vigorously for workers. As a result, though the logic for using antitrust law to address market power is the same for monopsony as it is for monopoly, the legal community did not embrace the possibility that antitrust law should be brought to bear against employers, except in unusual cases.

But in recent years, thanks to the remarkable work of a diverse group of mostly young economists, this conventional wisdom was shattered. Exploiting vast data sets of employment and wages that had become available, they discovered that concentrated labor markets — that is, with one or few employers — are ubiquitous. In one paper, José Azar, Ioana Marinescu, Marshall Steinbaum and Bledi Taska found that more than 60 percent of labor markets exceeded levels of concentration that are regarded as presumptive antitrust problems by the Department of Justice. Numerous papers have made similar findings.

In highly concentrated labor markets, wages fall — as economic theory would predict. For example, Elena Prager and Matt Schmitt examined hospital mergers and found that when hospitals expand through mergers and gain significant market power, the wage growth of employees declines. Notably, this decline affected skilled health care professionals like nurses — but not administrators and unskilled staff members like cafeteria workers, who could easily find jobs outside hospitals.

The work on labor market concentration has been supplemented by growing evidence that employers collude with one another and engage in other anticompetitive practices. Evan Starr and his co-authors have found that agreements not to compete — where employers block workers from moving to competitors — are extremely common (as many as nearly 40 percent of workers have been subject to one) and are associated with lower wages. Alan B. Krueger and Orley Ashenfelter found that nearly 60 percent of major brand-name franchises — companies like McDonald’s and Jiffy Lube — subjected franchise employees to no-poaching agreements, which prevented them, even within the same franchise system, from quitting one employer to join another.

As a result, many workers, especially in rural areas and small towns — areas subject to high unemployment and economic stagnation — are squeezed by employers and underpaid. For example, when farm equipment manufacturers merge, they close dealerships, and so a mechanic who used to be able to get a good job as several dealers competed for his work must accept a less-appealing job from the single place in the area or drop out of the labor market.

Antitrust law applies to “restraint of trade,” and courts agree that when employers enter cartels to suppress wages, they violate the law. Yet until a few years ago, there were hardly any antitrust cases against employers. The major exception was a 2010 case against Big Tech after Google, Apple and other companies agreed not to solicit one another’s software engineers. This was potentially criminal behavior, but the Justice Department slapped them on the wrist. (A subsequent lawsuit secured more than $400 million in damages for the workers.)

But it was the academic research, not the tech case, that finally woke the antitrust community from its torpor. In the past year, the Justice Department has brought several criminal indictments against employers for antitrust violations (the first ever). The Federal Trade Commission is pondering a rule to restrict noncompetes. State attorneys general brought cases against franchises and other employers that used no-poaching agreements and noncompetes. Congress is holding hearings next week on antitrust and the American worker. Private litigators have joined in as discoveries of abusive wage practices have piled up. For example, “Big Chicken” companies face lawsuits not only for fixing the prices of chicken but also for fixing the wages of their workers.

If the academic research on labor markets is correct, then millions of Americans are paid thousands or even tens of thousands of dollars less than they should be paid. Labor monopsony affects people at all income levels, but it is a particular problem for lower-income workers and people living in stagnant rural and semirural parts of the country. In his recent executive order on antitrust, President Biden became the first president to commit government resources to ensure that the antitrust laws are used to help workers. Let’s hope he follows through.

#### Worker welfare is key

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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.

#### Growing inequality drives diversionary nationalism and makes war inevitable

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One of the oldest theories of nationalism is that states instill the nationalist myth in their citizens to divert their attention from great economic inequality and so forestall pervasive unrest. Because the very concept of nationalism obscures the extent of inequality and is a potent tool for delegitimizing calls for redistribution, it is a perfect diversion, and states should be expected to engage in more nationalist mythmaking when inequality increases. The evidence presented by this study supports this theory: across the countries and over time, where economic inequality is greater,t nationalist sentiments are substantially more widespread.

This result adds considerably to our understanding of nationalism. To date, many scholars have focused on the international environment as the principal source of threats that prompt states to generate nationalism; the importance of the domestic threat posed by economic inequality has been largely overlooked. However, at least in recent years, domestic inequality is a far more important stimulus for the generation of nationalist sentiments than the international context. Given that nuclear weapons—either their own or their allies’—rather than the mass army now serve as the primary defense of many countries against being overrun by their enemies, perhaps this is not surprising: nationalism-inspired mass mobilization is simply no longer as necessary for protection as it once was (see Mearsheimer 1990, 21; Posen 1993, 122–24).

Another important implication of the analyses presented above is that growing economic inequality may increase ethnic conflict. States may foment national pride to stem discontent with increasing inequality, but this pride can also lead to more hostility towards immigrants and minorities. Though pride in the nation is distinct from chauvinism and outgroup hostility, it is nevertheless closely related to these phenomena, and recent experimental research has shown that members of majority groups who express high levels of national pride can be nudged into intolerant and xenophobic responses quite easily (Li and Brewer 2004). This finding suggests that, by leading to the creation of more national pride, higher levels of inequality produce environments favorable to those who would inflame ethnic animosities.

Another and perhaps even more worrisome implication regards the likelihood of war. Nationalism is frequently suggested as a cause of war, and more national pride has been found to result in a much greater demand for national security even at the expense of civil liberties (Davis and Silver 2004, 36–37) as well as preferences for “a more militaristic foreign affairs posture and a more interventionist role in world politics” (Conover and Feldman 1987, 3). To the extent that these preferences influence policymaking, the growth in economic inequality over the last quarter century should be expected to lead to more aggressive foreign policies and more international conflict. If economic inequality prompts states to generate diversionary nationalism as the results presented above suggest, then rising inequality could make for a more dangerous world.

The results of this work also contribute to our still limited knowledge of the relationship between economic inequality and democratic politics. In particular, it helps explain the fact that, contrary to median-voter models of redistribution (e.g., Meltzer and Richard 1981), democracies with higher levels of inequality do not consistently respond with more redistribution (e.g., Bénabou 1996). Rather than allowing redistribution to be decided through the democratic process suggested by such models, this work suggests that states often respond to higher levels of inequality with more nationalism. Nationalism then works to divert attention from inequality, so many citizens neither realize the extent of inequality nor demand redistributive policies. By prompting states to promote nationalism, greater economic inequality removes the issue of redistribution from debate and therefore narrows the scope of democratic politics.

#### Labor market inequities create slow and unstable growth---COVID proves

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Why It Matters

It should be fairly obvious why these imperfections in the labor market matter so much: one of the most disturbing aspects of growth in the United States in recent decades is the growing inequality (see, e.g., Ostry, Berg, and Tsangarides 2019; Stiglitz 2012, 2019; and a rash of other books on the topic). Most of the gains in the economy have gone to the top 10 percent, the top 1 percent, and the top 0.1 percent. Some of the growing inequality has to do with increases in wage disparity—known as labor market polarization. But much of it has to do with the decreasing share of national income going to workers.8 This is where the decreasing market power of workers and the increasing market power of corporations comes in. This decreasing market power is more than just changes in technology or even globalization: it is also the broader changes in our economy, society, and politics—and especially the changes described earlier in this introduction and elsewhere in this volume—that have led to this growing imbalance of market power.

Research at the International Monetary Fund (Ostry, Berg, and Tsangarides 2014) and elsewhere (Ostry, Berg, and Tsangarides 2019) has highlighted the broader consequences of this growing inequality, even on economic performance. Economies that are more unequal are less stable and grow more slowly. In The Price of Inequality I explain the reasons that we pay such a high price for inequality.

The COVID-19 crisis has provided a dramatic illustration: inequalities in income translate into inequalities in health, especially in a society, like that of the United States, that relies on markets to dispense healthcare. The virus is not an equal opportunity virus—it appears to have the most devastating effects on people who have underlying health conditions. Our health inequalities are undoubtedly one of the reasons that the United States led the world in COVID-19 deaths.

Short-sighted employers did not provide sick leave and government did not require it—even when Congress seemed to recognize that workers without sick leave, who live paycheck to paycheck with virtually no money in the bank, would go to work even when they were sick. They had to work in order to survive, but that meant they helped to spread the disease. After lobbying by the large corporations, Congress decided that employers with more than 500 employees—almost half of the private labor force— were exempt from providing sick leave. With so few workers unionized, employees simply did not have the bargaining power to demand paid sick leave, personal protective equipment, or COVID-19 tests. Government should have required all these things, of course, and it had the power to do so under OSHA, but chose not to. Workers were desperate for the protection, but lacked the bargaining power to get it.

#### Monopsonies are key---inequality hollows out economic resilience---shocks are inevitable, only worker stability makes recovery possible

Kate Bahn 21. Washington Center for Equitable Growth Testimony before the Joint Economic Committee, "Kate Bahn testimony before the Joint Economic Committee on monopsony, workers, and corporate power". Equitable Growth. 7-14-2021. https://equitablegrowth.org/kate-bahn-testimony-before-the-joint-economic-committee-on-monopsony-workers-and-corporate-power/

Thank you Chair Beyer, Ranking Member Lee, and members of the Joint Economic Committee for inviting me to testify today. My name is Kate Bahn and I am the Director of Labor Market Policy and the interim Chief Economist at the Washington Center for Equitable Growth. We seek to advance evidence-backed ideas and policies that promote strong, stable and broad-based growth. Core to this mission is understanding the ways in which inequality has distorted, subverted and obstructed economic growth in recent decades.

Mounting evidence, which I will review today, demonstrates how the rising concentration of corporate power has increased economic inequality and made the U.S. economy less efficient. Reversing the trends that have led to a “second gilded age” is critical to encouraging a resilient economic recovery following the pandemic-induced economic crisis of 2020 and encouraging a healthy, competitive economy for the future.

Introduction

The United States boasts one of the wealthiest economies in the world, but decades of increasing income inequality, job polarization, and stagnant wages for most Americans has plagued our labor market and demonstrated that a rising tide does not lift all boats. Furthermore, economic evidence demonstrates how inequality results in an inefficient allocation of talent and resources while increasing corporate concentration that enriches the few while holding back the entire economy from its potential. Understanding the causes and consequences of the concentration of corporate power will guide policymaking in order to ensure that the economic recovery in the next phase of the pandemic will be broadly shared and ensure a more resilient economy.

“Monopsony” is a key economic concept to understand in this discussion. Monopsony is the labor market equivalent of the better-known phenomenon of “monopoly,” but instead of having only one producer of a good or service, there is effectively only one buyer of a good or service, such as only one employer hiring people’s labor in a company town. Like in monopoly, this phenomenon is not limited to when a firm is strictly the only buyer of labor. Today I will explain the circumstances and effects of employers having significant monopsony power over the market and over workers.

When employers have outsized power in employment relationships, they are able to set wages for their workers, rather than wages being determined by competitive market forces. Given this monopsony power, employers undercut workers. This means paying them less than the value they contribute to production. One recent survey of all the economic research on monopsony finds that, on average across studies, employers have the power to keep wages over one-third less than they would be in a perfectly competitive market. Put another way, in a theoretical competitive market, if an employer cut wages then all workers would quit. But in reality, these estimates are the equivalent of a firm cutting wages by 5 percent yet only losing 10 percent to 20 percent of their workers, thus growing their profits without significantly impacting their business.

It is not only important for workers to earn a fair share so they can support themselves and their families, but also critical to ensure that our economy rebuilds to be stronger and more resilient. Prior to the current public health crisis and resulting recession, earnings inequality had been growing since at least the 1980s while the labor share of national income has been declining in same period. This is cause for concern as recent evidence suggests that the labor share of income has a positive impact on GDP growth in the long-run.

The unprecedented economic shock caused by the coronavirus pandemic revealed how economic inequality leads to a fragile economy, where those with the least are hit the hardest, amplifying recessions since lower-income workers typically spend more of their income in the economy. But the crisis also demonstrated how economic policy targeted toward workers and families can provide a foundation for growth. This is because workers are the economy, and pushing back against the concentration corporate power by providing resources to workers is the foundation for strong, stable and broadly shared growth.

The Causes of Monopsony

The concept of monopsony was initially developed by the early 20th century economist Joan Robinson, who examined how lack of competition led to unfair and inefficient economic outcomes. The prototypical example of monopsony is a company town, where there is one very dominant employer and workers have no choice but to accept low wages since they have no outside options. This is the most extreme case, but it is important to note that firms have monopsony power in any circumstance where workers aren’t moving between jobs seamlessly in search of the highest wages they can get.

Firms can use monopsony power to lower workers’ wages any time workers:

* Have few potential employers
* Face job mobility constraints
* Can only gather imperfect information about employers and jobs
* Have divergent preferences for job attributes
* Lack the ability to bargain over those offers

I will go through each of these factors in turn and demonstrate how labor markets are unique compared to other markets in dealing with competitive forces.

While concentrated labor markets are not the norm, they are pervasive across the United States, especially within certain sectors or locations. When markets are very concentrated, employers can give workers smaller yearly raises or make working conditions worse, knowing that their workers have nowhere to go to find a better job with better pay. (See Figure 1.)

A study published in the journal Labour Economics by economists Jose Azar, Ioana Marinescu, and Marshall Steinbaum finds that 60 percent of U.S. local labor markets are highly concentrated as defined by U.S. antitrust authorities’ 2010 horizontal merger guidelines. This accounts for 20 percent of employment in the United States. Research by economists Gregor Schubert, Anna Stansbury, and Bledi Tsaka goes further by estimating workers’ outside options, or the likelihood a worker is able to change into a different occupation or industry. This study finds that even with a more expansive definition of job opportunities more than 10 percent of the U.S. workforce is in local labor markets where pay is being suppressed by employer concentration by at least 2 percent, and a significant proportion of these workers facing few outside options are facing pay suppression of 5 percent or more. As study co-author Anna Stansbury noted, “for a typical full-time workers making $50,000 a year, a 2 percent pay reduction is equivalent to losing $1,000 per year and a 5 percent pay reduction is equivalent to losing $2,500 per year.”

Certain sectors are now very concentrated, such as the healthcare industry. In a paper by the economists Elena Prager and Matt Schmitt, they find that hospital mergers led to negative wage growth among skilled workers such as nurses or pharmacy workers. Consolidation and outsized employer power, alongside other phenomenon such as the fissuring of the workplace, may have broader impacts on the structure of the U.S. labor market when it affects the overall structure of the labor market, including the hollowing out of middle class jobs that have historically been a pathway for upward mobility.

#### It’s the key internal link to growth---wage depression constrains worker supply, constrains output, and decreases investment

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Intuitively, it seems likely that less expensive inputs or lower wages would mean savings for firms to pass on to the consumers. But it turns out that inefficiencies and lack of competition in upstream markets have ripple effects that can harm everyone. In a competitive market, employers pay the market wage; when there are vacancies, a marginal increase in pay will follow so employers can fill those vacancies. Labor monopsonists have different incentives. If they raise pay to fill a marginal vacancy, they might also have to raise pay for their existing employees. The small increase in pay needed to attract one more worker could mean a massive swing in overall labor cost (Krueger 2017). So even if growth would generally be good for the company, they might not be able to add the workers they need specifically because of the special dynamics of controlling too much of the market.

This is an extreme example, but the same general principle applies when employers have the market power to depress wages below competitive levels. When the marginal cost of filling vacancies and growing one’s business to efficient levels diverges from the firm’s individual incentives for doing so, firms are constricted and leave jobs unfilled. Constraining inputs like labor leads to constrained outputs, and if firms are producing less of the products that consumers want, then prices for those products go up. After all, supply constraints and price increases are two sides of the same coin, economically. Fewer workers ultimately means fewer goods, and fewer goods means higher prices for the limited amount of goods available.4 Over time, this problem is magnified because fewer workers are incentivized to enter the field at all. The supply of qualified workers will go down, further reducing the firm’s ultimate output below efficient levels. In the end, everyone suffers except the firm with market power, which captures outsized profits.

Think: Why does America have a chronic undersupply of nurses or teachers, as well as stagnant wages (Council of Economic Advisers 2016)? In a competitive market, undersupply would lead to higher wages and increased entry to the field. If wages are inefficiently underpriced, we end up without enough nurses and ballooning healthcare costs. (Not to mention that, in the case of nurses, we end up with worse health outcomes for consumers!) This is part of the reason it is so problematic to interpret the consumer welfare standard to mean that short-term consumer prices are increased: presumed price effects could be irrelevant or misleading as to the overall effect on consumers.

Antitrust enforcement is supposed to be dynamic and to be able to keep up with the state of economic theory.5 But this cross-pollination is not in evidence. For example, even though inefficiency anywhere in the supply chain leads to worse outcomes for consumers, product market cases outnumber labor market cases by a factor of nearly 15, and in mergers by closer to 35. Moreover, no recent merger has been blocked on the basis of labor market effects alone (Levi 1948, 540, fn10). A quick foray into how antitrust law has developed follows.

#### Slow growth collapses the liberal order AND causes global hotspot escalation---extinction

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Four structural forces will shape the future of International Relations: globalization (but without liberal rules, institutions, and leadership)1; multipolarity (the end of American hegemony and wider distribution of power among states and non-states2); the strengthening of distinctive, national and subnational identities, as persistent cultural differences are accentuated by the disruptive effects of Western style globalization (what Samuel Huntington called the “non-westernization of IR”3); and secular economic stagnation, a product of longer term global decline in birth rates combined with aging populations.4 These structural forces do not determine everything. Environmental events, global health challenges, internal political developments, policy mistakes, technology breakthroughs or failures, will intersect with structure to define our future. But these four structural forces will impact the way states behave, in the capacity of great powers to manage their differences, and to act collectively to settle, rather than exploit, the inevitable shocks of the next decade.

Some of these structural forces could be managed to promote prosperity and avoid war. Multipolarity (inherently more prone to conflict than other configurations of power, given coordination problems)5 plus globalization can work in a world of prosperity, convergent values, and effective conflict management. The Congress of Vienna system achieved relative peace in Europe over a hundred-year period through informal cooperation among multiple states sharing a fear of populist revolution. It ended decisively in 1914. Contemporary neoliberal institutionalists, such as John Ikenberry, accept multipolarity as our likely future, but are confident that globalization with liberal characteristics can be sustained without American hegemony, arguing that liberal values and practices have been fully accepted by states, global institutions, and private actors as imperative for growth and political legitimacy.6 Divergent values plus multipolarity can work, though at significantly lower levels of economic growth-in an autarchic world of isolated units, a world envisioned by the advocates of decoupling, including the current American president.7 Divergent values plus globalization can be managed by hegemonic power, exemplified by the decade of the 1990s, when the Washington Consensus, imposed by American leverage exerted through the IMF and other U.S. dominated institutions, overrode national differences, but with real costs to those states undergoing “structural adjustment programs,”8 and ultimately at the cost of global growth, as states—especially in Asia—increased their savings to self insure against future financial crises.9

But all four forces operating simultaneously will produce a future of increasing internal polarization and cross border conflict, diminished economic growth and poverty alleviation, weakened global institutions and norms of behavior, and reduced collective capacity to confront emerging challenges of global warming, accelerating technology change, nuclear weapons innovation and proliferation. As in any effective scenario, this future is clearly visible to any keen observer. We have only to abolish wishful thinking and believe our own eyes.10

Secular Stagnation

This unbrave new world has been emerging for some time, as US power has declined relative to other states, especially China, global liberalism has failed to deliver on its promises, and totalitarian capitalism has proven effective in leveraging globalization for economic growth and political legitimacy while exploiting technology and the state’s coercive powers to maintain internal political control. But this new era was jumpstarted by the world financial crisis of 2007, which revealed the bankruptcy of unregulated market capitalism, weakened faith in US leadership, exacerbated economic deprivation and inequality around the world, ignited growing populism, and undermined international liberal institutions. The skewed distribution of wealth experienced in most developed countries, politically tolerated in periods of growth, became intolerable as growth rates declined. A combination of aging populations, accelerating technology, and global populism/nationalism promises to make this growth decline very difficult to reverse. What Larry Summers and other international political economists have come to call “secular stagnation” increases the likelihood that illiberal globalization, multipolarity, and rising nationalism will define our future. Summers11 has argued that the world is entering a long period of diminishing economic growth. He suggests that secular stagnation “may be the defining macroeconomic challenge of our times.” Julius Probst, in his recent assessment of Summers’ ideas, explains:

…rich countries are ageing as birth rates decline and people live longer. This has pushed down real interest rates because investors think these trends will mean they will make lower returns from investing in future, making them more willing to accept a lower return on government debt as a result.

Other factors that make investors similarly pessimistic include rising global inequality and the slowdown in productivity growth…

This decline in real interest rates matters because economists believe that to overcome an economic downturn, a central bank must drive down the real interest rate to a certain level to encourage more spending and investment… Because real interest rates are so low, Summers and his supporters believe that the rate required to reach full employment is so far into negative territory that it is effectively impossible.

…in the long run, more immigration might be a vital part of curing secular stagnation. Summers also heavily prescribes increased government spending, arguing that it might actually be more prudent than cutting back – especially if the money is spent on infrastructure, education and research and development.

Of course, governments in Europe and the US are instead trying to shut their doors to migrants. And austerity policies have taken their toll on infrastructure and public research. This looks set to ensure that the next recession will be particularly nasty when it comes… Unless governments change course radically, we could be in for a sobering period ahead.12

The rise of nationalism/populism is both cause and effect of this economic outlook. Lower growth will make every aspect of the liberal order more difficult to resuscitate post-Trump. Domestic politics will become more polarized and dysfunctional, as competition for diminishing resources intensifies. International collaboration, ad hoc or through institutions, will become politically toxic. Protectionism, in its multiple forms, will make economic recovery from “secular stagnation” a heavy lift, and the liberal hegemonic leadership and strong institutions that limited the damage of previous downturns, will be unavailable. A clear demonstration of this negative feedback loop is the economic damage being inflicted on the world by Trump’s trade war with China, which— despite the so-called phase one agreement—has predictably escalated from negotiating tactic to imbedded reality, with no end in sight. In a world already suffering from inadequate investment, the uncertainties generated by this confrontation will further curb the investments essential for future growth. Another demonstration of the intersection of structural forces is how populist-motivated controls on immigration (always a weakness in the hyper-globalization narrative) deprives developed countries of Summers’ recommended policy response to secular stagnation, which in a more open world would be a win-win for rich and poor countries alike, increasing wage rates and remittance revenues for the developing countries, replenishing the labor supply for rich countries experiencing low birth rates.

Illiberal Globalization

Economic weakness and rising nationalism (along with multipolarity) will not end globalization, but will profoundly alter its character and greatly reduce its economic and political benefits. Liberal global institutions, under American hegemony, have served multiple purposes, enabling states to improve the quality of international relations and more fully satisfy the needs of their citizens, and provide companies with the legal and institutional stability necessary to manage the inherent risks of global investment. But under present and future conditions these institutions will become the battlegrounds—and the victims—of geopolitical competition. The Trump Administration’s frontal attack on multilateralism is but the final nail in the coffin of the Bretton Woods system in trade and finance, which has been in slow but accelerating decline since the end of the Cold War. Future American leadership may embrace renewed collaboration in global trade and finance, macroeconomic management, environmental sustainability and the like, but repairing the damage requires the heroic assumption that America’s own identity has not been fundamentally altered by the Trump era (four years or eight matters here), and by the internal and global forces that enabled his rise. The fact will remain that a sizeable portion of the American electorate, and a monolithically proTrump Republican Party, is committed to an illiberal future. And even if the effects are transitory, the causes of weakening global collaboration are structural, not subject to the efforts of some hypothetical future US liberal leadership. It is clear that the US has lost respect among its rivals, and trust among its allies. While its economic and military capacity is still greatly superior to all others, its political dysfunction has diminished its ability to convert this wealth into effective power.13 It will furthermore operate in a future system of diffusing material power, diverging economic and political governance approaches, and rising nationalism. Trump has promoted these forces, but did not invent them, and future US Administrations will struggle to cope with them.

What will illiberal globalization look like? Consider recent events. The instruments of globalization have been weaponized by strong states in pursuit of their geopolitical objectives. This has turned the liberal argument on behalf of globalization on its head. Instead of interdependence as an unstoppable force pushing states toward collaboration and convergence around market-friendly domestic policies, states are exploiting interdependence to inflict harm on their adversaries, and even on their allies. The increasing interaction across national boundaries that globalization entails, now produces not harmonization and cooperation, but friction and escalating trade and investment disputes.14 The Trump Administration is in the lead here, but it is not alone. Trade and investment friction with China is the most obvious and damaging example, precipitated by China’s long failure to conform to the World Trade Organization (WTO) principles, now escalated by President Trump into a trade and currency war disturbingly reminiscent of the 1930s that Bretton Woods was designed to prevent. Financial sanctions against Iran, in violation of US obligations in the Joint Comprehensive Plan Of Action (JCPOA), is another example of the rule of law succumbing to geopolitical competition. Though more mercantilist in intent than geopolitical, US tariffs on steel and aluminum, and their threatened use in automotives, aimed at the EU, Canada, and Japan,15 are equally destructive of the liberal system and of future economic growth, imposed as they are by the author of that system, and will spread to others. And indeed, Japan has used export controls in its escalating conflict with South Korea16 (as did China in imposing controls on rare earth,17 and as the US has done as part of its trade war with China). Inward foreign direct investment restrictions are spreading. The vitality of the WTO is being sapped by its inability to complete the Doha Round, by the proliferation of bilateral and regional agreements, and now by the Trump Administration’s hold on appointments to WTO judicial panels. It should not surprise anyone if, during a second term, Trump formally withdrew the US from the WTO. At a minimum it will become a “dead letter regime.”18

As such measures gain traction, it will become clear to states—and to companies—that a global trading system more responsive to raw power than to law entails escalating risk and diminishing benefits. This will be the end of economic globalization, and its many benefits, as we know it. It represents nothing less than the subordination of economic globalization, a system which many thought obeyed its own logic, to an international politics of zero-sum power competition among multiple actors with divergent interests and values. The costs will be significant: Bloomberg Economics estimates that the cost in lost US GDP in 2019- dollar terms from the trade war with China has reached $134 billion to date and will rise to a total of $316 billion by the end of 2020.19

Economically, the just-in-time, maximally efficient world of global supply chains, driving down costs, incentivizing innovation, spreading investment, integrating new countries and populations into the global system, is being Balkanized. Bilateral and regional deals are proliferating, while global, nondiscriminatory trade agreements are at an end. Economies of scale will shrink, incentivizing less investment, increasing costs and prices, compromising growth, marginalizing countries whose growth and poverty reduction depended on participation in global supply chains. A world already suffering from excess savings (in the corporate sector, among mostly Asian countries) will respond to heightened risk and uncertainty with further retrenchment. The problem is perfectly captured by Tim Boyle, CEO of Columbia Sportswear, whose supply chain runs through China, reacting to yet another ratcheting up of US tariffs on Chinese imports, most recently on consumer goods:

We move stuff around to take advantage of inexpensive labor. That’s why we’re in Bangladesh. That’s why we’re looking at Africa. We’re putting investment capital to work, to get a return for our shareholders. So, when we make a wager on investment, this is not Vegas. We have to have a reasonable expectation we can get a return. That’s predicated on the rule of law: where can we expect the laws to be enforced, and for the foreseeable future, the rules will be in place? That’s what America used to be.20

The international political effects will be equally damaging. The four structural forces act on each other to produce the more dangerous, less prosperous world projected here. Illiberal globalization represents geopolitical conflict by (at first) physically non-kinetic means. It arises from intensifying competition among powerful states with divergent interests and identities, but in its effects drives down growth and fuels increased nationalism/populism, which further contributes to conflict. Twenty-first-century protectionism represents bottom-up forces arising from economic disruption. But it is also a top-down phenomenon, representing a strategic effort by political leadership to reduce the constraints of interdependence on freedom of geopolitical action, in effect a precursor and enabler of war. This is the disturbing hypothesis of Daniel Drezner, argued in an important May 2019 piece in Reason, titled “Will Today’s Global Trade Wars Lead to World War Three,”21 which examines the preWorld War I period of heightened trade conflict, its contribution to the disaster that followed, and its parallels to the present:

Before the First World War started, powers great and small took a variety of steps to thwart the globalization of the 19th century. Each of these steps made it easier for the key combatants to conceive of a general war.

We are beginning to see a similar approach to the globalization of the 21st century. One by one, the economic constraints on military aggression are eroding. And too many have forgotten—or never knew—how this played out a century ago.

…In many ways, 19th century globalization was a victim of its own success. Reduced tariffs and transport costs flooded Europe with inexpensive grains from Russia and the United States. The incomes of landowners in these countries suffered a serious hit, and the Long Depression that ran from 1873 until 1896 generated pressure on European governments to protect against cheap imports.

…The primary lesson to draw from the years before 1914 is not that economic interdependence was a weak constraint on military conflict. It is that, even in a globalized economy, governments can take protectionist actions to reduce their interdependence in anticipation of future wars.

In retrospect, the 30 years of tariff hikes, trade wars, and currency conflicts that preceded 1914 were harbingers of the devastation to come. European governments did not necessarily want to ignite a war among the great powers. By reducing their interdependence, however, they made that option conceivable.

…the backlash to globalization that preceded the Great War seems to be reprised in the current moment. Indeed, there are ways in which the current moment is scarier than the pre-1914 era. Back then, the world’s hegemon, the United Kingdom, acted as a brake on economic closure. In 2019, the United States is the protectionist with its foot on the accelerator. The constraints of Sino-American interdependence—what economist Larry Summers once called “the financial balance of terror”—no longer look so binding. And there are far too many hot spots—the Korean peninsula, the South China Sea, Taiwan—where the kindling seems awfully dry.

Multipolarity

We can define multipolarity as a wide distribution of power among multiple independent states. Exact equivalence of material power is not implied. What is required is the possession by several states of the capacity to coerce others to act in ways they would otherwise not, through kinetic or other means (economic sanctions, political manipulation, denial of access to essential resources, etc.). Such a distribution of power presents inherently graver challenges to peace and stability than do unipolar or bipolar power configurations,22 though of course none are safe or permanent. In brief, the greater the number of consequential actors, the greater the challenge of coordinating actions to avoid, manage, or de-escalate conflicts. Multipolarity also entails a greater potential for sudden changes in the balance of power, as one state may defect to another coalition or opt out, and as a result, the greater the degree of uncertainty experienced by all states, and the greater the plausibility of downside assumptions about the intentions and capabilities of one’s adversaries. This psychology, always present in international politics but particularly powerful in multipolarity, heightens the potential for escalation of minor conflicts, and of states launching preventive or preemptive wars. In multipolarity, states are always on edge, entertaining worst-case scenarios about actual and potential enemies, and acting on these fears—expanding their armies, introducing new weapon systems, altering doctrine to relax constraints on the use of force—in ways that reinforce the worst fears of others.

The risks inherent in multipolarity are heightened by the attendant weakening of global institutions. Even in a state-centric system, such institutions can facilitate communication and transparency, helping states to manage conflicts by reducing the potential for misperception and escalation toward war. But, as Waheguru Pal Singh Sidhu argues in his chapter on the United Nations, the influence of multilateral institutions as agent and actor is clearly in decline, a result of bottom-up populist/nationalist pressures experienced in many countries, as well as the coordination problems that increase in a system of multiple great powers. As conflict resolution institutions atrophy, great powers will find themselves in “security dilemmas”23 in which verification of a rival’s intentions is unavailable, and worst-case assumptions fill the gap created by uncertainty. And the supply of conflicts will expand as a result of growing nationalism and populism, which are premised on hostility, paranoia, and isolation, with governments seeking political legitimacy through external conflict, producing a siege mentality that deliberately cuts off communication with other states.

Finally, the transition from unipolarity (roughly 1989–2007) to multipolarity is unregulated and hazardous, as the existing superpower fears and resists challenges to its primacy from a rising power or powers, while the rising power entertains new ambitions as entitlements now within its reach. Such a “power transition” and its dangers were identified by Thucydides in explaining the Peloponnesian Wars,24 by Organski (the “rear-end collision”)25 during the Cold War, and recently repopularized and brought up to date by Graham Allison in predicting conflict between the US and China.26

A useful, and consequential illustration of the inherent challenge of conflict management during a power transition toward multipolarity, is the weakening of the arms control regime negotiated by the US and the Soviet Union during the Cold War. Despite the existential, global conflict between two nuclear armed superpowers embracing diametrically opposed world views and operating in economic isolation from each other, the two managed to avoid worst-case outcomes. They accomplished this in part by institutionalizing verifiable limits on testing and deployment of both strategic and intermediate-range nuclear missiles. Yet as diplomatically and technically challenging as these achievements were, the introduction of a third great power, China, into this twocountry calculus has proven to be a deal breaker. Unconstrained by these bilateral agreements, China has been free to build up its capability, and has taken full advantage in ramping up production and deployment of intermediate-range ground-launched cruise missiles, thus challenging the US ability to credibly guarantee the security of its allies in Asia, and greatly increasing the costs of maintaining its Asian regional hegemony. As a result, the Intermediate Nuclear Force treaty is effectively dead, and the New Start Treaty, covering strategic missiles, is due to expire next year, with no indication of any US–Russian consensus to extend it. The US has with logic indicated its interest in making these agreements trilateral; but China, with its growing power and ambition, has also logically rejected these overtures. Thus, all three great powers are entering a period of nuclear weapons competition unconstrained by the major Cold War arms control regimes. In a period of rapid advances in technology and worsening great power relations, the nuclear competition will be a defining characteristic of the next decade and beyond. This dynamic will also complicate nuclear nonproliferation efforts, as both the demand for nuclear weapons (a consequence of rising regional and global insecurity), and supply of nuclear materials and technology (a result of the weakening of the nonproliferation regime and deteriorating great power relations) will increase.

Will deterrence prevent war in a world of several nuclear weapons states, (the current nuclear powers plus South Korea, Iran, Saudi Arabia, Japan, Turkey), as it helped to do during the bipolar Cold War? Some neorealist observers view nuclear weapons proliferation as stabilizing, extending the balance of terror, and the imperative of restraint, to new nuclear weapons states with much to fight over (Saudi Arabia and Iran, for example).27 Others,28 examining issues of command and control of nuclear weapons deployment and use by newly acquiring states, asymmetries in doctrines, force structures, and capabilities between rivals, the perils of variable rates in transition to weapons deployment, problems of communication between states with deep mutual grievances, the heightened risk of transfer of such weapons to non-state actors, have grave doubts about the safety of a multipolar, nuclear-armed world.29 We can at least conclude that prudence dictates heightened efforts to slow the pace of proliferation, while realism requires that we face a proliferated future with eyes wide open.

The current distribution of power is not perfectly multipolar. The US still commands the world’s largest economy, and its military power is unrivaled by any state or combination of states. Its population is still growing, despite a recent decline in birth rates. It enjoys extraordinary geographic advantages over its rivals, who are distant and live in far worse neighborhoods. Its economy is less dependent on foreign markets or resources. Its political system has proven—up to now—to be resilient and adaptable. Its global alliance system greatly extends its capacity to defend itself and shape the world to its liking and is still intact, despite growing doubts about America’s reliability as a security guarantor. Based on these mostly material and historical criteria, continued American primacy would seem to be a good bet, if it chooses to use its power in this way.30

So why multipolarity? The clearest and most frequently cited evidence for a widening distribution of global power away from American unipolarity is the narrowing gap in GDP between the US and China. The IMF’s World Economic Outlook forecasts a $0.9 trillion increase in US GDP for 2019–2020, and a $1.3 trillion increase for China in the same period.31 Many who support the American primacy case argue that GDP is an imperfect measure of power, that Chinese GDP data is inflated, that its growth rates are in decline while Chinese debt is rapidly increasing, and that China does poorly on other factors that contribute to power—its low per capita GDP, its political succession challenges, its environmental crisis, its absence of any external alliance system. Yet GDP is a good place to start, as the single most useful measure and long-term predictor of power. It is from the overall economy that states extract and apply material power to leverage desired behavior from other states. It is true that robust future Chinese growth is not guaranteed, nor is its capacity to convert its wealth to power, which is a function of how well its political system works over time. But this is equally the case for the US, and considering recent political developments is not a given for either country.

As an alternative to measuring inputs—economic size, political legitimacy, technological innovation, population growth—in assessing relative power and the nature of global power distribution, we should consider outputs: what are states doing with their power? The input measures are useful, possibly predictive, but are usually deployed in the course of making a foreign policy argument, sometimes on behalf of a reassertion of American primacy, sometimes on behalf of retrenchment. As such, their objectivity (despite their generous deployment of “data”) is open to question. What is undeniable, to any clear-eyed observer, is a real decline in American influence in the world, and a rise in the influence of other powers, which predates the Trump administration but has accelerated into America’s free fall over the last four years. This has produced a de facto multipolarity, whether explainable in the various measures of power—actual and latent—or not. This decline results in part from policy mistakes: a reckless squandering of material power and legitimacy in Iraq, an overabundance of caution in Syria, and now pure impulsivity. But more fundamentally, it is a product of relative decline in American capacity—political and economic—to which American leadership is adjusting haphazardly, but in the direction of retrenchment/restraint. It is highly revealing that the last two American presidents, polar opposites in intellect, temperament and values, agreed on one fundamental point: the US is overextended, and needs to retrench. The fact that neither Obama nor Trump (up to this point in his presidency) believed they had the power at their disposal to do anything else, tells us far more about the future of American power and policy—and about the emerging shape of international relations—than the power measures and comparisons made by foreign policy advocates.

Observation of recent trends in US versus Russian relative influence prompts another question: do we understand the emerging characteristics of power? Rigorously measuring and comparing the wrong parameters will get us nowhere at best and mislead us into misguided policies at worst. How often have we heard, with puzzlement, that Putin punches far above his weight? Could it be that we misunderstand what constitutes “weight” in the contemporary and emerging world? Putin may be on a high wire, and bound to come crashing down; but the fact is that Russian influence, leveraging sophisticated communications/social media/influence operations, a strong military, an agile (Putin-dominated) decision process, and taking advantage of the egregious mistakes by the West, has been advancing for over a decade, shows no sign of slowing down, and has created additional opportunities for itself in the Middle East, Europe, Asia, Latin America, the Arctic. It has done this with an economy roughly the size of Italy’s. There are few signs of a domestic political challenge to Putin. His external opponents are in disarray, and Russia’s main adversary is politically disabled from confronting the problem. He has established Russia as the Middle East power broker. He has reached into the internal politics of his Western adversaries and influenced their leadership choices. He has invaded and absorbed the territory of neighboring states. His actions have produced deep divisions within NATO. Again, simple observation suggests multipolarity in fact, and a full explanation for this power shift awaiting future historians able to look with more objectivity at twenty-first-century elements of power.

When that history is written, surely it will emphasize the extraordinary polarization in American politics. Was multipolarity a case of others finding leverage in new sources of power, or the US underutilizing its own? The material measures suggest sufficient capacity for sustained American primacy, but with this latent capacity unavailable (as perceived, I believe correctly, by political leadership) by virtue of weakening institutions: two major parties in separate universes; a winnertake-all political mentality; deep polarization between the parties’ popular bases of support; divided government, with the Presidency and the Congress often in separate and antagonistic hands; diminishing trust in the permanent government, and in the knowledge it brings to important decisions, and deepening distrust between the intelligence community and policymakers; and, in Trump’s case, a chaotic policy process that lacks any strategic reference points, mis-communicates the Administration’s intentions, and has proven incapable of sustained, coherent diplomacy on behalf of any explicit and consistent set of policy goals.

Rising Nationalism/Populism/Authoritarianism

The evidence for these trends is clear. Freedom House, the go-to authority on the state of global democracy, just published its annual assessment for 2020, and recorded the fourteenth consecutive year of global democratic decline and advancing authoritarianism. This dramatic deterioration includes both a weakening in democratic practice within states still deemed on balance democratic, and a shift from weak democracies to authoritarianism in others. Commitment to democratic norms and practices—freedom of speech and of the press, independent judiciaries, protection of minority rights—is in decline. The decline is evident across the global system and encompasses all major powers, from India and China, to Europe, to the US. Right-wing populist parties have assumed power, or constitute a politically significant minority, in a lengthening list of democratic states, including both new (Hungary, Poland) and established (India, the US, the UK) democracies. Nationalism, frequently dismissed by liberal globalization advocates as a weak force when confronted by market democracies’ presumed inherent superiority, has experienced a resurgence in Russia, China, the Middle East, and at home. Given the breadth and depth of right-wing populism, the raw power that promotes it—mainly Russian and American—and the disarray of its liberal opponents, this factor will weigh heavily on the future.

The major factors contributing to right-wing populism and its global spread is the subject of much discussion.32 The most straightforward explanation is rising inequality and diminished intergenerational mobility, particularly in developed countries whose labor-intensive manufacturing has been hit hardest by the globalization of capital combined with the immobility of labor. Jobs, wages, economic security, a reasonable hope that one’s offspring has a shot at a better life than one’s own, the erosion of social capital within economically marginalized communities, government failure to provide a decent safety net and job retraining for those battered by globalization: all have contributed to a sense of desperation and raw anger in the hollowed-out communities of formerly prosperous industrial areas. The declining life expectancy numbers33 tell a story of immiseration: drug addition, suicide, poor health care, and gun violence. The political expression of such conditions of life should not be surprising. Simple, extremist “solutions” become irresistible. Sectarian, racial, regional divides are strengthened, and exclusive identities are sharpened. Political entrepreneurs offering to blow up the system blamed for such conditions become credible. Those who are perceived as having benefited from the corrupt system—long-standing institutions of government, foreign countries and populations, immigrants, minorities getting a “free ride,” elites—become targets of recrimination and violence. The simple solutions of course, don’t work, deepening the underlying crisis, but in the process politics is poisoned. If this sounds like the US, it should, but it also describes major European countries (the UK, France, Italy, Germany, Poland, Hungary, the Czech Republic), and could be an indication of things to come for non-Western democracies like India.

We have emphasized throughout this chapter the interaction of four structural forces in shaping the future, and this interaction is evident here as well. Is it merely coincidence that the period of democratic decline documented by Freedom House, coincides precisely with the global financial and economic crisis? Lower growth, increasing joblessness, wage stagnation, superimposed on longer-term widening of inequality and declining mobility, constitute a forbidding stress test for democratic systems, and many continue to fail. And if we are correct about secular stagnation, the stress will continue, and authoritarianism’s fourteen-year run will not be over for some time. The antidemocratic trend will gain additional impetus from the illiberal direction of globalization, with its growth suppressing protectionism, weaponization of global economic exchange, and weakening global economic institutions. Multipolarity also contributes, in several ways. The former hegemon and author of globalization’s liberal structure has lost its appetite, and arguably its capacity, for leadership, and indeed has become part of the problem, succumbing to and promoting the global right-wing populist surge. It is suffering an unprecedented decline in life expectancy, and recently a decline in the birth rate, signaling a degree of rot commonly associated with a collapsing Soviet Union. While American politics may once again cohere around its liberal values and interests, the time when American leadership had the self-confidence to shape the global system in its liberal image is gone. It may build coalitions of the like-minded to launch liberal projects, but there will be too much power outside these coalitions to permit liberal globalization of the sort imagined at the end of the Cold War. In multipolarity, the values around which global politics revolve will reflect the diversity of major powers, their interests, and the norms they embrace. Convergence of norms, practices, policies is out of the question. Global collective action, even in the face of global crises, will be a long shot. To expect anything else is fantasy

Unbrave New World and Future Challenges

At the outset of this chapter we described these structural forces as interacting to produce more conflict and diminished prosperity. We also predicted a world with shrinking collective capacity to address new challenges as they arise. What specifically will such a world look like? We address below three principal challenges to global problem solving over the next decade.

Interstate Conflict

In the world experienced by most readers of this volume, conflict is observed within weak states, sometimes promoted by regional competitors, by terrorist groups, or by great powers, acting through surrogates or by indirect means. Sometimes, as in Syria, this conflict spills over to contiguous states and contributes to regional instability, and challenges other regions to respond effectively, a challenge that Europe has not met. Much of this will continue, but the global significance of such local conflicts will be greatly magnified by increasing great power conflict, which will feed—rather than manage or resolve—local instabilities and will in turn be exacerbated by them. Great powers will jockey for advantage, support their local partners, escalate preemptively. Conflicts initially confined to failing states or unstable regions will be redefined by great powers as global in scope and significance.

This tendency of states to view local conflicts in the context of a zero-sum, global struggle for power is familiar to students of the Cold War, but now with the additional challenges to collective action, expanded uncertainty and worst-case thinking associated with the power transition to multipolarity. We can easily observe increased conflict in US–China relations, as we will in US–Russia relations as future US administrations try to make up for ground lost during the Trump presidency, especially in the Middle East. We can observe it among powerful states with mutual historical grievances, now with a weakening presence of the hegemonic security guarantor and having to consider the renationalization of their defense: Japan-South Korea, Germany-France. We can observe it among historical rivals operating in rapidly changing security landscapes: India-China. We can observe it within the Middle East, as internal rivalries are appropriated by regional powers in a contest for regional dominance. We can observe it clearly in Syria, where the regime’s violent suppression of Arab Spring resistance led to all-out civil war, attracted outside support to proxy forces by aspiring regional hegemons Saudi Arabia and Iran, enabled the rise of ISIS, and eventually to great power intervention, principally by Russia. In a world of effective great power collaboration or American primacy, the Syrian civil war might have been settled through power sharing or partition, or if not, contained within Syria. The collapse of Yugoslavia, occurring during a period of US “unipolarity” and managed effectively, demonstrates the possibilities. Instead, with the US retrenching, Middle East rivals unconstrained by great powers, and great power competition rising, the Syria civil war was fed by outside powers, then metastasized into the region, and—in the form of refugee flows—into Europe, fundamentally altering European politics. Libya may be at the early stages of this scenario.

This is not the end of the Syria story. Russia has established itself as a major player in Syria and the Middle East’s power broker, the indispensable country with leverage throughout the region. China is poised to reap the financial and power benefits of Syrian reconstruction. The US has just demonstrated, in its act of war against the Iranian regime, its willingness, without consultation, to put its allies’ security in further jeopardy, accentuating the risks of security ties with Washington and generating added opportunities for Russia and China. The purpose here is not to critique US policy, but to point out the dramatically shifting power balance in a critical region, toward multipolarity. The dangers of such a shift will become apparent as some future US president attempts to reassert US influence in the region and finds a crowded playing field.

Can a multipolar distribution of power among several states whose interests, values, and political practices are divergent, all experiencing bottom-up nationalist pressures, all seeking advantages in the oversupply of regional instability, be made to work? I think not. Will this more dangerous world descend into direct military confrontation between great powers, and could such confrontation lead to use of nuclear weapons? Here the question becomes, what will this more dangerous world actually look like; what instruments of coercion will be available to states as technology change accelerates; how will states employ these instruments; how will deterrence work (if at all) among several states with large but unequal levels of destructive capacity, weak command, and control, disparate— or opaque—strategies and simmering rivalries; can conflict management work in a world of weak institutions? The collapse of the Cold War era nuclear arms control regime, the threat to the Non-Proliferation Treaty represented by the demise of the JCPOA, and multiple indications of an accelerating nuclear arms race among the three principle powers, augurs badly. Given the structural forces at play, and without predicting the worst, we are indeed entering perilous times.

Global Poverty and Inequality

Despite the challenges of volatility and disruptive change inherent in globalization, the world under American liberal leadership has managed a dramatic reduction of extreme poverty. According to World Bank estimates, in 2015, 10 percent of the world’s population lived on less than $1.90 a day, down from nearly 36 percent in 1990.34 In fact, as of September 2018, half the world is now middle class or wealthier.35 The uneven success of the UN Millennium Development Goals (MDGs) exemplifies this achievement, and demonstrates what is possible when open markets are managed through strong global institutions, effective leadership and interstate collaboration. What this liberal hegemonic system did not achieve, however, was a fair distribution of the gains from globalization within states, and among those states that for various reasons were not full participants in this system.

This record of partial achievement leaves us with a full agenda for the next fifteen years, but without the hegemonic leadership, strong institutions, ascendant liberalism or robust global growth that enabled previous gains. There are powerful reasons to question the sustainability of these poverty reduction gains, leading to doubts about the realization of the Sustainable Development Goals, which have replaced the MDGs as global development targets.36 (See Jens Rudbeck’s chapter and Sidhu’s UN chapter for SDGs). Skeptics have pointed to slowing global growth, specifically in China, whose demand for imported commodities was a major factor in developing country growth and job creation; growing protectionism in developed country markets, fueled by bottom-up forces of nationalism, and from top-down by a weakened global trading regime and increased geopolitical rivalry; the effects of accelerating climate change on agriculture, migration and communal conflict in poor countries; and the growth burst among poor countries from the rapid transition to more efficient use of resources, a transition that is now slowing down.37

Perhaps the greatest concern in this scenario is a general deterioration in the developing country foreign investment climate. Foreign direct investment (FDI) has been a major contributor to growth, job creation, and poverty alleviation among poor countries. It has incentivized growthfriendly policies, reduced corruption, introduced technology and effective management practices, and linked poor countries to foreign markets through global supply chains.38 It has stimulated growth of indigenous manufacturing and service companies to supply new foreign investments.

It has been the major cause of economic convergence between rich and poor countries. From 2000 to 2009, developing economies’ growth rates were more than four percentage points higher than those of rich countries, pushing their share of global output from just over a third to nearly half.39 However, FDI flows into poor countries are imperiled by the structural forces discussed here. Political instability arising from slower growth and environmental stress will increase investors’ perception of higher risk, reinforcing their developed country bias. Protectionism among developed countries will threaten the global market access upon which manufacturing investment in developing countries is premised, causing firms to pare back their global supply chains. As companies retrench from direct investment in poor countries, the appeal to those countries of Chinese debt financed infrastructure projects, under the Belt-Road Initiative with little or no conditionality, but at the risk of “debt traps,” will increase.

Global Warming

The question posed at the beginning of this section is whether the international system, evolving toward multipolarity and rising nationalism, will find the collective political capital to confront challenges as they arise. Global warming is the mother of all challenges, and the weakness in the system’s capacity to respond is clear. With the two major political/economic powers and greenhouse gas emitters locked in deepening geopolitical conflict (and with one of them locked in climate change denial, possibly through 2024), the chances of significantly slowing global warming or even ameliorating its effects are very slim. We are reduced to the default option, nation-specific adaptation to climate change, which will impose rising human, political and economic costs on all, and will widen the gap between rich countries with adaptive capacity (of varying degrees), and the poor, who will suffer deteriorating economic, political, and social conditions. (For a contrary, optimistic view see Michael Shank’s chapter, which credits new actors—like cities—as playing a more constructive role in climate mitigation.) This would bring to a close liberal globalization’s greatest achievement; the raising of 1.1 billion people out of extreme poverty since 1990,40 with all its associated gains in quality of life (in the WHO Africa region, for example, life expectancy rose by 10.3 years between 2000 and 2016, driven mainly by improvements in child survival and expanded access to antiretrovirals for treatment of HIV).41

Several forces are at work here. The problem itself is graver—in magnitude and in rate of worsening—than predicted by climate scientists. The UN Intergovernmental Panel on Climate Change (IPCC), the major source of information on global warming, has consistently underpredicted the rate of climate deterioration. This holds true even for its “worst-case scenarios,” meaning that what was meant as a wake-up call has in fact reinforced complacency.42 (see Michael Shank’s chapter for further discussion of climate change). The IPCC, in its 2019 report, has tried to undo the damage by emphasizing the acceleration in the rate of warming and its effects, the only partially understood dynamic of climate change, and—given wide uncertainty—the possibility of unpleasant surprises yet to come. This strengthens the scientific case for urgency—to both severely limit greenhouse gas emissions, and to increase investment in ameliorating the effects.

Unfortunately, the crisis comes at a moment when the climate for collective action is ice cold. Geopolitical competition incentivizes states to out produce each other, regardless of the environmental effects. Multipolarity complicates collective action. Economic stagnation mandates job creation, making regulation politically toxic. Bottom-up nationalism/populism causes states to pursue “relative gains,” meaning that if the nation is seen as gaining in a no-holds-barred economic competition with others, the negative environmental effects can be tolerated. A post-Trump presidency would help, with the US rejoining the Paris Agreement, and lending its weight to tighter regulation, increased R and D, and stronger economic incentives to reduce carbon emissions. Keep in mind, however, that President Obama was fully behind such efforts, but in a deeply polarized America was unable to implement measures needed to fulfill the Paris obligations through legislation, and his executive orders to do this were swiftly overturned by Trump.

Conclusion

It may be tempting to hope that post-Trump, the US can regain its global leadership and exert its considerable power in a liberal direction, but with enough self-awareness of its relative decline to share responsibility with others. This was, I believe, the broad direction of the Obama strategy, evidenced by the JCPOA and the Trans-Pacific Partnership: liberal, collective solutions to global problems, as US dominance receded.

This would constitute an optimistic scenario, and it confronts two major problems: can US internal politics support it (can, for example, the country legislate controls on carbon, essential for the global credibility and durability of such commitments); and is the world ready to reengage with American leadership, given the damage to its reputation and the structural forces discussed in this chapter?

My educated guess is no, on both counts. The rot within is extensive, the concrete evidence clear in the economic inequality/immobility numbers, the life expectancy numbers, the deep political polarization, between the two major parties, between regions, between cities and rural areas. We are in fact a long way from fitness for global leadership, and the recognition of this by others will accelerate the decline of American influence. The rest of the world is well on its way toward adjusting to post-American hegemony, some by renationalizing their defense, or by cutting deals with adversaries, by building new alliances or by seizing new opportunities for influence in the vacuum left by American retrenchment. The evidence for this will accumulate. Observe the current and emerging Middle East, where all these post-hegemonic strategies are visible.

#### Decline overcomes traditional barriers to conflict

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Economic recovery efforts since the 2008-2009 global financial crisis have mainly depended on unconventional monetary policies. As fears rise of yet another international financial crisis, there are growing concerns about the increased possibility of large-scale military conflict.

More worryingly, in the current political landscape, prolonged economic crisis, combined with rising economic inequality, chauvinistic ethno-populism as well as aggressive jingoist rhetoric, including threats, could easily spin out of control and ‘morph’ into military conflict, and worse, world war.

Crisis responses limited

The 2008-2009 global financial crisis almost ‘bankrupted’ governments and caused systemic collapse. Policymakers managed to pull the world economy from the brink, but soon switched from counter-cyclical fiscal efforts to unconventional monetary measures, primarily ‘quantitative easing’ and very low, if not negative real interest rates.

But while these monetary interventions averted realization of the worst fears at the time by turning the US economy around, they did little to address underlying economic weaknesses, largely due to the ascendance of finance in recent decades at the expense of the real economy. Since then, despite promising to do so, policymakers have not seriously pursued, let alone achieved, such needed reforms.

Instead, ostensible structural reformers have taken advantage of the crisis to pursue largely irrelevant efforts to further ‘casualize’ labour markets. This lack of structural reform has meant that the unprecedented liquidity central banks injected into economies has not been well allocated to stimulate resurgence of the real economy.

From bust to bubble

Instead, easy credit raised asset prices to levels even higher than those prevailing before 2008. US house prices are now 8% more than at the peak of the property bubble in 2006, while its price-to-earnings ratio in late 2018 was even higher than in 2008 and in 1929, when the Wall Street Crash precipitated the Great Depression.

As monetary tightening checks asset price bubbles, another economic crisis — possibly more severe than the last, as the economy has become less responsive to such blunt monetary interventions — is considered likely. A decade of such unconventional monetary policies, with very low interest rates, has greatly depleted their ability to revive the economy.

The implications beyond the economy of such developments and policy responses are already being seen. Prolonged economic distress has worsened public antipathy towards the culturally alien — not only abroad, but also within. Thus, another round of economic stress is deemed likely to foment unrest, conflict, even war as it is blamed on the foreign.

International trade shrank by two-thirds within half a decade after the US passed the Smoot-Hawley Tariff Act in 1930, at the start of the Great Depression, ostensibly to protect American workers and farmers from foreign competition!

Liberalization’s discontents

Rising economic insecurity, inequalities and deprivation are expected to strengthen ethno-populist and jingoistic nationalist sentiments, and increase social tensions and turmoil, especially among the growing precariat and others who feel vulnerable or threatened.

Thus, ethno-populist inspired chauvinistic nationalism may exacerbate tensions, leading to conflicts and tensions among countries, as in the 1930s. Opportunistic leaders have been blaming such misfortunes on outsiders and may seek to reverse policies associated with the perceived causes, such as ‘globalist’ economic liberalization.

Policies which successfully check such problems may reduce social tensions, as well as the likelihood of social turmoil and conflict, including among countries. However, these may also inadvertently exacerbate problems. The recent spread of anti-globalization sentiment appears correlated to slow, if not negative per capita income growth and increased economic inequality.

To be sure, globalization and liberalization are statistically associated with growing economic inequality and rising ethno-populism. Declining real incomes and growing economic insecurity have apparently strengthened ethno-populism and nationalistic chauvinism, threatening economic liberalization itself, both within and among countries.

Insecurity, populism, conflict

Thomas Piketty has argued that a sudden increase in income inequality is often followed by a great crisis. Although causality is difficult to prove, with wealth and income inequality now at historical highs, this should give cause for concern.

Of course, other factors also contribute to or exacerbate civil and international tensions, with some due to policies intended for other purposes. Nevertheless, even if unintended, such developments could inadvertently catalyse future crises and conflicts.

Publics often have good reason to be restless, if not angry, but the emotional appeals of ethno-populism and jingoistic nationalism are leading to chauvinistic policy measures which only make things worse.

At the international level, despite the world’s unprecedented and still growing interconnectedness, multilateralism is increasingly being eschewed as the US increasingly resorts to unilateral, sovereigntist policies without bothering to even build coalitions with its usual allies.

Avoiding Thucydides’ iceberg

Thus, protracted economic distress, economic conflicts or another financial crisis could lead to military confrontation by the protagonists, even if unintended. Less than a decade after the Great Depression started, the Second World War had begun as the Axis powers challenged the earlier entrenched colonial powers.

They patently ignored Thucydides’ warning, in chronicling the Peloponnesian wars over two millennia before, when the rise of Athens threatened the established dominance of Sparta!

Anticipating and addressing such possibilities may well serve to help avoid otherwise imminent disasters by undertaking pre-emptive collective action, as difficult as that may be.

### Adv---FTC Credibility

#### FTC promised labor protection now---they’ll lose but the plan lets them win

Nicolás Rivero 21. NU Graduate. "Biden’s antitrust crusaders can’t crusade without Congress". Quartz. 3-11-2021. https://qz.com/1982437/lina-khan-and-tim-wu-need-congress-to-push-their-antitrust-agenda/amp/

US president Joe Biden is poised to promote two of the country’s most prominent anti-monopoly crusaders to top jobs in his administration. The moves signal that Biden is serious about cracking down on dominant companies that include Facebook, Google, Amazon, and Apple. But for the president’s trustbusting champions to make a real impact, they’ll need support from Congress.

Biden appointed Columbia law professor Tim Wu to the National Economic Council (NEC) as his top advisor on technology and competition on March 5. Politico reports that Biden will soon follow up by nominating Lina Khan, also a Columbia law professor, to the Federal Trade Commission (FTC). (Before she can take her seat as one of the antitrust agency’s five commissioners, Khan must be confirmed by the Senate.)

Khan and Wu are two of the leading voices in a new movement of legal thought that argues the US should fundamentally overhaul the way it approaches antitrust. The crux of their argument is that courts should broaden the values they consider when deciding whether to block a merger or break up a dominant company. Rather than focus narrowly on the impact a company has on consumer prices, they argue that judges should also think about a company’s impact on small businesses, labor rights, and the health of democracy.

Khan and Wu have already secured a win for their cause just by being appointed—essentially a White House stamp of approval on their viewpoints. But despite much handwringing from industry groups, neither appointee will be able to single-handedly remake American antitrust in their image.

How the FTC can tackle antitrust

To be sure, Wu can advocate loudly for his preferred policies from his perch at the NEC, which advises the president on economic policy. And if Khan makes it to the FTC, which is the top US antitrust enforcement agency, she’ll have direct influence over which investigations the agency prioritizes, which lawsuits it brings, and whether its prosecutors will ask judges to impose fines, break up dominant firms, or require them to change their business practices.

But there are clear limits to their power. The most the FTC can do is bring more antitrust cases that ask courts for more aggressive remedies, like breakups. That would allow the agency to make a point about what it considers acceptable business behavior. But many of those lawsuits would be bound to lose in front of judges who have grown far more skeptical of antitrust cases over the past four decades and far more conservative over the past four years.

A larger caseload would also require Congress to approve more funding for the cash-strapped agency, which is already struggling to pay for its current docket. “The agencies have been asked on many occasions to do a lot with relatively little…but it’s not for free,” says former FTC chair and George Washington University law professor Bill Kovacic. If the FTC wants to pursue more large cases without a bigger budget, “they’ll have to make choices, and those choices will involve backing off of other areas of enforcement.”

The FTC could also decide to dust off its rarely used rule-making power and declare certain anticompetitive business practices illegal. But any new rule would almost certainly trigger legal challenges, which would spark a long, expensive court battle in front of judges who aren’t likely to be sympathetic. Kovacic estimates the process could take four or five years—and in the end, judges might just strike the rule down.

How Congress can tackle antitrust

The best hope for stricter antitrust enforcement lies in Congress. Lawmakers could pass bills, like one recently proposed by Minnesota senator Amy Klobuchar, that would make it easier for enforcement agencies to challenge mergers and acquisitions. They could even go a step further and draft an updated set of antitrust laws, perhaps following the blueprint laid out in last year’s antitrust report from the House of Representatives (which was co-authored by Khan). Armed with new laws clearly banning specific behaviors, prosecutors at the Department of Justice and the FTC would stand a better chance winning cases against well-funded adversaries like Facebook and Google.

Those steps wouldn’t hinge on heroics from antitrust hardliners like Khan and Wu. Instead, their success would depend on the whims of Senate centrists like West Virginia’s Joe Manchin, who has lately been flexing his power to derail the chamber’s democratic majority in opposition to left-wing priorities like a $15 minimum wage.

Ultimately, Congress should be the body that sets US antitrust policy. It has the clearest authority to ban the bullying business tactics for which Big Tech firms have been criticized. Legislative fixes are likely to be quicker and less vulnerable to court challenges—not to mention more democratic—than changing FTC rules. And it has traditionally been Congress’s prerogative to keep the country’s antitrust policy up to date: Legislators updated the monopoly laws every two decades or so between 1890 and 1950 to respond to new threats. They’ve just neglected that tradition for the past 70 years.

#### Khan is advocating for the plan but constrained by the existing body of antitrust law---only adopting a new standard solves

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In a September 22, 2021, memorandum to staff, Federal Trade Commission (FTC) Chair Lina Khan formally laid out her “Vision and Priorities for the FTC,” reaffirming her calls for broad antitrust enforcement organized around three key policy priorities: merger enforcement, dominant intermediaries and restrictive contract terms. The memo further describes her vision for the agency’s strategic approach and operational objectives to support those priorities. Like her prior calls for antitrust reform and aggressive enforcement,1 the policy priorities outlined by Chair Khan are somewhat abstract and do not specify concrete actions the agency will take to achieve them. However, a close review of these high-level priorities, approach and objectives reveals some practical obstacles to implementation, including limitations imposed by resource constraints and the existing body of antitrust law**.** Policy Priorities: Merger Enforcement, Dominant Intermediaries and Restrictive Contract Terms Chair Khan listed three policy priorities for the agency going forward. First, she identified a need to strengthen the agency’s merger enforcement work to combat what she described as rampant consolidation and the market dominance she believes that consolidation has enabled. In particular, she expressed a concern that markets “will only become more consolidated” absent FTC vigilance and assertive action. She noted that revising the merger guidelines will be important to achieve merger reform, characterizing prior iterations of the guidelines as a “somewhat narrow and outdated framework for assessing mergers.” She also highlighted a need to find ways to deter unlawful transactions, including “facially illegal deals.” Second, Ms. Khan indicated her desire to focus enforcement on “dominant intermediaries and extractive business models.” After suggesting that market power is an increasingly systemic problem in the economy, and that the FTC should devote resources to regulating the most significant actors — with “next-generation technologies, innovations, and nascent industries” requiring particular vigilance, she focused specifically on the market position of “gatekeeper” companies and “dominant middlemen.” Such entities, according to Chair Khan, have been able to “hike fees, dictate terms, and protect and extend their market power.” She also posited that the involvement of private equity and other investment vehicles may strip such businesses of productive capacity and harm consumers. In discussing the agency’s strategic approach to address these issues, Chair Khan noted her intention to “focus[] on structural incentives that enable unlawful conduct,” and to “look[] upstream at the firms that are enabling and profiting from this conduct.” Third, Ms. Khan discussed certain contract terms, including noncompete provisions, repair restrictions and exclusionary clauses, that she believes could constitute unfair methods of competition or unfair or deceptive trade practices. She also advocated for a “holistic” approach to identifying harms to account for effects on workers and independent businesses. Describing this holistic approach in broad terms, she indicated that the agency would focus on “power asymmetries and the unlawful practices those imbalances enable,” and the effects such conduct has, for example, on marginalized communities. In sharing her hopes to “further democratize the agency,” Chair Khan similarly expressed that the FTC’s work should help “shape[] the distribution of power and opportunity across our economy.” More generally, the memo identifies areas of investment for the agency to help achieve these priorities. This includes incorporating a greater range of analytical tools and skillsets into the agency’s work, and expanding the agency’s regional footprint to grow its ranks, including by hiring additional technologists, data analysts, financial analysts and experts from outside disciplines. Chair Khan also announced that she will name Holly Vedova and Samuel Levine, both career FTC staff (as opposed to political appointees), as the director of the Bureau of Competition and the director of the Bureau of Consumer Protection, respectively. Practical Limitations on Implementation of Chair Khan’s Policy Priorities Chair Khan describes the antitrust agenda outlined in her memorandum as “robust,” and the memo communicates her intention to attempt to reshape antitrust policy and enforcement. However, a revolutionary shift in antitrust enforcement by the FTC will face substantial practical challenges**.** Most significantly, the path to reshaping antitrust enforcement will be constrained by the substantial body of existing antitrust law and the need to convince a federal judge that the conduct in question is unlawful. Chair Khan’s memo generally advocates for a new, more expansive and holistic approach to identifying antitrust harms beyond the traditional focus on consumer welfare and price effects. However, courts have — and will likely continue to — rely on existing standards developed in the case law over many decades. Those standards focus on consumer welfare and predominantly price effects. Absent legislative change, then, a practical gap will persist between Chair Khan’s vision of refocused and more assertive antitrust enforcement, on the one hand, and the law that would apply to any FTC enforcement action, on the other.2

#### That decimates the FTC---losses threaten the institution

Marianela Lopez-Galdos 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”. 7-28-2021. 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.

#### Trust solves scams and privacy violation---it’s a prerequisite to all reforms

Testimony of Ted Mermin 21. Executive Director Center for Consumer Law & Economic Justice UC Berkeley School of Law. Before the United States House of Representatives Committee on Energy & Commerce Subcommittee on Consumer Protection and Commerce Hearing on “The Consumer Protection and Recovery Act: Returning Money to Defrauded Consumers”. https://docs.house.gov/meetings/IF/IF17/20210427/112501/HHRG-117-IF17-Wstate-MerminT-20210427.pdf

10. Trust the FTC. This final step informs all the others. There can be no doubt that there is more work to do protecting consumers than the FTC currently has the tools or resources to accomplish. There is also no doubt that the FTC has been trammeled in ways that its sister agencies, federal and state, have not. Whatever the reason, it is high time to retire the “zombie ideas” about the FTC – that the Commission is unnecessary, or overreaching, or heavy-handed, or inefficient.23 It is time, as one commissioner stated in Senate testimony last week, to “turn the page on the FTC’s perceived powerlessness.”24

For an American public eager for greater – not lesser – protection from increasingly sophisticated scam artists, deceptive advertisers, and privacy violating tech companies, building an effective FTC is an easy decision. It can and should be for this committee as well.

IV. Conclusion

This subcommittee meets at a remarkable historical moment, when the COVID-19 pandemic has revealed the profound need for a robust Federal Trade Commission just days after the Supreme Court made action by Congress an absolute necessity. This is a perilous time, with the chief protector of American consumers rendered nearly powerless just when those consumers are experiencing a heightened threat resulting from a once-in-a-century pandemic. The Consumer Protection and Recovery Act provides a critical first step toward restoring authority and effectiveness to the nation’s leading consumer protection agency.

Swift action to restore the FTC’s traditional 13(b) authority means that when constituents contact your office, and tell your staff that they have lost their life’s savings to a work-at-home scam, or their identity has been stolen and someone has opened accounts in their name, or they just spent their stimulus payment on a supposed cure for COVID for their grandmother who’s on a respirator – there will still be an agency to refer them to. No one wants that staffer to have to add: “Well, we could send you to the FTC, but they don’t actually have the power to get you your money back.”

Inaction or delay will mean no recovery for millions of wronged American consumers. The time to pass the Consumer Protection and Recovery Act is now.

#### Scamming causes extinction

Casey Newton 20. Verge contributing editor. "The massive Twitter hack could be a global security crisis". Verge. 7-15-2020. https://www.theverge.com/interface/2020/7/15/21325708/twitter-hack-global-security-crisis-nuclear-war-bitcoin-scam

Beginning in the spring of 2018, scammers began to impersonate noted cryptocurrency enthusiast Elon Musk. They would use his profile photo, select a user name similar to his, and tweet out an offer that was effective despite being too good to be true: send him a little cryptocurrency, and he’ll send you a lot back. Sometimes the scammer would reply to a connected, verified account — Musk-owned SpaceX, for example — giving it additional legitimacy. Scammers would also amplify the fake tweet via bot networks, for the same purpose.

The events of 2018 showed us three things. One, at least some people fell for the scam, every single time — certainly enough to incentivize further attempts. Two, Twitter was slow to respond to the threat, which persisted well beyond the company’s initial comments that it was taking the issue seriously. And three, the demand from scammers coupled with Twitter’s initial measures to fight back set up a cat-and-mouse game that incentivized bad actors to take more drastic measures to wreak havoc.

That brings us to today. The story picks up with Nick Statt in The Verge:

The Twitter accounts of major companies and individuals have been compromised in one of the most widespread and confounding hacks the platform has ever seen, all in service of promoting a bitcoin scam that appears to be earning its creator quite a bit of money.

We don’t know how it’s happened or even to what extent Twitter’s own systems may have been compromised. The hack appears to have subsided, but new scam tweets were posting to verified accounts on a regular basis starting shortly after 4PM ET and lasting more than two hours. Twitter acknowledged the situation after more than an hour of silence, writing on its support account at 5:45PM ET, “We are aware of a security incident impacting accounts on Twitter. We are investigating and taking steps to fix it. We will update everyone shortly.”

Among the hacked accounts were President Barack Obama, Joe Biden, Amazon CEO Jeff Bezos, Bill Gates, the Apple and Uber corporate accounts, and pop star Kanye West.

But they came later. The first prominent individual account to be compromised? Elon Musk, of course.

Within the first hours of the attack, people were duped into sending more than $118,000 to the hackers. It also seems possible that a great number of sensitive direct messages could have been accessed by the attackers. Of even greater concern, though, is the speed and scale at which the attack unfolded — and the national security concerns it raises, which are profound.

The first and most obvious question is, of course, who did this and how? And at press time, we don’t know. At Vice, Joseph Cox, one of the best security reporters I know, reported that members of the underground hacking community are sharing screenshots suggesting someone gained access to an internal Twitter tool used for account management. Cox writes:

Two sources close to or inside the underground hacking community provided Motherboard with screenshots of an internal panel they claim is used by Twitter workers to interact with user accounts. One source said the Twitter panel was also used to change ownership of some so-called OG accounts—accounts that have a handle consisting of only one or two characters—as well as facilitating the tweeting of the cryptocurrency scams from the high profile accounts.

Twitter has been deleting screenshots of the panel and has suspended users who have tweeted the screenshots, claiming that the tweets violate its rules.

To speculate much further would be irresponsible, but Cox’s reporting suggests that this is not a garden-variety hack in which a bunch of people reused their passwords, or a hacker used social engineering to convince AT&T to swap a SIM card. One possibility is that hackers accessed internal Twitter tools; another that Cox raises is that a Twitter employee was involved in the incident — which, if true, would make this the second inside job revealed at Twitter this year.

In any case, Twitter’s response to the incident offered further cause for distress. The company’s initial tweet on the subject said almost nothing, and two hours later it had followed only to say what many users were forced to discover for themselves: that Twitter had disabled the ability of many verified users to tweet or reset their passwords while it worked to resolve the hack’s underlying cause.

The near-silencing of politicians, celebrities, and the national press corps led to much merriment on the service — see this, along with Those good tweets below, for some fun — but the move had other, darker implications. Twitter is, for better and worse, one of the world’s most important communications systems, and among its users are accounts linked to emergency medical services. The National Weather Service in Lincoln, IL, for example, had just tweeted a tornado warning before suddenly going dark. To the extent that anyone was relying on that account for further information about those tornadoes, they were out of luck.

Of course, Twitter’s move to stop verified accounts from tweeting represents a difficult balancing on equities. You would probably rather the National Weather Service not tweet than a hacker sell the account to a bad actor who logs in and falsely suggests that tornadoes are sweeping through every city in America. But the ham-fisted approach to resolving the issue — banning a huge portion of 359,000 verified accounts — reflects the staggering scale of the breach. This is as close to pulling the plug on Twitter as Twitter itself has ever come.

And that makes you wonder what contingencies the company has put into place in the event that it is someday taken over not by greedy Bitcoin con artists, but state-level actors or psychopaths. After today it is no longer unthinkable, if it ever truly was, that someone take over the account of a world leader and attempt to start a nuclear war. (A report on that subject from King’s College London came out just last week.)

It is in such a world that I find myself in the unusual position of agreeing with Sen. Josh Hawley, the Missouri Republican who among other things wants to end content moderation. He wrote a letter to Twitter CEO Jack Dorsey, and I found myself agreeing with all of it:

“I am concerned that this event may represent not merely a coordinated set of separate hacking incidents but rather a successful attack on the security of Twitter itself. As you know, millions of your users rely on your service not just to tweet publicly but also to communicate privately through your direct message service. A successful attack on your system’s servers represents a threat to all of your users’ privacy and data security.”

And yet even Hawley doesn’t go far enough. The threat here is not simply user privacy and data security, though those threats are real and substantial. It is about the striking potential of Twitter to incite real-world chaos through impersonation and fraud. As of today, that potential has been realized. And I can only worry about how, with a presidential election now less than four months away, it might be realized further.

Twitter will likely spend the next several days investigating how this incident took place. A criminal investigation seems likely, during which the company may not be able to fully describe Wednesday’s events to our satisfaction. But it is vital that as soon as possible, Twitter share as much about what happened today as it can — and, just as importantly, what it will do to ensure that it never happens again.

After Wednesday’s catastrophe, it hardly seems like hyperbole to suggest that our world could hang in the balance.

#### FTC’s enforcement reputation solves global emerging tech---leadership and legitimacy are key

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Despite these limitations, the FTC has a formidable reputation as an enforcement authority, and commercial entities, and their lawyers, pay close attention to its orders and decisions.248 For example, when the FTC issues a complaint, it is published on the FTC’s website, which often generates significant attention in the privacy community.249 One reason for this is the fear firms have of the FTC’s auditing process, which not only is “exhaustive and demanding,” but can last for as long as 20 years.250 As such, the FTC settles most of the enforcement actions it initiates.251 Firms are motivated to settle with the FTC because they can avoid having to admit any wrongdoing in exchange for taking remedial measures, and thus they also avoid the costs to their reputation from apologizing.252

Though done by necessity, the rule-making process the FTC engages in with its consent orders and settlement agreements can be of benefit when regulating emerging technologies. 253 For one, it allows the flexibility needed to adapt to new and rapidly changing situations.254 Further, the FTC can wait and see if an industry consensus develops around a particular standard before codifying that rule through its enforcement actions.255 As with the common law, which has long demonstrated the ability to adjust to technological changes iteratively, the FTC’s incremental case-bycase approach can help minimize the risks of producing incorrect or inappropriate regulatory policy outcomes.256

In addition to its use of consent orders and settlement agreements, the FTC has created a type of “soft law” by issuing guidelines, press releases, workshops, and white papers.257 Unlike in enforcement actions, where the FTC looks at a company’s conduct and sees how its behavior compares to industry standards, the FTC arrives at the best practices it develops for guidance purposes through a “deep and ongoing engagement with all stakeholders.”258 As such, not only is the FTC’s authority broad enough to regulate the use of emerging technologies such as AI in commerce, but the FTC’s enforcement actions also constitute a body of jurisprudence the FTC can rely on to address the real and potential harms that stem from the deployment of consumeroriented AI.259

Given its broad grant of authority, the regulatory tools at its disposal, and its experience dealing with emerging technologies, the FTC is currently in the best position to take the lead in regulating AI. The FTC’s leadership is sorely needed to fill in the remaining – and quite large – gaps in those few sectoral laws that specifically address AI and algorithmic decision-making.260 Several factors make the FTC the ideal agency for this role. First, the FTC can use its broad Section 5 powers to respond rapidly and nimbly to the types of unanticipated regulatory issues AI is likely to create.261

Second, the FTC has an established history of approaching emerging technologies with “a light regulatory touch” during their beginning stages, waiting to increase its regulatory efforts only once the technology has become more established.262 This approach provides the innovative space needed for new technologies such as AI to develop to their full potential. Thus, as it has in the past, the FTC would focus on disclosure requirements rather than conduct prohibition, and take a case-by-case approach rather than rely on rulemaking.263 Also, as it has traditionally done, the FTC can hold public events on consumer-related AI and issue reports and white papers to guide industry.264

In other words, the FTC has long taken a co-regulatory approach to regulation, which it can and should proceed to do with AI. As in other emerging technology areas, this will help industry continue to grow and innovate, while allowing for the calibration among all relevant stakeholders of the “appropriate expectations” concerning the use and deployment of AI decision-making systems.265 At the same time, the FTC should use its regulatory powers to nudge, and when necessary, push companies to refrain from engaging in unfair and deceptive trade practices in the design and deployment of AI systems.266 The FTC should also place the onus on firms that design and implement those systems to ensure misplaced or unrealistic consumer expectations about AI are corrected.267

By nudging (or pushing) firms in this way, the FTC can “gradually impose a set of sticky default practices that companies can only deviate from if they very explicitly notify consumers.”268 In terms of disclosure requirements, as it has done in other contexts, the FTC can develop rules and guidelines for “when and how a company must disclose information to avoid deception and protect a consumer from harm,” which can include requiring firms to adopt the equivalent of a privacy policy. 269 Given the black box like nature of most algorithmic decision-making processes, there is much that AI developers might have to disclose to prevent those processes from being deemed unfair or deceptive.270

In addition, given its broad authority under Section 5, the FTC is able to address small, nuanced changes in AI design that could adversely affect consumers, but that other areas of law, such as tort, may not be able to adequately handle.271 Again, this is important because AI and algorithmic decision-making can pose profound and systemic risks of harm, even though the actual harm to individual consumers may be small or hard to quantify. And as it has done in the area of privacy, the FTC can become the de facto federal agency authority charged with protecting consumers from harms caused by AI systems and other algorithmic decisionmaking processes.272

The FTC also can, and should, seek to work with other agencies to address AI-related harms, given that the regulatory efforts of other agencies will still occur and be needed in specific sectors or industries, which would impact and be relevant to the FTC’s efforts as well.273 Agency cooperation is essential to ensuring regulatory consistency, accuracy, and efficiency in the type of complex, varied technological landscape that AI presents.274 This should not be a problem as the FTC’s Section 5 authority overlaps regularly with the authority of other agencies, and the FTC itself has a history of cooperating with those agencies.275 Further, the FTC can use its experience working with other agencies to build standards and policy consensus within the regulatory community and among stakeholders. 276

The overarching role the FTC has played in protecting consumer privacy within the United States also has given it legitimacy within the wider privacy community. The FTC has been pivotal over time in promoting international confidence in the United States’ ability to regulate privacy by for example acting as the essential mechanism for enforcing the Safe Harbor Agreement with the European Union.277 As it takes on a similar overarching regulatory role for AI and algorithmic decision-making processes in this country, the FTC should gain a similar level of legitimacy internationally. This is important given the increasingly cross border nature of AI research and development.

#### Unregulated emerging tech cause extinction

Anders Sandberg et al. 8. Anders Sandberg is a James Martin Research Fellow at the Future of Humanity Institute at Oxford University. Jason G. Matheny is a PhD candidate in Health Policy and Management at Johns Hopkins Bloomberg School of Public Health. Milan M. Ćirković is senior research associate at the Astronomical Observatory of Belgrade. "How can we reduce the risk of human extinction?". Bulletin of the Atomic Scientists. 9-9-2008. https://thebulletin.org/2008/09/how-can-we-reduce-the-risk-of-human-extinction/

The risks from anthropogenic hazards appear at present larger than those from natural ones. Although great progress has been made in reducing the number of nuclear weapons in the world, humanity is still threatened by the possibility of a global thermonuclear war and a resulting nuclear winter. We may face even greater risks from emerging technologies. Advances in synthetic biology might make it possible to engineer pathogens capable of extinction-level pandemics. The knowledge, equipment, and materials needed to engineer pathogens are more accessible than those needed to build nuclear weapons. And unlike other weapons, pathogens are self-replicating, allowing a small arsenal to become exponentially destructive. Pathogens have been implicated in the extinctions of many wild species. Although most pandemics “fade out” by reducing the density of susceptible populations, pathogens with wide host ranges in multiple species can reach even isolated individuals. The intentional or unintentional release of engineered pathogens with high transmissibility, latency, and lethality might be capable of causing human extinction. While such an event seems unlikely today, the likelihood may increase as biotechnologies continue to improve at a rate rivaling Moore’s Law.

Farther out in time are technologies that remain theoretical but might be developed this century. Molecular nanotechnology could allow the creation of self-replicating machines capable of destroying the ecosystem. And advances in neuroscience and computation might enable improvements in cognition that accelerate the invention of new weapons. A survey at the Oxford conference found that concerns about human extinction were dominated by fears that new technologies would be misused. These emerging threats are especially challenging as they could become dangerous more quickly than past technologies, outpacing society’s ability to control them. As H.G. Wells noted, “Human history becomes more and more a race between education and catastrophe.”

### Plan

#### Thus, the plan: The United States federal government should prohibit private sector business practices that violate an antitrust worker welfare standard.

### Solvency

#### The plan’s codification is key to certainty

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

Anticompetitive behavior. Plaintiffs would be able to base their case on any of the following anticompetitive acts: mergers in highly concentrated markets; use of noncompete and related clauses; restrictions on employees’ freedom to disclose wage and benefit information; unfair labor practices under the National Labor Relations Act;38 misclassification of employees as independent contractors; no-poaching, wage-fixing, and related agreements that are also presumptively illegal under Section 1; and prohibitions on class actions. Of course, current law gives employees the theoretical right to allege these types of anticompetitive behavior, but the cases show a pattern of judicial skepticism, as noted earlier. Codification would help employees by compelling courts to take these claims seriously. Employers would be allowed to rebut a prima facie case of anticompetitive behavior by showing that the act in question would likely lead to an increase in wages.

This reform would strengthen and extend Section 2 actions against labor monopsonists by standardizing a list of anticompetitive acts. While not all of these acts are invariably anticompetitive, the employer would be able to defend itself by citing a business justification. For example, a noncompete could be justified because it protects an employer’s investment in training. If so, an employer could avoid antitrust liability by showing that its use of noncompetes benefits workers, who obtain higher wages as a result of their training.39

These reforms would strengthen Section 2 claims against labor monopsonies but would also preserve the doctrinal structure of Section 2. They would not generate significant legal uncertainty or require a revision in the way that we think about antitrust law.

#### 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.

#### 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

### Adv---Inequality

#### The aff’s restructuring of the economy makes growth sustainable – unparalleled data proves tech solves environmental concerns, but the transition fails.

Bailey ’16 (Ronald; 12/16/16; B.A. in Philosophy and B.A. Economics from the University of Virginia, member of the Society of Environmental Journalists and the American Society for Bioethics and Humanities, citing a compilation of interdisciplinary research; Reason, “Is Economic Growth Environmentally Sustainable?” <http://reason.com/archives/2016/12/16/is-economic-growth-environmentally-sust1)>

* Rising incomes 🡪 better lives, food, education, and scope
* Global fertility rates decelerating
* Biophysical limits won’t exceed because of productivity, photosynthesis boosts yields by 50 percent
* Water use has drastically declined since 1970
* For 53 commodities, reports say decoupling = possible, reduces costs by 90 percent

Is economic growth environmentally sustainable? No, say a group of prominent ecological economists led by the Australian hydrologist James Ward. In a new PLoS ONE article—"Is Decoupling GDP Growth from Environmental Impact Possible?"—they offer an analysis inspired by the 1972 neo-Malthusian classic The Limits to Growth. They even suggest that The Limits to Growth's projections with regard to population, food production, pollution, and the depletion of nonrenewable resources are still on track. In other words, they think we're still heading for a collapse. I think **they're wrong**. But they're wrong in an instructive way. The authors describe two types of "decoupling," relative and absolute. Relative decoupling means that economic growth increases faster than rates of growth in material and energy **consumption** and **environmental impact**. Between 1990 and 2012, for example, China's **GDP rose 20-fold** while its energy use increased by a factor of four and its material use by a factor of five. Basically this entails increases in efficiency that result in using fewer resources to produce more value. Absolute decoupling is what happens when continued economic growth actually **lessens resource use** and impacts on the natural environment, that is, creating more value while using less stuff. Essentially humanity becomes richer while withdrawing from nature. To demonstrate that continued economic growth is unsustainable, the authors recycle the hoary I=PAT model devised in 1972 by the Stanford entomologist and population alarmist Paul Ehrlich and the Harvard environmental policy professor (and chief Obama science adviser) John Holdren. Human Impact on the environment is supposed to equal to Population x Affluence/consumption x Technology. All of these are presumed to intensify and worsen humanity's impact on the natural world. In Ward and company's updated version of I=PAT, the sustainability of economic growth largely depends on Technology trends. Absolute decoupling from resource consumption or pollutant emissions requires technological intensity of use and emissions to decrease by at least the same annual percentage as the economy is growing. For example, if the economy is growing at three percent per year, technological intensity must reduce 20-fold over 100 years to maintain steady levels of resource consumption or emissions. If technological intensity is faster then resource use and emissions will decline over time, which would result in greater wealth creation with ever lessening resource consumption and environmental spillovers. Once they've set up their I=PAT analysis, Ward and his colleagues assert that "for non-substitutable resources such as land, water, raw materials and energy, we argue that whilst efficiency gains may be possible, there are minimum requirements for these resources that are ultimately governed by physical realities." Among the "physical realities" they mention are limits on plant photosynthesis, the conversion efficiencies of plants into meat, the amount of water needed to grow crops, that all supposedly determine the amount of agricultural land required to feed humanity. They also cite "the upper limits to energy and material efficiencies govern minimum resource throughput required for economic production." To illustrate the operation of their version of the I=PAT equation, they apply it to a recent study that projected it would be possible for Australia's economy to grow 7-fold while simultaneously reducing resource and energy use and lowering environmental pressures through 2050. They **crank the notion** that there are nonsubstitutable physical limits on material and energy resources through their equations until 2100, and they find that eventually consumption of both rise at the same rate as economic growth. QED: Economic growth is unsustainable. Or as they report, "Permanent decoupling (absolute or relative) is impossible for essential, non-substitutable resources because the efficiency gains are ultimately governed by physical limits." **Malthus wins again!** Or does he? GDP growth—increases in the monetary value of all finished goods and services—is a crude measure for improvements in human well-being. Nevertheless, rising incomes (GDP per capita) correlate with lots of good things that nearly everybody wants, including access to more and better **food**, longer and **healthier lives**, more educational **opportunities**, and greater scope for life choices. Ward and his colleagues are clearly right that there is only so much physical stuff on the Earth, but even they know that wealth is not created simply by using more stuff. Where they go wrong (as so many Malthusians do) is by implicitly assuming that there are limits to human creativity. Interestingly, Ward and his colleagues, like Malthus before them, focus on the supposed limits to **agricultural productivity**. For example, they cite the limits to photosynthesis, which will limit the amount of food that humanity can produce. But as they acknowledge, human population may not continue to increase. In fact, **global fertility rates** have been **decelerating** for many decades now, and demographer Wolfgang Lutz calculates that world population will peak after the middle of this century and begin falling. Since the number of mouths to feed will stabilize and people can eat only so much, it is unlikely that the **biophysical limits** of agriculture on Earth will be exceeded. But it gets even better. Agricultural **productivity is improving**. Consider the biophysical limit on photosynthesis cited by the study. In fact, researchers are already making progress on installing more efficient C-4 photosynthesis into rice and wheat, which would **boost yields by** as much as **50 percent**. British researchers just announced that they had figured out how to boost photosynthetic efficiency to create a super-wheat would increase yields by 20 percent. In a 2015 article for the Breakthrough Journal, "The Return of Nature: How Technology Liberates the Environment," Jesse H. Ausubel of Rockefeller University reviews how humanity is **already decoupling** in many ways from the natural world. "A series of 'decouplings' is occurring, so that our economy no longer advances in tandem with exploitation of land, forests, water, and minerals," he writes. "American use of almost everything except information **seems to be peaking**." He notes that agricultural applications of fertilizer and water in the U.S. peaked in the 1980s while yields continued to increase. Thanks to increasing agricultural productivity, humanity is already at **"peak farmland"**; as a result, "an area the size of India or of the United States east of the Mississippi could be released globally from agriculture over the next 50 years or so." Ward is worried about biophysical limits on water use. But as Ausubel notes, U.S. **water use has peaked** and has declined **below the level of 1970**. What about meat? Ausubel notes the **greater efficiency** with which chickens and cultivated fish turn grains and plant matter into meat. In any event, the future of farming is not fields but factories. Innovators are already seeking to replace the entire dairy industry with milk, yogurt, and cheeses made by genetically modified bacteria grown in tanks. Others are figuring how to culture meat in vat. Ausubel also notes that many countries have already been through or are about to enter the "forest transition," in which forests begin to expand. Roger Sedjo, a forest economist at Resources of the Future, has projected that by the middle of this century most of world's **industrial wood** will be produced from planted forests covering a remarkably small land area, perhaps **only 5 to 10 percent** of the extent of today's global forest. Shrinking farms and ranches and expanding forests will do a lot toward turning around the alarming global reduction in wildlife. How about unsubstitutable stuff? Are we running out of that? Ausubel notes that the U.S. has apparently already achieved **absolute decoupling**—call it peak stuff—for a lot of materials, including plastics, paper, timber, phosphate, aluminum, steel, and copper. And he reports relative decoupling for **53** other **commodities**, all of which are likely heading toward absolute decoupling. Additive manufacturing is also known as 3-D printing, in which machines build up new items one layer at a time. The Advanced Manufacturing Office suggested that additive manufacturing can reduce material needs and costs by up to **90 percent**. And instead of the replacement of worn-out items, their material can **simply be recycled** through a printer to return it to good-as-new condition using only 2 to 25 percent of the energy required to make new parts. 3-D printing on demand will also eliminate storage and inventory costs, and will significantly cut transportation costs. Nanomanufacturing—building atom-by-atom—will likely engender a **fourth industrial revolution** by spurring exponential economic growth while reducing human demands for material resources. Ward and company project that Australians will be using 250 percent more energy by 2100. Is there an upper limit to energy production that implies unsustainability? In their analysis, the ecological economists apparently assume that energy supplies are limited. Why this is not clear, unless their model **implicitly assumes** a growing **consumption** of fossil fuels (and even then, the world is not close to running out of those). But there is a source of energy that, for all practical purposes, is limitless and has few deleterious environmental effects: **nuclear power**. If demand for primary energy were to double by 2050, a back-of-the-envelope calculation finds that the **entire world's energy needs** could be supplied by 6,000 conventional nuclear power plants. The deployment of fast reactors would supply "renewable" energy for thousands of years. The development of thorium reactors could also supply **thousands of years** of energy. And both could do so without harming the environment. (Waste heat at that scale would not be much of a problem.) Such power sources are in any relevant sense "decoupled" from the natural world, since their fuel cycles produce **little pollution**. Recall that GDP measures the monetary value of all finished goods and services. Finished goods will become a shrinking part of the world's economy as more people gain access to food, clothing, housing, transportation, and so forth. Already, services account for 80 percent of U.S. GDP and 80 percent of civilian employment. Instead of stuff, people will want to spend time creating and enjoying themselves. As technological progress enables economic growth, people will consume more pixels and less petroleum, more massages and less mortar, more handicrafts and less hardwood. Ultimately, Ward and his colleagues make the **same mistake as Malthus** and the Limits to Growth folks: They **extrapolate trends** without taking adequate account of human **ingenuity**. Will it be possible to grow the economy 7-fold over this century while reducing resource consumption and restoring the natural world? Yes.

#### Transition causes global war.

Daniel Drezner 16. Professor of International Politics, Tufts; Nonresident Senior Fellow, Brookings. “Five Known Unknowns about the Next Generation Global Political Economy.” Project on International Order and Strategy at Brookings. May. <http://www.anamnesis.info/sites/default/files/D_Drezner_2016.pdf>.

The erosion of the trade and demographic drivers puts even more pressure on technological innovation to be the engine of economic growth in the developed world. As one McKinsey analysis concluded, “For economic growth to match its historical rates, virtually all of it must come from increases in labor productivity.”78 Growth in labor productivity is partially a function of capital investment, but mostly a function of technological innovation. The key question is whether the pace of technological innovation will sustain itself.¶ This remains a known unknown. The pace of innovation relative to global population has slowed dramatically over the past fifty years.79 Consider that the developed world still relies on the same general purpose technologies of modern society that were originally invented 50-100 years ago: the automobile, airplane, telephone, refrigerator, and computer. To be sure, all of these technologies have improved in recent decades, in some cases dramatically. But nothing new has replaced them. And even these improvements have not necessarily had dramatic systemic effects. For example, the average speed on a passenger aircraft has actually fallen since the introduction of the Boeing 707 in 1958, because of the need to conserve fuel. For all of the talk of “disruptive innovations,” the effect of these disruptions on both the business world and aggregate economic growth have been exaggerated.80¶ At present, many of the fields that seem promising for innovation—nanotechnology, green energy, and so forth—require massive fixed investments. Only large institutions, like research universities, multinational corporations and government entities, can play in that kind of game. Joseph Schumpeter warned that once large organizations became the primary engine of innovation, the pace of change would naturally slow down. Because large organizations are inherently bureaucratic and conservative, they will be less able to imagine radical innovations.81 What if the “secular stagnation” debate is really just a harbinger of a deeper debate about a return to pre-19th century growth levels?¶ An obvious counter to this argument is that the pace of technological innovation in laptops, smart phones, tablets, and the Internet of things has accelerated. This is undeniably true—but the problem is that the gains in utility have not been, strictly speaking, economic. Most of the important innovations that we think about with respect to the Internet—Facebook, Twitter, Wikipedia, YouTube and so forth —are free technologies for consumers. As Tyler Cowen argues, “The big technological gains are coming in revenue-deficient sectors.”82 They generate lots of enjoyment but little employment. The largest and most dynamic information technology firms, like Google and Apple, hire only a fraction of the people who worked for General Motors in its heyday. At the same time, Internet-based content has eroded the financial viability of other parts of the economy. Content-providing sectors—such as music, entertainment, and journalism—have suffered directly. The growth of “sharing economy” firms like Uber and Airbnb that develop peer-to-peer markets are causing similar levels of creative disruption to the travel and tourism sectors.83 The rapid acceleration of automation is also leading to debates about whether the “lump of labor” fallacy remains a fallacy—in other words, whether displaced workers will be able to find new employment.84¶ A slow-growth economic trajectory also creates policy problems that increase the likelihood of even slower growth. Higher growth is a political palliative that makes structural reforms easier. For example, Germany prides itself on the “Hartz reforms” to its labor markets last decade, and has advocated similar policies for the rest of the Eurozone since the start of the 2008 financial crisis. But the Hartz reforms were accomplished during a global economic upswing, boosting German exports and cushioning the shortterm cost of the reforms themselves. In a low-growth world, other economies will be understandably reluctant to engage in such reforms.¶ It is possible that concerns about a radical growth slowdown are exaggerated. In 1987, Robert Solow famously said, “You can see the computer age everywhere but in the productivity statistics.”85 A decade later, the late 1990s productivity surge was in full bloom. Economists are furiously debating whether the visible innovations in the information sector are leading to productivity advances that are simply going undetected in the current productivity statistics.86 Google’s chief economist Hal Varian, echoing Solow from a generation ago, asserts that “there is a lack of appreciation for what’s happening in Silicon Valley, because we don’t have a good way to measure it.”87 It is also possible that current innovations will only lead to gains in labor productivity a decade from now. The OECD argues that the productivity problem resides in firms far from the leading edge failing to adopt new technologies and systems.88 There are plenty of sectors, such as health or education, in which technological innovations can yield significant productivity gains. It would foolhardy to predict the end of radical innovations.¶ But the possibility of a technological slowdown is a significant “known unknown.” And if such a slowdown occurs, it would have catastrophic effects on the public finances of the OECD economies. Most of the developed world will have to support disproportionately large numbers of pensioners by 2036; slower-growing economies will worsen the debt-to-GDP ratios of most of these economies, causing further macroeconomic stresses—and, potentially, political unrest from increasingly stringent budget constraints.89¶ 2. Are there hard constraints on the ability of the developing world to converge to developed-country living standards?¶ One of the common predictions made for the next generation economy is that China will displace the United States as the world’s biggest economy. This is a synecdoche of the deeper forecast that per capita incomes in developing countries will slowly converge towards the living standards of the advance industrialized democracies. The OECD’s Looking to 2060 report is based on “a tendency of GDP per capita to converge across countries” even if that convergence is slow-moving. The EIU’s long-term macroeconomic forecast predicts that China’s per capita income will approximate Japan’s by 2050.90 The Carnegie Endowment’s World Order in 2050 report presumes that total factor productivity gains in the developing world will be significantly higher than countries on the technological frontier. Looking at the previous twenty years of economic growth, Kemal Dervis posited that by 2030, “The rather stark division of the world into ‘advanced’ and ‘poor’ economies that began with the industrial revolution will end, ceding to a much more differentiated and multipolar world economy.”91¶ Intuitively, this seems rational. The theory is that developing countries have lower incomes primarily because they are capital-deficient and because their economies operate further away from technological frontier. The gains from physical and human capital investment in the developing world should be greater than in the developed world. From Alexander Gerschenkron forward, development economists have presumed that there are some growth advantages to “economic backwardness”92¶ This intuitive logic, however, is somewhat contradicted by the “middle income trap.” Barry Eichengreen, Donghyun Park, and Kwanho Shin have argued in a series of papers that as an economy’s GDP per capita hits close to $10,000, and then again at $16,000, growth slowdowns commence.93 This makes it very difficult for these economies to converge towards the per capita income levels of the advanced industrialized states. History bears this out. There is a powerful correlation between a country’s GDP per capita in 1960 and that country’s per capita income in 2008. In fact, more countries that were middle income in 1960 had become relatively poorer than had joined the ranks of the rich economies. To be sure, there have been success stories, such as South Korea, Singapore, and Israel. But other success stories, such as Greece, look increasingly fragile. Lant Prichett and Lawrence Summers conclude that “past performance is no guarantee of future performance. Regression to the mean is the single most robust and empirical relevant fact about cross-national growth rates.”94¶ Post-2008 growth performance of the established and emerging markets matches this assessment. While most of the developing world experienced rapid growth in the previous decade, the BRICS have run into roadblocks. Since the collapse of Lehman Brothers, these economies are looking less likely to converge with the developed world. During the Great Recession, the non-Chinese BRICS—India, Russia, Brazil, and South Africa—have not seen their relative share of the global economy increase at all.95 China’s growth has also slowed down dramatically over the past few years. Recent and massive outflows of capital suggests that the Chinese economy is headed for a significant market correction. The collapse of commodity prices removed another source of economic growth in the developing world. By 2015, the gap between developing country growth and developed country growth had narrowed to its lowest level in the 21st century.96¶ What explains the middle income trap? Eichengreen, Park and Shin suggest that “slowdowns coincide with the point in the growth process where it is no longer possible to boost productivity by shifting additional workers from agriculture to industry and where the gains from importing foreign technology diminish.”97 But that is insufficient to explain why the slowdowns in growth have been so dramatic and widespread.¶ There are multiple candidate explanations. One argument, consistent with Paul Krugman’s deconstruction of the previous East Asia “miracle,”98 is that much of this growth was based on unsustainable levels of ill-conceived capital investment. Economies that allocate large shares of GDP to investment can generate high growth rates, particularly in capital-deficient countries. The sustainability of those growth rates depends on whether the investments are productive or unproductive. For example, high levels of Soviet economic growth in the 1950s and 1960s masked the degree to which this capital was misallocated. As Krugman noted, a lesser though similar phenomenon took place in the Asian tigers in the 1990s. It is plausible that China has been experiencing the same illusory growth-from-bad-investment problem. Reports of overinvestment in infrastructure and “ghost cities” are rampant; according to two Chinese government researchers, the country wasted an estimated $6.8 trillion in “ineffective investment” between 2009 and 2013 alone.99¶ A political explanation would be rooted in the fact that many emerging markets lack the political and institutional capabilities to sustain continued growth. Daron Acemoğlu and James Robinson argue that modern economies are based on either “extractive institutions” or “inclusive institutions.”100 Governments based on extractive institutions can generate higher rates of growth than governments without any effective structures. It is not surprising, for example, that post-Maoist Chinese economic growth has far outstripped Maoist-era rates of growth. Inclusive institutions are open to a wider array of citizens, and therefore more democratic. Acemoğlu and Robinson argue that economies based on inclusive institutions will outperform those based on extractive institutions. Inclusive institutions are less likely to be prone to corruption, more able to credibly commit to the rule of law, and more likely to invest in the necessary public goods for broad-based economic growth. Similarly, Pritchett and Summers conclude that institutional quality has a powerful and long-lasting effect on economic growth—and that “salient characteristics of China—high levels of state control and corruption along with high measures of authoritarian rule—make a discontinuous decline in growth even more likely than general experience would suggest.”101¶ A more forward-looking explanation is that the changing nature of manufacturing has badly disrupted the 20th century pathway for economic development. For decades, the principal blueprint for developing economies to become developed was to specialize in industrial sectors where low-cost labor offered a comparative advantage. The resulting growth from export promotion would then spill over into upstream and downstream sectors, creating new job-creating sectors. Globalization, however, has already generated tremendous productivity gains in manufacturing—to the point where industrial sectors do not create the same amount of employment opportunities that they used to.102 Like agriculture in the developed world, manufacturing has become so productive that it does not need that many workers. As a result, many developing economies suffer from what Dani Rodrik labels “premature deindustrialization.” If Rodrik is correct, then going forward, manufacturing will fail to jump-start developing economies into higher growth trajectories—and the political effects that have traditionally come with industrialization will also be stunted.103¶ Both the middle-income trap and the regression to the mean observation are empirical observations about the past. There is no guaranteeing that these empirical regularities will hold for the future. Indeed, China’s astonishing growth rate over the past 30 years is a direct contradiction of the regression to the mean phenomenon. It is possible that over time the convergence hypothesis swamps the myriad explanations listed above for continued divergence. But in sketching out the next generation global economy, the implications of whether regression to the mean will dominate the convergence hypothesis are massive. Looking at China and India alone, the gap in projections between a continuation of past growth trends and regression to the mean is equivalent to $42 trillion—more than half of global economic output in 2015.104 This gap is significant enough to matter not just to China and India, but to the world economy.¶ As with the developed world, a growth slowdown in the developing world can have a feedback effect that makes more growth-friendly reforms more difficult to accomplish. As Chinese economic growth has slowed, Chinese leader Xi Jinping’s economic reform plans have stalled out in favor of more political repression. Follows the recent playbook of Russian President Vladimir Putin, who has added diversionary war as another distracting tactic from negative economic growth. Short-term steps towards political repression will make politically risky steps towards economic reform that less palatable in the future. Instead, the advanced developing economies seem set to double down on strategies that yield less economic growth over time.¶ 3. Will geopolitical rivalries or technological innovation alter the patterns of economic interdependence?¶ Multiple scholars have observed a secular decline in interstate violence in recent decades.105 The Kantian triad of more democracies, stronger multilateral institutions, and greater levels of cross-border trade is well known. In recent years, international relations theorists have stressed that commercial interdependence is a bigger driver of this phenomenon than previously thought.106 The liberal logic is straightforward. The benefits of cross-border exchange and economic interdependence act as a powerful brake on the utility of violence in international politics. The global supply chain and “just in time” delivery systems have further imbricated national economies into the international system. This creates incentives for governments to preserve an open economy even during times of crisis. The more that a country’s economy was enmeshed in the global supply chain, for example, the less likely it was to raise tariffs after the 2008 financial crisis.107 Similarly, global financiers are strongly interested in minimizing political risk; historically, the financial sector has staunchly opposed initiating the use of force in world politics.108 Even militarily powerful actors must be wary of alienating global capital.¶ Globalization therefore creates powerful pressures on governments not to close off their economies through protectionism or military aggression. Interdependence can also tamp down conflicts that would otherwise be likely to break out during a great power transition. Of the 15 times a rising power has emerged to challenge a ruling power between 1500 and 2000, war broke out 11 times.109 Despite these odds, China’s recent rise to great power status has elevated tensions without leading to anything approaching war. It could be argued that the Sino-American economic relationship is so deep that it has tamped down the great power conflict that would otherwise have been in full bloom over the past two decades. Instead, both China and the United States have taken pains to talk about the need for a new kind of great power relationship. Interdependence can help to reduce the likelihood of an extreme event—such as a great power war—from taking place.¶ Will this be true for the next generation economy as well? The two other legs of the Kantian triad—democratization and multilateralism—are facing their own problems in the wake of the 2008 financial crisis.110 Economic openness survived the negative shock of the 2008 financial crisis, which suggests that the logic of commercial liberalism will continue to hold with equal force going forward. But some international relations scholars doubt the power of globalization’s pacifying effects, arguing that interdependence is not a powerful constraint.111 Other analysts go further, arguing that globalization exacerbates financial volatility—which in turn can lead to political instability and violence.112¶ A different counterargument is that the continued growth of interdependence will stall out. Since 2008, for example, the growth in global trade flows has been muted, and global capital flows are still considerably smaller than they were in the pre-crisis era. In trade, this reflects a pre-crisis trend. Between 1950 and 2000, trade grew, on average, more than twice as fast as global economic output. In the 2000s, however, trade only grew about 30 percent more than output.113 In 2012 and 2013, trade grew less than economic output. The McKinsey Global Institute estimates that global flows as a percentage of output have fallen from 53 percent in 2007 to 39 percent in 2014.114 While the stock of interdependence remains high, the flow has slowed to a trickle. The Financial Times has suggested that the global economy has hit “peak trade.”115¶ If economic growth continues to outstrip trade, then the level of interdependence will slowly decline, thereby weakening the liberal constraint on great power conflicts. And there are several reasons to posit why interdependence might stall out. One possibility is due to innovations reducing the need for traded goods. For example, in the last decade, higher energy prices in the United States triggered investments into conservation, alternative forms of energy, and unconventional sources of hydrocarbons. All of these steps reduced the U.S. demand for imported energy. A future in which compact fusion engines are developed would further reduce the need for imported energy even more.116¶ A more radical possibility is the development of technologies that reduce the need for physical trade across borders. Digital manufacturing will cause the relocation of production facilities closer to end-user markets, shortening the global supply chain.117 An even more radical discontinuity would come from the wholesale diffusion of 3-D printing. The ability of a single printer to produce multiple component parts of a larger manufactured good eliminates the need for a global supply chain. As Richard Baldwin notes, “Supply chain unbundling is driven by a fundamental trade-off between the gains from specialization and the costs of dispersal. This would be seriously undermined by radical advances in the direction of mass customization and 3D printing by sophisticated machines…To put it sharply, transmission of data would substitute for transportation of goods.”118 As 3-D printing technology improves, the need for large economies to import anything other than raw materials concomitantly declines.119¶ Geopolitical ambitions could reduce economic interdependence even further.120 Russia and China have territorial and quasi-territorial ambitions beyond their recognized borders, and the United States has attempted to counter what it sees as revisionist behavior by both countries. In a low-growth world, it is possible that leaders of either country would choose to prioritize their nationalist ambitions over economic growth. More generally, it could be that the expectation of future gains from interdependence—rather than existing levels of interdependence—constrains great power bellicosity.121 If great powers expect that the future benefits of international trade and investment will wane, then commercial constraints on revisionist behavior will lessen. All else equal, this increases the likelihood of great power conflict going forward.

#### Degrowth is infeasible and causes their impacts---can’t get governmental or international buy-in---the aff is comparatively quicker.

Ezra Klein 8/31/21. American journalist, political analyst, New York Times columnist, and the host of The Ezra Klein Show podcast. "Transcript: Ezra Klein Answers Listener Questions". No Publication. 8-31-2021. https://www.nytimes.com/2021/08/31/podcasts/transcript-ezra-klein-ask-me-anything.html

EZRA KLEIN: Yeah. And maybe we should do an episode on this. I have very complicated feelings about degrowth. So one is that it is tricky to talk about, as you say, because I find its advocates will continue to say that you’re defining it wrong. So let me use a definition from Hickel, which is, and I’m quoting him here, “Degrowth is a planned reduction of energy and resource throughput designed to bring the economy back into balance with the living world in a way that reduces inequality and improves human well-being.”

And so I’d note two things here. One is “designed.” Degrowth is, as its advocates understand it, a act of global economic planning really without equal anywhere in human history. It is an act of extraordinary central planning. So that’s one thing that is going to become important in my answer.

I’d say there’s part of this vision I’m sympathetic to, and then part of it that I just don’t think holds together. I would distinguish a critique of want and a critique of growth. And the way I would do that is that, as you hear if you listen to the show, I’m pretty critical of a lot of the ways capitalism generates desire.

Desire is something we build through advertising, through social mimicry. This is a show that is supported by advertising. This is part of the desire- generation complex in its business model. And we are told and taught to want a lot of things, not only that we don’t need, but that don’t make us happier. And so not all growth as measured by G.D.P. is good growth.

But a lot of what people want is fine, or great, or whatever. It’s their desire, and it’s not for me to tell them the jeans they’re interested in are incorrect. And a lot of it I don’t think is under the power of policymakers to control. I don’t think it’s all advertising. I don’t know that if you cut down advertising, the amount people would spend on consumption would go way down. They might simply consume other things.

And so I want people to have rich, materially fulfilling lives. And I think it’ll be a very hard piece to change. So in terms of having a counterweight to the materialism, the ideology of materialism in modern society, that’s a part of degrowth that I’m very open to.

But now let me talk about degrowth more in the terms of it is a direct political project, which is as an answer to climate change. I would cut this into a few pieces. Is degrowth necessary for addressing climate change? Is it the fastest way to address climate change? And is it desirable? It has to be at least one of those things to be the strategy you’d want to take.

And I don’t think it is. Let’s start with necessary. Many countries in Europe, even the United States, are growing while reducing their carbon footprint. Now, you could say they’re not doing so fast enough depending on the country. But they could all do so much faster if there was enough political will to deploy more renewable technology, to tax carbon, to do a bunch of things that we have not been able to pass. So it is clearly true that we can decouple growth and energy usage.

Hickel, to be fair, will say that that may be true. But given the speed at which we need to act, we can’t just be deploying renewable energy technology. It would also help the situation if we stopped using as much through material consumption. That is, I think, conceptually true and politically false.

I mean, let’s just state that speed is, first and foremost, a political problem. There is a delta between where we are right now in terms of what we are doing on climate change and where we could be. That delta is big, and that delta gets bigger every year because it gets harder every year. And the time we have to act before we start getting some of the really truly catastrophic feedback loops in play is shortening. So you’re now talking here about the speed at which you can move politics.

So for something to be faster, it doesn’t just need to be faster if you implemented it. It needs to be something you can implement such it accelerates the politics of radical climate action. And that’s where I think degrowth completely falls apart. And I have tried to look for the answer people give on this, and I’ve never found one that is convincing.

So again, I’ll quote Hickel on this: “Degrowth has a discriminating approach to reducing economic activity. It seeks to scale down ecologically destructive and socially less necessary production, i.e., the production of S.U.V.s, arms, beef, private transportation, advertising and planned obsolescence” — by which he means there, the fact that expiration dates are built into a lot of our electronics — “while expanding socially important sectors like health care, education, care and conviviality.”

And I’d urge people to think about that for a minute. I mean, you can listen to that and you will assume correctly that I am sympathetic to the idea that a lot of those goods are not great. I’m a vegan. I don’t eat beef. I would like nobody else to eat beef.

I think that if the political demand of the climate movement becomes you don’t get to eat beef, you will set climate politics back so far, so fast, it would be disastrous. Same thing with S.U.V.s. I don’t like S.U.V.s. I don’t drive one. But if you are telling people in rich countries that the climate movement is for them not having the cars they want to have, you are just going to lose. You are going to lose fast.

We watched this happen for years before Elon Musk and some others began inventing cars that were both electrified and were actually cool cars. You weren’t going to get everybody in a Prius. You might, over time, get them into the post-Tesla generations of electronic vehicles.

This is where the politics of it for me fall apart. I’d at least like to see some empirical evidence for the claim that degrowthers are right, and that their appeal will speed the politics of doing hard things on climate change. Because I think it will do the opposite. And I don’t see politicians winning in the countries they would need to win on anything like this platform. Quite the contrary.

I watched the most effective attack against Joe Biden’s climate policies. It dominated the news for a day or two. It was Fox News just making up — just completely making up — a false claim that Biden was going to limit or restrict red meat.

ANNIE GALVIN: Right. [LAUGHS]

EZRA KLEIN: So my worry with degrowth is that it is trying to take the politics out of politics. It is attacking the flaws of the current strategy as not moving fast enough when the impediments are political, but then not accepting the impediments to its own political path forward.

I will say, because I think it’ll be weird to people if I don’t mention this, that there is the big problem, of course, that the rising generation of emissions is coming from China, from India. I think it’s something like ⅔ of emissions are now from middle income countries. That is only going up.

Hickel and other degrowthers will say that, yes, the point of this is that the rich countries, which have already used more than their fair share of the carbon budget, should cut their carbon usage so poor countries can grow. I cannot imagine how you are going to enforce this as a political and economic planning regime. How you will get rich countries to agree to do less so poor countries can have more. I mean, look at what has happened with vaccine hoarding.

I don’t want to say that this isn’t a good moral weight on the conversation or, in the long term, a good push for people to think about different ways of having growth, different ways of human flourishing. But the entirety — as the degrowth people will agree — the entire question of the climate change conversation is speed. And I just don’t see the argument for degrowth as being anything but an extraordinarily slower way of approaching the politics, probably counterproductive compared to what we’re doing, which is I think you can make tremendous strides on climate change by deploying renewable energy technologies and giving people the opportunity to have a more materially fulfilling life atop those technologies.

And by the way, when that happens in rich countries, as we have seen, it ends up subsidizing these renewable energy technological advances for poorer countries. So it is a fact that Germany and other countries did so much to subsidize solar for themselves, it has also made it possible for countries like China and India to have such a rapid advance in solar technology that it’s affordable for them to do a lot of their growth on that platform.

So I also think there are cross-subsidies in rich countries trying to maintain growth renewable energy deployment that end up helping poor countries change what they’re doing in a useful way, too. So that’s my take on degrowth. But I understand its appeal. I just don’t understand its politics.

#### Past the tipping point and the alt is dictatorship and genocide---only tech can solve.

Eric Levitz 5/17/21. Senior Writer at New York Magazine. MA Johns Hopkins. "We’ll Innovate Our Way Out of the Climate Crisis or Die Trying". Intelligencer. 5-17-2021. https://nymag.com/intelligencer/2021/05/climate-biden-green-tech-innovation.html

Today’s best-case ecological scenario was a horror story just three decades ago. In 1993, Bill Clinton declared that global warming presented such a profound threat to civilization that the U.S. would have to bring its “emissions of greenhouse gases to their 1990 levels by the year 2000.” Instead, we waited until 2020 to do so; in the interim, humanity burned more carbon than it had since the advent of agriculture. Now, it will take a historically unprecedented, worldwide economic transformation to freeze warming at “only” 2 degrees — a level of temperature rise that will turn “once in a century” storms into annual events, drown entire island nations, and render major cities in the Middle East uninhabitable in summertime (at least for those whose lifestyles involve “walking outdoors without dying of heatstroke”). This is what passes for a utopian vision in 2021. If we confine ourselves to mere optimism — and assume that every Paris Agreement signatory meets its current pledged target for decarbonization — then warming will hit 2.4 degrees by century’s end.

The reality of our ecological predicament invites denial of our political one. Put simply, it is hard to reconcile the scale of the climate crisis with the limits of contemporary American politics. Delusions rush in to fill the gap. Among these is the fantasy of national autonomy; the notion that the United States can save the planet or destroy it, depending on the precise timeline of its domestic decarbonization. A rapid energy transition in the U.S. is a vital cause, not least for its potential to expedite similar transformations abroad. But the battle for a sustainable planet will be won or lost in the developing world. Although American consumption played a central role in the history of the climate crisis, it is peripheral to the planet’s future: Over the coming century, U.S. emissions are expected to account for only 5 percent of the global total.

There is also the delusion of “de-growth’s” viability. The fact that there is no plausible path for global economic expansion that won’t entail climate-induced death and displacement has led some environmentalists to insist on global stagnation. Yet there is neither a mass constituency for this project, nor any reason to believe that there will be any time soon. Freeze the status-quo economy in amber, and you’ll condemn nearly half of humanity to permanent poverty. Divide existing GDP into perfectly even slices, and every person on the planet will live on about $5,500 a year. American voters may express a generalized concern about the climate in surveys, but they don’t seem willing to accept even a modest rise in gas prices — let alone a total collapse in living standards — to address the issue. Meanwhile, any Chinese or Indian leader who attempted to stymy income growth in the name of sustainability would be ousted in short order. It’s conceivable that one could radically reorder advanced economies in a manner that enabled living standards to rise even as GDP fell; Americans might well find themselves happier and more secure in an ultra-low-carbon communal economy in which individual car ownership is heavily restricted, and housing, healthcare, and myriad low-carbon leisure activities are social rights. But nothing short of an absolute dictatorship could affect such a transformation at the necessary speed. And the specter of eco-Bolshevism does not haunt the Global North. Humanity is going to find a way to get rich sustainably, or die trying.

Thus, the chasm between the ecologically necessary and the politically possible can only be bridged by technological advance. And on that front, the U.S. actually has the resources to make a decisive contribution to global decarbonization — and some political will to leverage those resources. Unfortunately, due to some combination of fiscal superstitions and misplaced priorities, the Biden administration’s proposed investments in green innovation remain paltry. An American Jobs Plan with much higher funding for green R&D is both imminently winnable and environmentally imperative. U.S. climate hawks should make securing such legislation a top priority.

The choice before us is techno-optimism or barbarism.

If governments are forced to choose between increasing income growth in the present, and mitigating temperature rise in the future, they are going to pick the former. We’ll get cheap, lab-grown Kobe beef before we get a U.S. Senate willing to tax meat, and steel plants powered by “green hydrogen” before we get anarcho-primitivism with Chinese characteristics.

The question is whether we’ll get such breakthroughs before it’s too late.

Techno-optimism has its hazards, but the progress we’ve made toward decarbonization has come largely through technological innovation. When India canceled plans to construct 14 gigawatts of new coal-fired power stations in 2019, it did not do so in deference to international pressure or domestic environmental movements, but rather to the cost-competitiveness of solar energy. The same story holds across Asia’s developing countries: Thanks to a ninefold reduction in the cost of solar energy over the past decade, the number of new coal plants slated for construction in the region has fallen by 80 percent. Meanwhile, the road to an electric-car revolution was cleared by a collapse in the cost of lithium batteries, the challenge of powering cities with solar energy on cloudy days was eased by a 70 percent drop in the price of utility-scale batteries, and wind power grew 40 percent cheaper. Our species remains lackluster at solidarity and self-government, but we’ve got a real knack for building cool shit.

The technological progress of the past decade was not sufficient to compensate for tepid climate policy. But real techno-utopianism has never been tried: As of 2019, global spending on clean energy R&D totaled $22 billion a year, or 3 percent of the Pentagon’s annual budget. Increasing spending on such research — while expediting cost-reductions in existing technologies by deploying them en masse — should be twin priorities of American climate policy.

The preconditions for green industrialization can be made in America.

The United States has more fiscal capacity and better-financed research universities than any nation on the planet. And, for all the pathologies of our politics, public investment in green tech inspires far weaker opposition than many less-indispensable climate policies. In fact, late last year, with Republicans controlling the Senate and Donald Trump in the White House, the U.S. increased funding for zero-emission technology R&D by $35 billion. America does not have sovereignty over enough humans to save the planet by slashing our domestic emissions. But we just might have the resources and political economy necessary to help the developing world save us all.

Although progress on renewables has exceeded optimistic expectations, the technical obstacles to global decarbonization remain immense. In the most optimistic scenario, scaling up existing, cost-competitive technologies can get us about 16 percent of the emissions reductions necessary for achieving net-zero by 2050, according to the International Energy Agency. Driving down the price of tech we already have will get us another 39 percent. The rest must come from technologies that have yet to be fully developed. We need electrified cement, hydrogen-powered steel plants, and evaporative cooling. We need utility-scale energy storage, electric airplanes, and ultra-high voltage transmission lines. And we’d be remiss to not toss a bit of our collective wealth at game-changing hail marys like nuclear fusion.

### Adv---FTC Credibility

### T---Per-Se

#### C/i---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.

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

#### Anticompetitive business practices include rule of reason.

Charlotte Wezi Mesikano-Malonda 16. Executive director. "Global Competition Review". No Publication. 7-22-2016. https://globalcompetitionreview.com/review/the-european-middle-eastern-and-african-antitrust-review/the-european-middle-eastern-and-african-antitrust-review-2017/article/malawi-competition-and-fair-trading-commission

Anticompetitive business practices are generally defined as the category of agreements, decisions and concerted practices that result in the prevention, restriction or distortion of either actual or potential competition. Abuse of dominance and market power is an example of anticompetitive business practices and hence falls within the purview of the CFTA.3 Anticompetitive business practices are either illegal per se or illegal by rule of reason. A conduct is illegal per se if, regardless of its objective and effect or any justifications of the conduct, there is a presumption of harm on competition.

#### No bright line---rule of reason is a prohibition---they function synonymously.

Light 19, Sarah E. Light Assistant Professor of Legal Studies and Business Ethics, The Wharton School, University of Pennsylvania., The Law of the Corporation as Environmental Law, 71 Stan. L. Rev. 137, 2019, Lexis/Nexis

While antitrust law can serve as an environmental mandate by prohibiting collusive behavior that keeps environmentally preferable goods from the market, there is also conflict between antitrust law's goals of promoting competition and environmental law's goals of promoting [\*177] conservation. 192 Because antitrust law's per se rule and rule of reason operate on a somewhat fluid continuum, 193 this Subpart discusses the two doctrines together. The per se rule operates as a prohibition, whereas the rule of reason operates as both a prohibition and a disincentive. As noted above, antitrust law generally prohibits certain types of market activity - price fixing, horizontal boycotts, and output limitations - as illegal per se, and harm to competition is presumed. 194 For example, if an industry association declines to award a seal of approval necessary for a product's sale without any good faith attempt to test the product's performance, but rather simply because that product is manufactured by a competitor, such an action would be illegal per se. 195 Under this Article's framework, a per se violation is thus a prohibition. The more fact-intensive inquiry under the rule of reason tests "whether the restraint imposed is such as merely regulates and perhaps thereby promotes competition or whether it is such as may suppress or even destroy competition." 196 While this extremely broad statement might suggest that any fact is relevant to the inquiry, the salient facts under the rule of reason are "those that tend to establish whether a restraint increases or decreases output, or decreases or increases prices." 197 If an anticompetitive effect is found, then the action is illegal and the rule of reason operates, like the per se rule, as a prohibition. 198 The rule of reason can also operate as a disincentive, even if no [\*178] court finds an anticompetitive effect, as uncertainty and litigation risk may discourage firms from undertaking legally permissible, environmentally positive industry collaborations. 199 Associations of firms have adopted numerous mechanisms of private environmental governance to address the management of common pool resources like fisheries, forests, and the global climate. 200 Examples include the Sustainable Apparel Coalition's Higg Index 201 and the American Chemistry Council's Responsible Care program. 202 But private industry standards raise special antitrust concerns. An agreement among competitors with respect to product or process specifications may exclude competitors who fail to meet such standards, raising the specter that such industry collaborations really constitute output limitations or efforts to limit competition. 203 While the U.S. Supreme Court has scrutinized private standard-setting associations carefully, 204 it has noted that if associations "promulgate … standards based on the merits of objective expert judgments and through procedures that prevent the standard-setting process from being biased by members with economic interests in stifling product competition … , those private standards can have significant procompetitive advantages." 205 In the absence of price fixing or a boycott, a rule of reason analysis generally applies to product standard setting by private associations. 206 The uncertain outcome [\*179] inherent in the application of antitrust law in this context could therefore serve as a potential disincentive to the adoption of private industry standards. 207 The challenge of course is that some form of explicit sanctions on noncompliant industry members may be necessary for private industry standards to be effective. In the context of private reputational mechanisms like the New York Diamond Dealers Club, 208 Barak Richman has pointed out that the Club's use of reputational sanctions and voluntary refusals to deal with actors who flout industry norms, while welfare enhancing, could nonetheless amount to violations of antitrust law. 209 This echoes the concern raised by Andrew King and Michael Lenox in their extensive empirical analysis of the Responsible Care program created by the Chemical Manufacturers Association (now the American Chemistry Council). 210 King and Lenox concluded that the absence of explicit sanctions on members who failed to meet the standards set by the program left the program vulnerable to "opportunism." 211 While they suggested that industry associations could look to third parties to enforce the rules, 212 an alternative way to facilitate the long-term environmental benefits of stronger sanctions would be to interpret antitrust law in conformity with the environmental priority principle presented below. 213 [\*180] In some instances, the conflict between the values of promoting competition and conserving environmental resources can be stark. 214 Jonathan Adler, for example, has identified this conflict in the context of fisheries - a tragedy of the commons situation in which some form of collective action is required to avoid overfishing. 215 He cites as an example Manaka v. Monterey Sardine Industries, Inc., in which a fisherman was excluded from a local fishing cooperative. 216 The fisherman sued the cooperative under the Sherman Act, and the court found an antitrust violation in his exclusion. 217 While the fishing cooperative's policies were no doubt exclusionary, Adler contends that they also promoted conservation by restricting catch. 218 The fishery collapsed by the 1950s, a collapse Adler hypothesizes might have been "inevitable" but that perhaps might not have occurred in the absence of the antitrust suit. 219 While a court performing a rule of reason analysis must consider whether a restraint on trade suppresses or destroys competition, Adler points out that courts may also "consider offsetting efficiencies from otherwise anticompetitive arrangements." 220 It is not clear, however, that the courts have consistently taken these factors into account. 221 Among other potential remedies, Adler argues that to resolve this tension between antitrust law, on the one hand, and private collective action to conserve environmental resources, on the other, courts should more actively consider the "ancillary conservation benefits of otherwise anticompetitive conduct." 222 Recognizing the long-term health of a fishery would be consistent with antitrust law's purpose of ensuring viable markets exist in the future, and consistent with the environmental priority principle introduced below. 223

#### Grammar---prohibition modifies anticompetitive practices---that requires effect.

Don R. Willett 15. Justice in the Supreme Court of Texas. “In RE Memorial Hermann Hospital System; Memorial Hermann Physician Network; Michael Macris, m.d.; Michael Macris, m.d., p.a.; and Keith Alexander, Relators”. http://www.txcourts.gov/media/981611/140171.pdf

The trial court found that the documents at issue “are relevant to an anticompetitive action.” Before we can resolve the parties’ dispute regarding the correctness of this finding, we must first determine the meaning of the statutory phrase “relevant to an anticompetitive action.”35 Statutory construction is a question of law we review de novo.36 Our objective is to determine and give effect to the Legislature’s intent, 37 and “the truest manifestation of what lawmakers intended is what they enacted.”

38 Proper construction requires reading the statute as a whole rather than interpreting provisions in isolation.39 “[C]ourts should not give an undefined statutory term a meaning out of harmony or inconsistent with other provisions, although it might be susceptible of such a construction if standing alone.”40 “We presume that the Legislature chooses a statute’s language with care,” and we will not ignore the statute’s use of a term that carries a “particular meaning.”41 “Privileges are not favored in the law and are strictly construed.”42

Neither section 160.007 nor any other peer review committee privilege that incorporates the phrase “anticompetitive action” defines the term.43 Black’s Law Dictionary defines “anticompetitive” as “[h]aving a tendency to reduce or eliminate competition” in contrast to the term procompetitive.44 Procompetitive is in turn defined as “[i]ncreasing, encouraging, or preserving competition.”45 Competition itself is defined as “[t]he struggle for commercial advantage; the effort or action of two or more commercial interests to obtain the same business from third parties.”46 The dictionary also notes that the term anticompetitive “describes the type of conduct or circumstances generally targeted by antitrust laws,”47 although the statement is “not purely definitional.”48

This framework accurately maps out the meaning afforded the term “anticompetitive” in court decisions in the antitrust context. As noted by the Supreme Court of the United States, to restrain competition is the “very essence” of every agreement and regulation of trade.49 Therefore, regarding restraints of trade, “[t]he true test of legality is whether the restraint imposed is such as merely regulates and perhaps thereby promotes competition or whether it is such as may suppress or even destroy competition.”50 As such, an “abbreviated or ‘quick-look’ analysis” is appropriate only when “an observer with even a rudimentary understanding of economics could conclude that the arrangements in question would have an anticompetitive effect on customers and markets.”51 The goal of judicial scrutiny of restraints on trade is to “distinguish[] between restraints with anticompetitive effect that are harmful to the consumer and restraints stimulating competition that are in the consumer’s best interest.”52

Judicial scrutiny in other areas of antitrust law confirms that the antitrust laws were designed as a “consumer welfare prescription” that requires consideration of both anticompetitive and procompetitive effects.53 Thus, proof that a firm’s dominant position is the “consequence of a superior product, business acumen, or historic accident”—circumstances that either benefit the consumer or are outside the firm’s control—will defeat a claim of monopoly.54 Claims of attempted monopolization require the further showing that the defendant “pose[s] a danger of monopolization,” because judging unilateral conduct absent actual potential to achieve a monopoly would “risk that the antitrust laws will dampen the competitive zeal of a single aggressive entrepreneur.”55 Similarly, in scrutinizing a proposed merger, the “economic efficiencies produced by the merger must be weighed against anticompetitive consequences in the final determination whether the net effect on competition is substantially adverse.”56 Ultimately, the “use of the word ‘competition’ [is] a shorthand for the invocation of the benefits of a competitive market,” 57 and antitrust law acknowledges that “it is sometimes difficult to distinguish robust competition from conduct with long-run anticompetitive effects.”58

We have no trouble holding that the Legislature intended the term “anticompetitive” in section 160.007 to denote an overall substantially adverse effect on competition, rather than the existence of some negative effects. However, we reject Memorial Hermann’s characterization of the term “anticompetitive action” as synonymous with “antitrust action.” Although we agree that the term anticompetitive “describes the type of conduct or circumstances generally targeted by antitrust laws,”59 the term itself is broader because the law of antitrust does not encompass all conduct that could substantially lessen competition in a particular market. For example, certain conduct—regardless of its overall impact on competition—is immune from antitrust law under the state action doctrine,60 the exemption for political activity,61 or the exemptions, both implicit and explicit, for labor unions.62 The terms anticompetitive and antitrust are therefore not inherently coextensive, and we cannot ignore the Legislature’s use of the broader term, particularly in juxtaposition to section 160.007(b)’s specificity regarding its application to civil rights proceedings.63

#### “By” means we only have to expand the scope.

Crown Academy of English 18, (Andrew, Fully qualified English teacher with TESOL (Teaching English to Speakers of Other Languages) qualification. “Preposition BY – Meaning and use”, https://www.crownacademyenglish.com/preposition-by-meaning-use/)

by + ING form of verb

This describes how to do something. It describes the method for achieving a a particular result.

### CP---Advantage

#### Government spending results in economic harm and increases inequality.

Adam A. Millsap 21. Senior Fellow for economic opportunity issues at Stand Together and the Charles Koch Institute. “The High Costs Of Too Much Government Spending” Forbes. 08-06-21. <https://www.forbes.com/sites/adammillsap/2021/08/06/the-high-costs-of-too-much-government-spending/?sh=d2a15544ad67>

Too much government spending harms society and individuals in several ways. First, it **increases the cost of living** via subsidies that **drive inflation**. Government subsidies **artificially increase demand**. The result is higher prices that **disproportionately harm the working poor and middle class**. The companies with subsidized offerings get richer, while these higher prices increase demand for larger subsidies. The cycle repeats, and costs head skyward. Subsidies are why the average cost of attending a four-year college or university rose by 497% between 1986 and 2018, more than twice the rate of inflation. A substantial body of research shows that universities respond to increases in state and federal subsidies by cutting their own aid, raising tuition or fees, or all the above. This forces many middle-class students and families to take on debt to pay for school. Per capita health care spending has nearly quadrupled over the last 40 years. Thanks in part to legislation such as the ACA, health insurance has moved beyond true insurance to cover routine care. As a result, government subsidies for insurance shield consumers from the full cost of routine health care spending. This increases demand for more tests, procedures, and consultations, many of which don’t improve actual health. Research shows that subsidies also encourage consumers to switch to more expensive insurance plans, which further increases overall costs. Instead of subsidizing health insurance, which does nothing to address the underlying cost issues, we should **reduce regulation that impedes competition** to increase access to care for low and middle-income Americans. Scope of practice laws, certificate of need laws, and other regulations restricting technologies such as telehealth reduce the supply of health care and drive up costs. Americans deserve personalized health care that actually improves health. A Quality Exec Comp Plan Lowers The Risk Of InvestingIn Clorox Large government deficits and debt also increase the risk of sustained inflation that **acts as a tax on consumers.** Unexpected inflation creates uncertainty for investors, which results in less investment and **thus less economic growth.** Stable and predictable fiscal policy makes it easier for people to make long-term plans. Growing a business is a long-term endeavor that requires a minimum level of certainty about the future. Government can help maintain certainty through stable fiscal policy that reduces the risk of future inflation or tax increases. **Too much spending reduces innovation** by crowding out private sector investment. Estimates of fiscal multipliers are typically less than one, meaning that a dollar of government spending results in less than a dollar’s worth of economic activity since the private sector curtails activity in response to greater government spending. Resources used by the government cannot simultaneously be used by the private sector, and researchers have found that private sector investment and consumption is crowded out by government spending. Private sector investment is the **key ingredient in a growing economy**. Less investment means fewer new businesses, fewer expanding businesses, fewer job opportunities, and less innovation. The products and services we rely on today—smart phones, amazon AMZN -0.3%, safer cars, mRNA vaccines, and more efficient home appliances—would not exist absent private investors willing to take risks.

#### Government programs fail.

Suresh Naidu and Eric Posner 20. Professor of Economics and International and Public Affairs, Columbia University. Kirkland and Ellis Distinguished Service Professor of Law, University of Chicago. “Antitrust-Plus: Evaluating Additional Policies to Tackle Labor Monopsony.” *Roosevelt Institute* May 2020: 18-19. <https://rooseveltinstitute.org/wp-content/uploads/2020/07/RI_LaborMonopsonyandtheLimitsoftheLaw_Report_202004.pdf>.

Numerous government programs offer various skills training for people. The U.S. government subsidizes student loans and offers tuition grants. States and local governments provide subsidized schooling, vocational training, and university training. Many programs help workers who have lost jobs. For example, the Department of Labor runs the Employment and Training Administration, which offers retraining programs to dislocated workers, among others. The Workforce and Innovation Opportunity Act, passed in 2014, provided additional resources for supporting and retraining people who have lost their jobs.9 States and local governments also offer numerous services to unemployed workers, including training and matching.10

These programs offer benefits to ordinary people but most of them do not address the problem of labor market power. Consider, for example, federal grants and loan subsidies for students who seek to attend college. In the absence of such benefits, people will either borrow in the private market or refrain from going to college. In the first case, the benefit is equal to the difference between the cost of borrowing in the private market and cost of subsidized borrowing along with any grants. In the second case, the benefit is equal to the difference between future income that is obtained as a result of the college education (net of costs) and future income otherwise obtained. In both cases, the benefit is a transfer from taxpayers to the generally lower- income people who qualify for these programs. Employers may be benefited from the larger pool of qualified labor. Monopsonistic employers remain free to use their market power to suppress the wages of the people they hire. It is even possible that as the pool of trained workers increases, the workers lose bargaining power, which further enhances the bargaining power of monopsonistic employers, who thus obtain a larger share of the surplus generated by the government programs.

Some educational programs may, however, help counter labor market power. We have in mind job-retraining programs, particularly those that give relatively general skills that facilitate occupational mobility. To see why, imagine that a single meat-processing plant dominates the local labor market for meat-processing workers. Because the workers have few outside options if they are fired, the employer can suppress wages. Now imagine that the government offers job retraining for anyone who has been fired from a job. The program improves the value of the workers’ outside option by enabling them to earn a higher income once they undergo the program after they have been fired. This should increase their bargaining power vis-à-vis the employer, who in turn should refrain from suppressing wages as much as it otherwise would. Note that this pathway for countering labor market power works by reducing search frictions for workers rather than by reducing market concentration or directly regulating the terms of employment. A meta-analysis conducted by Card et al. 2010 finds that job assistance programs, particularly those that encourage search, have positive impacts in the medium term.

Retraining programs, and other programs that help laid-off workers find new, well- paying jobs, could thus be a useful way to counter labor market power. But these programs also have many limitations. They are costly, and will only be justified when the benefits for workers exceed those costs. It may also be difficult for the government to offer appropriate retraining programs. The government needs to be able to forecast the demand for the jobs for which training is needed, and the willingness of workers to take those jobs and undergo training for them. This type of forecast may be challenging.

### CP---Regulations

#### Doesn’t solve deterrence. Ineffective remedies, agency capture, and expertise gaps ensure failure to curtail anticompetitive practices.

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.

#### The counterplan is unresponsive to market conditions.

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

#### perm do the counterplan---Antitrust laws are regulations.

Robinhood Financial LLC 20. “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.

#### Perm---the regulation is the remedy---solves the net benefit.

Alison Jones and Renato Nazzini 19. King's College London – The Dickson Poon School of Law. The Effect of Competition Law on Patent Remedies. In B. Biddle, J. L. Contreras, B. J. Love, & N. V. Siebrasse (Eds.), Patent Remedies and Complex Products: Toward a Global Consensus Cambridge University Press, Cambridge. https://kclpure.kcl.ac.uk/portal/files/102369282/The\_Effect\_of\_Competition\_Law\_on\_Patent\_Remedies.pdf

Remedies available for violations of antitrust and competition law broadly include monetary, behavioral, or injunctive remedies.141 When actions are brought by enforcement agencies, monetary remedies typically take the form of penalties and fines intended to deter the particular harm in question and to punish the liable party. In private actions, monetary damages are typically compensatory, though in some jurisdictions, particularly in the U.S., enhanced monetary awards (treble damages and attorneys’ fees, this latter element as an exception to the general rule of non-recoverability of legal costs in that jurisdiction) may be available.142

In addition to compensatory damages, both private parties and enforcement agencies may seek behavioral remedies that are intended to deter, halt, and correct violations.143 Injunctive relief in antitrust cases generally seeks to remedy a harm caused by anticompetitive conduct and to prevent its recurrence. Thus, in the case of price fixing between competitors, remedial measures may simply prohibit further price fixing. In monopolization or dominance cases, a remedial order may prohibit a dominant firm from carrying on a particular business within certain markets or, exceptionally, require a firm to divest certain business units or subsidiaries. The range of remedies in antitrust cases is thus quite broad, including cease and desist orders (for example, prohibiting the seeking of an injunction or the charging of exploitative royalties), affirmative obligations (for example, an obligation to license or to license on competition compliant terms), structural remedies (such as structural separation of business units), and other sanctions. Such remedies may impact, or override, rights and remedies conferred by patent law by, for example, preventing a patent owner from seeking an injunction (through a cease and desist order), ordering a compulsory licence, nullifying the sale of patent rights, or interfering with licensing arrangements or terms. They may also subsequently require close scrutiny or monitoring for compliance. In general, the scope of antitrust injunctive relief sought by enforcement agencies can be as broad as necessary “to bring about the dissolution or suppression of” the illegal conduct.144 As such, these remedies, which must account for effects on the public and the marketplace, are considered to be more sweeping forms of relief than injunctive relief between private litigants.145

A decision-maker might be reluctant to intervene to prohibit certain conduct under competition law—for example, a refusal to license or the seeking of an injunction by a patentee—if it believes that a simple cease and desist order, prohibiting the unlawful conduct identified, and its recurrence, would be insufficient to ensure that the infringement is brought to an end. If an effective remedy requires more, the court or agency must undertake both a careful consideration of the appropriate terms of dealing (especially pricing) as well as the realistic prospects for monitoring of that behavior in the future. In the U.S., for example, the Supreme Court has on some occasions expressed reluctance to find that a refusal to deal or a margin squeeze constitutes a substantive antitrust violation in circumstances where such a violation would require the courts to act as central planners, involved in the construction of “fair” access terms or the setting of “fair” prices or spreads between prices, a task to which the Supreme Court felt the courts were ill-suited.146 In the EU, the difficulty of ensuring the effectiveness of the antitrust intervention has also proved to be real. In the Microsoft case,147 for example, the Commission and Microsoft, following the Commission’s initial fining of Microsoft for its failure to supply interoperability information, wrangled for several years over the appropriate terms for supplying the interoperability information; eventually the Commission fined Microsoft a second time for its failure to comply.148

### DA---DOJ resources

#### DOJ cases take years and fail---cases against google thump and prove their resources are already being overstretched

Brent **Kendall and** Rob **Copeland, 20**20. Brent Kendall is a legal affairs reporter in the Washington bureau of The Wall Street Journal, where he covers the Justice Department, the Federal Trade Commission and the federal courts, including the Supreme Court. Rob Copeland is a reporter for The Wall Street Journal in Austin, Texas. “Justice Department Hits Google With Antitrust Lawsuit.” The Wall Street Journal. October 20, 2020. <https://www.wsj.com/articles/justice-department-to-file-long-awaited-antitrust-suit-against-google-11603195203>

The Justice Department filed a long-expected antitrust lawsuit alleging that Google uses anticompetitive tactics to preserve a monopoly for its flagship search engine and related advertising business, the most aggressive U.S. legal challenge to a company’s dominance in the tech sector in more than two decades. The case, filed Tuesday in federal court in Washington, D.C., alleged that the Alphabet Inc. unit maintains its status as gatekeeper to the internet through an unlawful web of exclusionary and interlocking business agreements that shut out competitors. The government alleged that Google uses billions of dollars collected from advertisements on its platform to pay for mobile-phone manufacturers, carriers and browsers, like Apple Inc.’s Safari, to maintain Google as their preset, default search engine, creating a self-reinforcing cycle of dominance. The upshot is that Google has pole position in search on hundreds of millions of devices in the U.S., with little opportunity for any other company to make inroads, the government said. “Google achieved some success in its early years, and no one begrudges that,” Deputy U.S. Attorney General Jeffrey Rosen said. “If the government does not enforce its antitrust laws to enable competition, we could lose the next wave of innovation. If that happens, Americans may never get to see the next Google.” Kent Walker, Google’s chief legal officer, said in a statement that the lawsuit was deeply flawed. “People use Google because they choose to—not because they’re forced to or because they can’t find alternatives,” he said. “Like countless other businesses, we pay to promote our services, just like a cereal brand might pay a supermarket to stock its products at the end of a row or on a shelf at eye level.” Justice Department to Sue Google for Alleged Anticompetitive Conduct Mr. Walker said that, if successful, the lawsuit would result in higher prices for consumers because Google would have to raise the cost of its mobile software and hardware. Google’s defense against critics of all stripes has long been rooted in the fact that its services are largely offered to consumers at little or no cost, undercutting the traditional antitrust argument centered on potential price harms to those who use a product. The challenge marks a new chapter in the history of Google, a company formed in a garage in a San Francisco suburb in 1998—the same year Microsoft Corp. was hit with a blockbuster government antitrust case accusing the software giant of unlawful monopolization. That case, which eventually resulted in a settlement, was the last similar government antitrust case against a major U.S. tech firm. The lawsuit follows a Justice Department investigation that has stretched more than a year, and it comes amid a broader examination of the handful of technology companies that play an outsize role in the U.S. economy and the daily lives of most people. A loss for Google could mean court-ordered changes to how it operates parts of its business, potentially creating new openings for rivals. The Justice Department’s lawsuit didn’t propose particular remedies, though one Justice Department official said nothing is off the table. The Mountain View, Calif., company, sitting on a $120 billion cash hoard, is unlikely to shrink from a legal fight. A victory for it could deal a huge blow to Washington’s overall scrutiny of big tech companies, potentially hobbling other investigations and enshrining Google’s business model after lawmakers and others challenged its market power. Such an outcome, however, might spur Congress to take legislative action against the company. Alphabet’s shares rose 1.4% in Nasdaq trading Tuesday. The case could take years to resolve, and the responsibility for managing the suit will fall to appointees of the winner of the Nov. 3 presidential election. Democratic presidential nominee Joe Biden declined to comment on the Google suit specifically, but said that “growing economic concentration and monopoly power in our nation today threatens our American values of competition, choice, and shared prosperity.“ Google’s billionaire co-founders Sergey Brin, left, and Larry Page, shown in 2008, gave up their management roles but remain in effective control of the company. “Our commitment to these values must compel us to do far more to ensure that excessive market power anywhere—across industries, from health care to agriculture to tech to banking and finance—is not hurting America’s families and workers,” Mr. Biden said Nearly all U.S. state attorneys general are separately investigating Google, while three other tech giants—Facebook Inc., Apple and Amazon.com Inc.—likewise face close antitrust scrutiny. In Washington, a bipartisan belief is emerging that the government should do more to police the behavior of top digital platforms that control widely used tools of communication and commerce. A group of 11 state attorneys general, all Republicans, have joined the Justice Department’s case. More could join later. Other states are still considering their own cases related to Google’s search practices, and a large group of states is considering a case challenging Google’s power in the digital advertising market. GOOGLE’S SEARCH DOMINANCE The Justice Department also continues to investigate Google’s ad-tech practices. Democrats on a House antitrust subcommittee in a report this month said the four tech giants wield monopoly power and recommended congressional action. The companies’ chief executives testified before the panel in July. In Europe, regulators have targeted the company with three antitrust complaints and fined it about $9 billion. The cases haven’t left a big imprint on Google’s businesses there. Google owns or controls search-distribution channels accounting for about 80% of search queries in the U.S., according to the lawsuit and third-party researchers. The government says that effectively leaves no room for competition, resulting in less choice and innovation for consumers, and less competitive prices for advertisers. Lawmakers of Both Parties Talk Antitrust Reform Rep. David Cicilline (D., R.I.) and Sen. Josh Hawley (R., Mo.) voice an interest in pursuing tighter antitrust enforcement in the tech sector at WSJ Tech Live 2020. Photos from left: Mandel Ngan/Associated Press; Stefani Reynolds/Press Pool The wide-ranging suit included details on alleged deliberations within Google aimed at avoiding antitrust scrutiny. The government quoted Google’s chief economist as telling employees, “We should be careful about what we say in both public and private.” The lawsuit in particular targeted arrangements under which Google’s search application is preloaded, and can’t be deleted, on mobile phones running its popular Android operating system. Google has expanded such agreements over the past year since the Justice Department probe began, the government said, but its complaint didn’t provide hard data about such tie-ups. Google CEO Sundar Pichai testified before Congress in July, in hearings where lawmakers pressed tech companies’ leaders on their business practices. Alphabet publicly discloses that it pays other companies to funnel in search traffic; analysts estimate that it pays Apple alone around $10 billion a year, another deal the government cited as one that has suppressed competition. Google started as a simple search engine aiming “to organize the world’s information.” But over time it has developed into a far broader conglomerate. Its flagship search engine handles more than 90% of global search requests, some billions a day, providing fodder for what has become a vast brokerage of digital advertising. Its YouTube unit is the world’s largest video platform, used by nearly three-quarters of U.S. adults. In 2012, the last time Google faced close antitrust scrutiny in the U.S., the search giant was already one of the largest publicly traded companies in the nation. Since then, its market value has roughly tripled to almost $1 trillion. The company enters this legal showdown under new leadership. Co-founders Larry Page and Sergey Brin, both billionaires, gave up their management roles last year, handing the reins solely to Sundar Pichai, a soft-spoken, India-born engineer. BIG TECH UNDER FIRE The Justice Department isn’t alone in scrutinizing tech giants’ market power. These are the other inquiries now under way: Federal Trade Commission: The agency has been examining Facebook’s acquisition strategy, including whether it bought platforms like WhatsApp and Instagram to stifle competition. People following the case believe the FTC is likely to file suit by the end of the year. State attorneys general: A group of state AGs led by Texas is investigating Google’s online advertising business and expected to file a separate antitrust case. Another group of AGs is reviewing Google’s search business. Still another, led by New York, is probing Facebook over antitrust concerns. Congress: After a lengthy investigation, House Democrats found that Amazon holds monopoly powers over its third-party sellers and that Apple exerts monopoly power through its App Store. Those findings and others targeting Facebook and Google could trigger legislation. Senate Republicans are separately moving to limit Section 230 of the Communications Decency Act, which gives online platforms a liability shield, saying the companies censor conservative views. Federal Communications Commission: The agency is reviewing a Trump administration request to reinterpret key parts of Section 230, for the same reasons cited by GOP senators. Tech companies are expected to challenge possible action on free-speech grounds. Google’s growth across a range of business lines over the years has expanded its pool of critics, with competitors and some customers complaining about its tactics. Specialized search providers like Yelp Inc. and Tripadvisor Inc. have long voiced such concerns to U.S. antitrust authorities, and newer upstarts like search-engine provider DuckDuckGo have spent time talking to the Justice Department. News Corp, owner of The Wall Street Journal, has complained to antitrust authorities at home and abroad about both Google’s search practices and its dominance in digital ads. Some Big Tech detractors have called to break up Google and other dominant companies. Courts have indicated such broad action should be a last resort. The outcome could have a considerable impact on the direction of U.S. antitrust law. The Sherman Act, which prohibits restraints of trade and attempted monopolization, is broadly worded, leaving courts wide latitude to interpret its parameters. Because litigated antitrust cases are rare, any one ruling could affect governing precedent for future cases. The tech sector has been a particular challenge for antitrust enforcers and the courts because the industry evolves so rapidly. Also, many products and services are offered free to consumers, who in a sense pay with the valuable personal data companies such as Google collect. The search company outmaneuvered the Federal Trade Commission nearly a decade ago. The FTC, which shares antitrust authority with the Justice Department, spent more than a year investigating Google but decided in early 2013 not to bring a case in response to complaints that the company engaged in “search bias” by favoring its own services and demoting rivals. Competition staff at the agency deemed the matter a close call, but said a case challenging Google’s search practices could be tough to win because of what they described as mixed motives within the company: a desire to both hobble rivals and advance quality products and services for consumers. The Justice Department’s case doesn’t focus on a search-bias theory. Google’s growth across a range of business lines has expanded its pool of critics. The company exhibited at the CES 2020 electronics show in Las Vegas in January. Google made a handful of voluntary commitments to address other FTC concerns. The resolution was widely panned by advocates of stronger antitrust enforcement and continues to be cited as a top failure. Google’s supporters say the FTC’s light touch was appropriate and didn’t burden the company as it continued to grow. The Justice Department’s current antitrust chief, Makan Delrahim, spent months negotiating with the FTC last year for jurisdiction to investigate Google this time around. He later recused himself in the case—Google was briefly a client years before while he was in private practice—as the department’s top brass moved to take charge. The lawsuit comes after internal tensions, with some department staffers questioning Attorney General William Barr’s push to bring a case as quickly as possible, the Journal has reported. They worried the department hadn’t yet built an airtight case and feared a rush to litigation could lead to a loss in court. They also worried Mr. Barr was driven by an interest in filing a case before the election. Other staff members were more comfortable moving ahead. Mr. Barr has pushed the Justice Department to move ahead on the belief that antitrust enforcers have been too slow and hesitant to take action, according to a person familiar with his thinking. He has taken an unusually hands-on role in several areas of the department’s work and repeatedly voiced interest in investigating tech-company dominance. Attorney General William Barr has pushed to bring an antitrust case against Google, in some cases taking an unusually hands-on role in preparations. If the Microsoft case from 20 years ago is any guide, Mr. Barr’s concern with speed could run up against the often slow pace of litigation. After a circuitous route through the court system, including one initial trial-court ruling that ordered a breakup, Microsoft reached a 2002 settlement with the government and changed some aspects of its commercial behavior but stayed intact. It remained under court supervision and subject to terms of its consent decree with the government until 2011. Antitrust experts have long debated whether the settlement was tough enough on Microsoft, though most observers believe the agreement opened up space for a new generation of competitors.

#### DOJ is involved in everything now

TCR 10/11/21. The Crime Report. "Justice Department Ramps Up Antitrust Enforcement". Crime Report. 10-11-2021. https://thecrimereport.org/2021/10/11/justice-department-ramps-up-antitrust-enforcement/

The Justice Department has been quietly ramping up antitrust enforcement under the Biden administration, despite not having a politically confirmed official to serve as antitrust chief, reports the Wall Street Journal. Attorney General Merrick Garland, described the antitrust division as “energized and eager to go forward,” saying the department had ongoing matters “involving everything from agriculture, to banking, to real estate.”

#### issues are compartmentalized---Previous DoJ antitrust cases prove

Jay B. **Sykes,** 20**21**- Jay B. Sykes is a legislative attorney and is published/writes for the congressional research service. “The Facebook Antitrust Lawsuits and the Future of Merger Enforcement.” Congressional Research Service. February 16, 2021. <https://www.hsdl.org/?view&did=850625>

Refusals to Deal The plaintiffs’ allegations involving access to Facebook Platform get into different doctrinal territory. As a general matter, companies are free to choose their business partners and counterparties; there is no general duty to deal with rivals. But the Supreme Court has held that monopolists may have such a duty in certain limited circumstances. Specifically, the Court has concluded that dominant firms may violate the law when they terminate profitable courses of dealing with competitors while continuing to do business with other parties. The plaintiffs may be able to frame the restrictions on Facebook Platform—which allegedly excluded only rival app developers—in these terms. However, the Supreme Court has also described this requirement as being “at or near the outer boundary” of monopolization law. And Facebook can defeat such a claim by establishing a procompetitive justification for the restrictions (i.e., the protection of Congressional Research Service 4 intellectual property from infringement by competitors). It’s difficult to say which side has the better case without more evidence. Monopoly Broth As noted, the FTC and state AGs have three principal targets: Facebook’s Instagram acquisition, its WhatsApp purchase, and its policies governing Facebook Platform. All three are packaged together in a monopolization claim. This bundling of the plaintiffs’ allegations raises the question of how the court will assess Facebook’s separate actions. One option would involve an independent evaluation of each one in more or less compartmentalized fashion. Another would entail a broader inquiry into the combined effect of Facebook’s conduct on the competitive landscape. The case law doesn’t offer a definitive map here. Some decisions take the latter approach and evaluate the “synergistic effect” of the defendant’s challenged behaviors. In the words of one court: “[i]t is the mix of various ingredients . . . in a monopoly broth that produces the unsavory flavor.” However, other judges have been more skeptical of the notion that different types of independently lawful conduct can add up to illegal monopolization. The court’s resolution of this question may therefore have ripples beyond the Facebook lawsuits. The plaintiffs’ possible reliance on a “monopoly broth” theory also dovetails with an issue that has generated discussion within the antitrust bar. Recently, regulators and practitioners have floated the possibility that monopolization doctrine may be a better vehicle than the Clayton Antitrust Act for unwinding serial acquisitions by a dominant firm. There are potential advantages and disadvantages to both approaches. Under Section 7 of the Clayton Act—which prohibits acquisitions that may “substantially lessen” competition and can be used to reverse consummated transactions—plaintiffs need not prove that a defendant has monopoly power. However, Clayton Act plaintiffs challenging a series of acquisitions face the risk that no single deal will be deemed sufficiently objectionable when considered in isolation. In such cases, monopolization law—which offers the possibility of “monopoly broth” or “course of conduct” liability—may furnish regulators with a more promising litigation strategy (provided, of course, that they can establish monopoly power). The Facebook lawsuits may be test cases for this theory: while the FTC has limited itself to a monopolization claim, the state AGs have alleged both monopolization and violations of the Clayton Act. Issues for Congress The Facebook litigation will likely take several years to play out. But commentators have proposed several steps Congress could take in the interim to address perceived deficiencies in the merger-review regime. Changes to Potential Competition Doctrine. Some analysts have advocated changing the legal standards governing acquisitions of potential competitors, like Facebook’s purchase of WhatsApp. Under current law, plaintiffs face fairly demanding evidentiary hurdles to establish that a target company poses a competitive threat to an acquirer when the firms do not operate in the same market. The precise formulations here vary. One court has required plaintiffs to establish that a target “would likely” enter the acquirer’s market but for the merger and that entry would have a “substantial likelihood” of deconcentrating the market. Another has demanded “clear proof” of entry but for the acquisition. Members of Congress of both parties have endorsed lowering these burdens to make it easier for regulators to block mergers of potential rivals. Heightened Scrutiny of Big Tech Acquisitions. Other commentators have proposed rules directed specifically at Big Tech firms. One option would involve shifting the burden of proof to defendants in mergers involving dominant tech platforms—that is, requiring Big Tech firms to establish that their proposed acquisitions do not harm competition. (One recently introduced bill—the Competition and Antitrust Law Enforcement Reform Act—would do just that for certain categories of mergers involving large firms in any sector of the economy.) Congress could also lower the size thresholds that trigger pre- merger review by the antitrust agencies for deals involving large tech companies. While both the Instagram and WhatsApp deals were reviewed, observers have supported such changes as prophylactic measures to prevent future anticompetitive transactions that might otherwise slip under the radar. Finally, others have gone further and supported categorical bans on acquisitions by Big Tech platforms.

#### Teva case thumps and proves DOJ cases are compartmentalized

Bryan **Koenig, 7-26**- Bryan Koenig is a senior competition reporter at Law360. “Price-Fix 'Common Thread' Links Glenmark To Teva, DOJ Says.” Law360. July 26, 2021. <https://www.law360.com/articles/1406613/price-fix-common-thread-links-glenmark-to-teva-doj-says>

Law360 (July 26, 2021, 6:45 PM EDT) -- Glenmark cannot sever the criminal price-fixing case against it from the allegations brought against fellow generic drugmaker Teva, the U.S. Department of Justice told a Pennsylvania federal judge Friday, arguing that Glenmark's bid for separate proceedings ignores significant overlap in the charges against the companies. While Glenmark contends that a single cholesterol drug ties the charges against it to claims of a broader price-fixing conspiracy, with Teva in the center, the DOJ's Antitrust Division countered that despite separate alleged arrangements between the two drugmakers and others who've already cut deals with prosecutors, the arrangements also "share many features that make joinder proper." "All three conspiracies occurred simultaneously; involved some of the same co-conspirators and witnesses; were carried out through substantially similar means and methods; violated the same statute, Section 1 of the Sherman Antitrust Act; and had similar, yet discrete, objectives," the DOJ said. "The charged conspiracies thus have a clear 'transactional nexus' warranting joinder under [Federal Rules of Criminal Procedure] 8(b)." Glenmark and Teva are among several major drugmakers to face criminal price-fixing charges in the case, which has also seen parallel civil proceedings from state attorneys general and private plaintiffs that have ensnared virtually the entire generic drugs industry. In its criminal case, the DOJ says the price-fixing scheme has cost payors at least $200 million. But according to Glenmark, its defense would be prejudiced by keeping the sole count against it consolidated with the charges against Teva, because Glenmark's only involvement is alleged inflated pricing for cholesterol medication pravastatin. Teva, in contrast, faces additional allegations of criminal antitrust violations. The government's three-count indictment charged three separate and distinct conspiracies, alleging price-fixing of at least 10 different medications, Glenmark noted July 1 in moving to be severed from the rest of the case that doesn't relate to pravastatin. Teva is the only common thread in all three counts, the drugmaker said. On Friday however, the DOJ countered that in some instances where more than two firms marketed the same drug, "the conspiracies were mutually reinforcing." "Further, contrary to Glenmark's assertion, its role in the scheme was not limited to conspiring to increase the price of pravastatin. Count one specifically alleges a conspiracy affecting not only pravastatin, but also 'other generic drugs,'" the DOJ said. "Moreover, the United States anticipates that evidence will show that employees central to conspiracies charged in counts two and three were also involved in Glenmark and Teva's efforts to increase the price of adapalene and nabumetone." Additionally, some customers were victimized by "all of the charged conspiracies" and some witnesses and testimony will speak to more than one charge or conspiracy, according to the response brief. The DOJ acknowledged that count one focuses primarily on pravastatin while count two focuses "largely" on drugs sold by both Teva and Taro while count three similarly focuses principally on drugs sold by both Teva and Sandoz. "But certain evidence will establish a common thread among all three conspiracies," the DOJ said. Based on talks between the drugmakers "to ensure that the price increases were effective," the DOJ tracked price hikes Glenmark instated for several treatments, not just pravastatin. The DOJ further argued that pursuing the case against both drugmakers at the same time is more efficient and that even if there are concerns that the greater weight of evidence against Teva could also bias the jury against Glenmark, "any potential prejudice to Glenmark" could be "easily addressed through a limiting instruction." For all its talk of overlap, in asserting that Glenmark won't be prejudiced by the claims against it, the DOJ conversely argued that it "expects to present evidence at trial that Glenmark sold very few drugs affected by the conspiracies charged in counts two and three." "The United States expects to present evidence that customers approached the conspirators for prices and bids on specific products, at which point the conspirators either submitted or declined to submit bids consistent with the relevant conspiracy," the DOJ said. "Because Glenmark sold very few of the products relevant to counts two and three, the jury will be fully capable of compartmentalizing the evidence against Teva only." Representatives for Glenmark and the government did not immediately reply Monday to requests for comment. The DOJ is pushing for trial in January 2022. When Judge R. Barclay Surrick does set a date, it will be without input from the private plaintiffs and state enforcers in the multidistrict litigation; on July 14 the court rejected MDL plaintiffs' bid to participate in the criminal case as amicI in an effort to ensure speedy proceedings. Teva has said in court filings that it doesn't oppose Glenmark's bid to sever the charges. Teva's only position on the matter is that severance should be decided before a schedule is set. The allegations themselves haven't been the only question of overlap to churn up the case. In June, Morgan Lewis & Bockius LLP bowed out of representing Glenmark after a fight over disqualification with the DOJ springing from government concerns that the firm also represents Teva in the civil price-fixing litigation and that the criminal matter could be affected by divided loyalties.

### DA---Warming

#### Tons of thumpers---cross apply from DOJ and Antitrust enforcement up now.

BRIAN BURKE et al. 10/29/21. Partner in Baker McKenzie’s Antitrust Practice Group, with JOHN FEDELE, TEISHA JOHNSON AND CREIGHTON MACY, “United States: Federal Trade Commission continues to signal heightened scrutiny for mergers.” https://www.globalcompliancenews.com/2021/10/29/united-states-federal-trade-commission-continues-to-signal-heightened-scrutiny-for-mergers-19102021/

In recent months, following the Biden Executive Order that set antitrust law enforcement priorities for the Federal Trade Commission (FTC) and the Department of Justice (DOJ) (among other federal agencies), the FTC has made a number of changes to its long-standing merger review policies and processes. In announcing those changes, the FTC has cited the “surge in merger filings” and the need to ensure that merger reviews are more “comprehensive and analytically rigorous.” We highlight below the most significant of these recent changes announced by the FTC and expect the DOJ’s Antitrust Division to adopt similar (if not identical) stances on these and related enforcement issues.

In more detail

Change in HSR threshold calculation

When calculating the acquisition price under the HSR Act, the calculation must now include the full or partial retirement of debt that is “part of the consideration of the deal” if selling shareholders benefit from the retirement of that debt. That represents a reversal of the position outlined in prior informal interpretations of the HSR Act regulations by the FTC’s Premerger Notification Office. Though the FTC acknowledged that not all debt retired as part of a proposed transaction is consideration, the agency offered no clear guidance on when the retirement of debt can be properly excluded because it does not benefit the selling shareholders.

In a blog post announcing the change, the FTC expressed concern that some merging parties have structured deals in ways they believe fall outside of the filing requirements, and that “(t)arget companies may be incentivized to take on debt just before an acquisition, so that the acquiring company can retire the debt as part of the deal,” leading to the deal not being reported to the antitrust authorities.

Withdrawal of the Vertical Merger Guidelines

The Vertical Merger Guidelines (VMGs), which the FTC adopted (jointly with the DOJ) in June 2020, describe the analytical framework and enforcement policies used by the agencies when reviewing non-horizontal mergers. Barely one year later, on 15 September 2021, the FTC voted along party lines to withdraw the VMGs. Specifically, the majority commented that the VMGs “had improperly contravened the Clayton Act’s language with its approach to efficiencies, which are not recognized by the statute as a defense to an unlawful merger.” The FTC’s withdrawal of the VMGs is consistent with the Majority Commissioners’ prior criticism that the VMGs overly credit claimed pro-competitive benefits of vertical mergers and undercounted a number of alleged harms. Moving forward, it is likely that the FTC, and perhaps the DOJ (which has not yet withdrawn the VMGs), will seek to provide new guidance. The FTC majority noted certain considerations to expect in future guidance, including information regarding (1) the characteristics of transactions that are likely unlawful, (2) “ineffective remedies” based on assessment of past settlements, and (3) an expanded list of harms specifically in digital and labor markets.

Issuance of warning letters

The FTC recently announced the use of “Pre-Consummation Warning Letters.” For deals that the FTC cannot fully investigate within the requisite review period set forth in the HSR Act (typically 30 days), the FTC will send letters stating that its “investigation remains open and ongoing” even though the HSR waiting period expired. At this time, it seems this practice is idiosyncratic to the FTC and has not been expanded to the DOJ’s review process. Notably, the warning letters do not prohibit the parties from closing and do not extend any gun-jumping concerns after the transaction has been cleared under the HSR Act.

Changes to second request process

On 28 September 2021, the FTC announced that it would make several changes to how it investigates mergers and acquisitions, including assessing the scope of its second requests and amending the manner in which it engages with parties subject to second requests. “Second requests” are issued in order to extend the initial waiting period under the HSR Act and to provide the DOJ or FTC with additional time to investigate a proposed transaction. Specifically:

The scope of second requests is likely to broaden. The FTC will consider additional areas that have not been involved in merger reviews — e.g., how a proposed merger will affect labor markets, the cross-market effects of a transaction, and how the involvement of investment firms may affect market incentives to compete. Such additional factors, the FTC contends, may help them better identify and challenge potentially illegal transactions.

Second request modifications will be considered only after information about the business and relevant personnel has been provided. Before the FTC will consider modifying the scope of a second request (which is typically expansive), each party under investigation must identify and describe the business responsibilities of employees and agents responsible for the relevant lines of business, along with those employees responsible for negotiating, analyzing, or recommending the transaction. The parties will also need to provide more information about how data is stored.

The FTC will seek additional information about the use of e-discovery tools. A company under investigation will be required to provide information about how it intends to use e-discovery tools before it applies those tools to identify responsive materials. Here, the FTC claims that the change will more closely align its model second request with that of the DOJ.

The option to submit partial privilege logs is discontinued. The FTC second request will no longer give parties the option to submit partial privilege logs, but will align with the DOJ’s practice with respect to privilege logs. The FTC asserted, however, that staff will remain open to modifications in appropriate circumstances.

Focus on Section 8/Interlocking directorates

The FTC accepted recommendations from its Bureau of Consumer Protection and Bureau of Competition regarding eight new compulsory process resolutions, one relating to Interlocking Directors & Officers and Common Ownership. The resolution directed use of all compulsory processes to investigate whether ownership stakes in competing companies may be anticompetitive, and whether interlocking directorates may violate Section 8 of the Clayton Act. “Interlocking directorates” occur when a person serves simultaneously as an officer or director of competing companies. The FTC noted that interlocking directorates and common ownership continue to raise significant competitive concerns.

Setting FTC merger review priorities

On 22 September 2021, FTC Chair Lina Khan issued an internal memo to staff regarding the FTC’s vision and enforcement priorities. The memo stressed that the FTC will strengthen its merger enforcement work notwithstanding what Chair Khan characterized as the “huge demands” being imposed on FTC staff as a result of current deal volume and filings. (As a reminder the consideration of requests for “early termination” of the applicable HSR waiting period remains suspended.)

Revising the merger guidelines. Chair Khan believes that current merger guidelines represent a “narrow and outdated framework” for assessing mergers and requires revision. Under her leadership, the FTC will take a more “holistic approach to identifying harms.” According to Khan, revising the guidelines is an opportunity to close gaps between theory and practice, which will set the foundation for more effective and empirically grounded enforcement work. Revision of the merger guidelines will be done in conjunction with the DOJ.

Additional approaches to reduce resources needed for merger reviews. The FTC chair noted that agency resources are heavily strained, compromising the FTCs ability to investigate significant mergers. The FTC will look to identify ways to “reduce the agency resources and burden associated with investigating and filing lawsuits against unlawful mergers.”

These varied and numerous developments are consistent with the decidedly “pro-enforcement” posture that the new leadership at the FTC has assumed, and signal a heightened level of scrutiny for strategic transactions as well as longer substantive investigations. Parties to such transactions should involve antitrust counsel early in the process and allow sufficient flexibility in the transaction schedule to accommodate this scrutiny.

#### Laundry List of thumpers destroy the link

Lee K. **Van Voorhis and** Douglas E. **Litvack, 10-8**- Lee Van Voorhis is co-chair of the firm’s Antitrust and Competition Law Practice and a member of the Corporate and Private Equity Practices. He has more than 20 years of experience representing clients before a host of US federal antitrust agencies as well as national competition agencies in the European Union, the United Kingdom and elsewhere. Mr. Van Voorhis has a wealth of experience with merger clearance and in counseling clients on antitrust compliance and competition issues, in addition to his litigation and arbitration experience. Douglas E. Litvack is co-chair of the firm’s Antitrust and Competition Law Practice. He represents both plaintiffs and defendants in complex antitrust litigation and appeals as well as companies involved in government investigations. Mr. Litvack also advises clients on the antitrust aspects of mergers, acquisitions, and joint ventures. (“United States: What's Ahead In Antitrust: Biden Administration Enforcement Priorities (Videos),” Mondaq. October 8, 2021. <https://www.mondaq.com/unitedstates/antitrust-eu-competition-/1119196/what39s-ahead-in-antitrust-biden-administration-enforcement-priorities-videos>)

Our nation is entering the most turbulent and uncertain era of antitrust law. President Biden issued a lengthy Executive Order for all government agencies to promote competition policy; Congress is considering multiple antitrust bills; the federal antitrust agencies have new activist leadership; and state AGs are banding together to file antitrust enforcement actions against the nation's largest companies. In these unprecedented times, companies should carefully consider the competitive impact of their business strategies on all stakeholders to minimize antitrust risk. In these two videos, Jenner & Block Antitrust Co-Chairs Lee Van Voorhis and Doug Litvack highlight some of the risk areas and offer insights on their implications. FTC Second Requests – Changes Afoot with Lee Van Voorhis The FTC recently released a statement on changes being made to the process of complying with Second Requests, the massive requests for data and documents used in merger investigations. These changes, and the aggressive attitude they reflect, will make the merger review process significantly longer and more costly for companies. In particular, the new factors they plan to look at such as employment, investment, environment, and others are explicitly additive to the existing burden of complying with a Second Request. Moreover, it is wholly unclear how the agencies will treat such factors. While it can be assumed that a negative effect on employment is likely to be viewed negatively in this Administration, there is no guidance on what amount of labor force reductions—until now viewed as positive merger efficiencies—will have an impact, nor is there guidance on the magnitude of that impact. And these factors have never been considered in any cases, so there is no guidance there either. Thus, there will surely be much discussion between defendants and the agencies on this topic. Clients will be well advised to build extra time for merger review into their merger agreements. Monopolization Claims – More Cases Coming with Douglas Litvack Monopolization claims are tough cases to win under current US law because they require proof of substantial market power and an exclusionary act that harms competition. Historically, the government has been cautious about bringing these types of claims. Not anymore. The Biden administration has appointed new leadership at the federal antitrust agencies who believe the government should bring more monopolization claims and may use litigation losses to gain support for new antitrust bills. Unsurprisingly, this administration is pursuing several monopolization cases against the nation's most successful businesses with more cases expected to follow. And state AGs have followed course, pooling resources to pursue their own monopolization claims. President Biden's Executive Order on promoting competition identifies technology and healthcare as industries where a few players have substantial market power. Companies operating in these industries—or the others identified in Executive Order—should carefully consider the antitrust implications of any business activity that may disadvantage rivals to minimize the chance of being dragged into this administration's antitrust movement.

#### Climate doesn’t cause extinction.

Kerr et al. 19 – Dr. Amber Kerr, Energy and Resources PhD at the University of California-Berkeley, known agroecologist, former coordinator of the USDA California Climate Hub. Dr. Daniel Swain, Climate Science PhD at UCLA, climate scientist, a research fellow at the National Center for Atmospheric Research. Dr. Andrew King, Earth Sciences PhD, Climate Extremes Research Fellow at the University of Melbourne. Dr. Peter Kalmus, Physics PhD at the University of Colombia, climate scientist at NASA’s Jet Propulsion Lab. Professor Richard Betts, Chair in Climate Impacts at the University of Exeter, a lead author on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) in Working Group 1. Dr. William Huiskamp, Paleoclimatology PhD at the Climate Change Research Center, climate scientist at the Potsdam Institute for Climate Impact Research. [Claim that human civilization could end in 30 years is speculative, not supported with evidence, 6-4-2019, https://climatefeedback.org/evaluation/iflscience-story-on-speculative-report-provides-little-scientific-context-james-felton/]

There is no scientific basis to suggest that climate breakdown will “annihilate intelligent life” (by which I assume the report authors mean human extinction) by 2050. However, climate breakdown does pose a grave threat to civilization as we know it, and the potential for mass suffering on a scale perhaps never before encountered by humankind. This should be enough reason for action without any need for exaggeration or misrepresentation! A “Hothouse Earth” scenario plays out that sees Earth’s temperatures doomed to rise by a further 1°C (1.8°F) even if we stopped emissions immediately. Peter Kalmus, Data Scientist, Jet Propulsion Laboratory: This word choice perhaps reveals a bias on the part of the author of the article. A temperature can’t be doomed. And while I certainly do not encourage false optimism, assuming that humanity is doomed is lazy and counterproductive. Fifty-five percent of the global population are subject to more than 20 days a year of lethal heat conditions beyond that which humans can survive Richard Betts, Professor, Met Office Hadley Centre & University of Exeter: This is clearly from Mora et al (2017) although the report does not include a citation of the paper as the source of that statement. The way it is written here (and in the report) is misleading because it gives the impression that everyone dies in those conditions. That is not actually how Mora et al define “deadly heat” – they merely looked for heatwaves when somebody died (not everybody) and then used that as the definition of a “deadly” heatwave. North America suffers extreme weather events including wildfires, drought, and heatwaves. Monsoons in China fail, the great rivers of Asia virtually dry up, and rainfall in central America falls by half. Andrew King, Research fellow, University of Melbourne: Projections of extreme events such as these are very difficult to make and vary greatly between different climate models. Deadly heat conditions across West Africa persist for over 100 days a year Peter Kalmus, Data Scientist, Jet Propulsion Laboratory: The deadly heat projections (this, and the one from the previous paragraph) come from Mora et al (2017)1. It should be clarified that “deadly heat” here means heat and humidity beyond a two-dimension threshold where at least one person in the region subject to that heat and humidity dies (i.e., not everyone instantly dies). That said, in my opinion, the projections in Mora et al are conservative and the methods of Mora et al are sound. I did not check the claims in this report against Mora et al but I have no reason to think they are in error. 1- Mora et al (2017) Global risk of deadly heat, Nature Climate Change The knock-on consequences affect national security, as the scale of the challenges involved, such as pandemic disease outbreaks, are overwhelming. Armed conflicts over resources may become a reality, and have the potential to escalate into nuclear war. In the worst case scenario, a scale of destruction the authors say is beyond their capacity to model, there is a ‘high likelihood of human civilization coming to an end’. Willem Huiskamp, Postdoctoral research fellow, Potsdam Institute for Climate Impact Research: This is a highly questionable conclusion. The reference provided in the report is for the “Global Catastrophic Risks 2018” report from the “Global Challenges Foundation” and not peer-reviewed literature. (It is worth noting that this latter report also provides no peer-reviewed evidence to support this claim). Furthermore, if it is apparently beyond our capability to model these impacts, how can they assign a ‘high likelihood’ to this outcome? While it is true that warming of this magnitude would be catastrophic, making claims such as this without evidence serves only to undermine the trust the public will have in the science. Daniel Swain, Researcher, UCLA, and Research Fellow, National Center for Atmospheric Research: It seems that the eye-catching headline-level claims in the report stem almost entirely from these knock-on effects, which the authors themselves admit are “beyond their capacity to model.” Thus, from a scientific perspective, the purported “high likelihood of civilization coming to an end by 2050” is essentially personal speculation on the part of the report’s authors, rather than a clear conclusion drawn from rigorous assessment of the available evidence.

## 1AR

### Adv---Inequality

#### COVID creates an economic brink---recovery is strong now because of effective monetary policy, but we’ve hit the zero-lower bound

Christopher Rugaber 21. Associated Press. “Federal Reserve keeps key interest rate near zero, signals COVID-19 economic risks receding.” https://www.chicagotribune.com/business/ct-biz-fed-interest-rates-economy-20210428-bumyc3ynpza6ri4ygsntmdsmya-story.html.

WASHINGTON — The Federal Reserve is keeping its ultra-low interest rate policies in place, a sign that it wants to see more evidence of a strengthening economic recovery before it would consider easing its support.

In a statement Wednesday, the Fed expressed a brighter outlook, saying the economy has improved along with the job market. And while the policymakers noted that inflation has risen, they ascribed the increase to temporary factors.

The Fed also signaled its belief that the pandemic’s threat to the economy has diminished, a significant point given Chair Jerome Powell’s long-stated view that the recovery depends on the virus being brought under control. Last month, the Fed had cautioned that the virus posed “considerable risks to the economic outlook.” On Wednesday, it said only that “risks to the economic outlook remain” because of the pandemic.

The central bank left its benchmark short-term rate near zero, where it’s been since the pandemic erupted nearly a year ago, to help keep loan rates down to encourage borrowing and spending. It also said in a statement after its latest policy meeting that it would keep buying $120 billion in bonds each month to try to keep longer-term borrowing rates low.

The U.S. economy has been posting unexpectedly strong gains in recent weeks, with barometers of hiring, spending and manufacturing all surging. Most economists say they detect the early stages of what could be a robust and sustained recovery, with coronavirus case counts declining, vaccinations rising and Americans spending their stimulus-boosted savings.

### Adv---FTC Credibility

### T---Per-se

#### We meet---the aff bans anticompetitive practices per se

Joseph E. Stiglitz 4/6/2021. Joseph E. Stiglitz is an economist and professor at Columbia University. He is the co-chair of the High-Level Expert Group on the Measurement of Economic Performance and Social Progress at the OECD, and the Chief Economist of the Roosevelt Institute. He has served as chief economist of the World Bank and chairman of the Council of Economic Advisers. He was awarded the Nobel Prize in economics in 2001“Fostering More-Competitive Labor Markets” Inequality and the Labor Market: The Case for Greater Competition. Brookings Institution Press. (2021) https://www.jstor.org/stable/10.7864/j.ctv13vdhvm.6

Conclusion

This volume outlines several essential steps to redress the imbalances and rein in the power of employers. It offers ideas on how we can rewrite the rules of the economy to make the labor market more competitive and prevent the anticompetitive practices employers have systematically used to increase their market power. The chapters in this volume show that there is much that can be done at both the state and the national levels. For instance, mergers should be screened for effects on workers, just as they are already screened for effects on consumers. No-poach and noncompete agreements should be made per se illegal for low-wage workers.

#### “Anticompetitive practices” means measuring effect

Lerzan Kayihan Ünal 13. MA, Katholieke Universiteit Leuven European Studies 1999. “Internationalization of Competition: is Convergence of Competition Legislation Enough to Deal with International Anticompetitive Practices?” https://www.rekabet.gov.tr/Dosya/akademik-calismalar/24-pdf

Within this context, the effects doctrine was developed in time by the US Courts as an extension of territoriality principle. Antitrust laws generally define anticompetitive practices by referring to their effects since the effect is a constituent part of the law. By granting jurisdiction to the national competition agencies where the effects are felt, the effects doctrine can be considered to be in conformity with the territoriality principle. The EU was also among the first and prominent actors that realized the significance of effects doctrine as a fundamental instrument to address international restrictive practices (Zanettin 2002, 8). The innovation of US antitrust laws and policy has been followed extensively by most of the competition agencies worldwide. In other words, the US antitrust enforcement in all respects has been benchmarked by many jurisdictions worldwide.

#### Prohibitions can weigh the effect of competition

Chamber of Commerce “Antitrust 101: Common Terms and Definitions”. <https://www.uschamber.com/sites/default/files/antitrust_101-common-terms-and-definitions-final.pdf>

Clayton Act: The Clayton Act, enacted in 1914, prohibits mergers and acquisitions when the effect “may be substantially to lessen competition, or to tend to create a monopoly.” As amended by the Robinson-Patman Act of 1936, the Clayton Act also bans certain discriminatory prices, services, and allowances in dealings between merchants. The Clayton Act was amended in 1976 by the Hart-Scott-Rodino Antitrust Improvements Act to require companies planning large mergers or acquisitions to notify the government of their plans in advance. The Clayton Act also authorizes private parties to sue for triple damages when they have been harmed by conduct that violates either the Sherman or Clayton Act and to obtain a court order prohibiting the anticompetitive practice in the future.

#### Bidirectionality flips aff

Jan Broulík 19. NoëL Fellow, Jean Monnet Center For International and Regional Economic Law & Justice, New York University School Of Law, New York, Ny, Usa, And Charles University, Prague, Czech Republic. "Preventing Anticompetitive Conduct Directly and Indirectly: Accuracy Versus Predictability". SAGE Journals. 2-12-2019. https://journals.sagepub.com/doi/full/10.1177/0003603X18822611

Generally speaking, adjudicative errors (both false convictions and acquittals) can arise from two distinct causes.29 Errors of the first variety are, so to say, case-by-case. They occur when adjudicators make a mistake in evaluation of a particular instance of business conduct. To illustrate, consider the U.S. approach to resale-price maintenance (RPM), which mandates a conviction if the effects of the RPM agreement in question are on balance anticompetitive and acquittal if not.30 An error then takes place when the adjudicator reaches a mistaken conclusion as to the competitive effects of the RPM agreement under assessment, that is, finds anticompetitive and thus unlawful an agreement that is in reality benign or finds procompetitive and thus lawful an agreement that is in reality harmful.

Errors of the second variety, in contrast, are entrenched in underinclusive and overinclusive antitrust rules. That is to say that some instances of conduct designated as lawful by the respective rule may, in fact, inflict competitive harm and, vice versa, some instances of unlawful conduct may be benign. Consider per se prohibition of price fixing as an example. Although it is sometimes argued that this market practice may under specific circumstances produce procompetitive effects, the per se prohibition applies to all its instances.31 The actual adjudicative error then occurs when the per se prohibition is applied to a procompetitive instance of price fixing.

#### Their evidence says “per se” generates confusion not precision. [EMORY READS BLUE]

Donald L. Beschle 87, Associate Professor of Law, The John Marshall School of Law. B.A., 1973, Fordham University; J.D., 1976, New York University School of Law; LL.M., 1983, Temple University School of Law. March. CURRENT TOPIC IN ANTITRUST: "What, Never? Well, Hardly Ever": Strict Antitrust Scrutiny as an Alternative to Per Se Antitrust Illegality., 38 Hastings L.J. 471

In response to recent attacks on per se rules, courts have clung to the term and to its absolutism by steadily narrowing the definitions of the types of behavior subject to those rules. The result has been not only much confusion, with words being used to designate things far narrower than their commonly understood meanings, but also the application of permissive rule of reason treatment to some behavior which, while not meriting absolute prohibition, clearly deserves careful antitrust analysis.

The proper response to this confusion is to retain the valid insight of per se jurisprudence, that certain types of behavior should be treated as more suspect than others, while abandoning the indefensible absolutism of the term "per se." However, since terms carry with them not only precise meanings, but also more general attitudes, "per se" must be replaced with a term which does not carry the permissive connotations which have become associated with the "rule of reason."

The best available term for this new test is strict antitrust scrutiny. The use of such a term, and the type of analysis it suggests, is well known in constitutional law, where it by no means is associated with leniency. When faced with conduct which would traditionally be labelled per se illegal under the antitrust laws, courts should apply strict antitrust scrutiny. They should ask whether the defendant can carry the heavy burden of demonstrating that its conduct is narrowly tailored to achieve a procompetitive end. By replacing a system which places absolute prohibitions on types of conduct which can be defined so narrowly as to be irrelevant with a system which places, not absolute prohibitions, but heavy negative presumptions, on a larger set of behaviors, strict scrutiny should, on the whole, lead to more vigorous antitrust enforcement.

#### The thesis is abandon “per se”---its resolutionally impossible---either requires the aff to eliminate procompetitive activities or the qualification links to their offense.

Donald L. Beschle 87, Associate Professor of Law, The John Marshall School of Law. B.A., 1973, Fordham University; J.D., 1976, New York University School of Law; LL.M., 1983, Temple University School of Law. March. CURRENT TOPIC IN ANTITRUST: "What, Never? Well, Hardly Ever": Strict Antitrust Scrutiny as an Alternative to Per Se Antitrust Illegality., 38 Hastings L.J. 471 https://repository.uchastings.edu/cgi/viewcontent.cgi?article=2894&context=hastings\_law\_journal

This Article argues that the defenders of per se analysis have assigned themselves an impossible task. Arguing that types of activity can be identified as invariably anticompetitive is futile; counterexamples can almost always be put forward. Consequently, defenders of per se categorization are reduced to one of two unattractive alternatives. First, they can concede that per se categories may in some instances prohibit procompetitive activity, but argue that the overall benefits of per se categorization justify the result. Such an argument is unsatisfying because it explicitly sacrifices particular blameless defendants in order to search for an increase in general welfare. Second, per se defenders can narrow their categories to eliminate procompetitive counterexamples. This strategy, ,however, threatens to destroy those categories entirely. And if most of the once-condemned activity is returned to the realm of the rule of reason, the insight that certain types of behavior are particularly dangerous is lost.

The solution to this dilemma is to abandon the phrase "per se illegal," with its unrealistic connotations of absolute prohibition, yet retain a stringent test for particularly suspect activity. This new test must place a heavy burden of justification upon the defendant, yet not make justification impossible when the defendant's activity is clearly procompetitive. To abandon per se illegality with no alternative but rule of reason analysis would be to send an unwise message of government tolerance of practices threatening competition. But an alternative approach does exist.

#### Distorts literature, collapses aff ground and turns the topic to semantics---change the debate.

Donald L. Beschle 87, Associate Professor of Law, The John Marshall School of Law. B.A., 1973, Fordham University; J.D., 1976, New York University School of Law; LL.M., 1983, Temple University School of Law. March. CURRENT TOPIC IN ANTITRUST: "What, Never? Well, Hardly Ever": Strict Antitrust Scrutiny as an Alternative to Per Se Antitrust Illegality., 38 Hastings L.J. 471 <https://repository.uchastings.edu/cgi/viewcontent.cgi?article=2894&context=hastings_law_journal>

It is not surprising that defenders of the per se concept are losing ground, both in the academic literature and in the courts. This situation, however, is much less a reflection of any defect in the general position advocating vigorous antitrust enforcement than an indication of a fundamental flaw in the concept chosen to implement that position. From the earliest days of antitrust, advocates of vigorous enforcement have made strong and appealing arguments for listing certain types of conduct as clearly and invariably forbidden. 57 Not only would this categorization make enforcement of the antitrust laws quicker and more certain, it would also serve to deter far more anticompetitive behavior. Certainty and judicial economy are no doubt valid concerns, and vigorous enforcement of the antitrust laws is certainly consistent with the spirit of the public and the legislators who adopted them. 158

But the use of the concept of per se illegality has been unfortunate. To the extent that the term means what it says-that certain practices will invariably be illegal-it is difficult to defend. If a practice is to be classified as invariably illegal, it should be so designated only upon a showing that it will always (or at least almost always) cause harm outweighing any benefits which it may produce. Some courts have so held, stating that the per se label will be reserved for practices which will always, or almost always, fail the standard test of antitrust analysis, the rule of reason. 159

Absolutes, however, even when qualified with the word "almost," are hard to prove. In an area as complex as the effect of concerted business practices on coml3etition, numerous counterexamples, both hypothetical and actual, may be advanced to rebut the contention that any such practice invariably injures competition. To defend per se illegality, then, is to defend something almost inevitably indefensible. The only possible way to defend the concept effectively is to resort to the course currently being taken by the Supreme Court: to narrow the categories so far as to make the question of categorization almost as complex as full rule of reason analysis. At that point, the defense of the per se concept becomes merely an exercise in semantics.

If the concept of per se illegality is indefensible, except when so refined as to make it largely irrelevant, why continue to defend it at all? Why not simply abandon the field to the rule of reason? It seems clear that the battle over the per se rules is less a clash over those specific rules than a battle over basic attitudes toward antitrust enforcement. For better or worse, per se rules have become linked in most minds with vigorous enforcement; to favor one is to favor the other. The rule of reason, on the other hand, is associated with a tolerant attitude toward antitrust defendants. Rule of reason analysis often-perhaps usually-leads to a finding of no liability. Its complexity and uncertainty can deter plaintiffs from even attempting to challenge behavior which many would say should be challenged. Since, to so many, rule of reason analysis means a type of antitrust enforcement under which much anticompetitive activity will be permitted, per se analysis is defended, not so much for its own virtues, but rather because of fears of the permissive nature of its sole obvious rival.

An alternative system of antitrust analysis would ideally avoid the indefensible and ultimately self-defeating absolutes of per se analysis, yet also avoid such complexity and uncertainty that harmful or suspect business activities would go unchallenged. Once formulated, such an alternative should be embraced by advocates of vigorous antitrust enforcement. Although some may be reluctant to abandon a concept such as per se illegality which has been defended for so long, if its defense is clearly doomed to failure by inherent flaws in the concept, the battle lines should be drawn around a new perimeter not only capable of being defended, but also worth defending.

### CP---Advantage

### DA---Warming

#### Their ev agrees---yellow

1NR ICC 20 International Chamber of Commerce, Making competition law part of the solution to the climate challenge News • Paris, 10/12/202, <https://iccwbo.org/media-wall/news-speeches/making-competition-law-part-of-the-solution-to-the-climate-challenge/>

Issued on the eve of the fifth anniversary of the landmark Paris Agreement, the paper highlights how competition law – and, more specifically, the fear of unnecessarily restrictive antitrust enforcement – currently inhibits companies from working together to reduce their carbon footprints. There are signs that many businesses are eager to partner on sustainability efforts – recognising that co-operation is vital to achieve meaningful scale in addressing climate change and other environmental challenges. However, a growing body of evidence suggests that perceived competition law risks ultimately deter them from doing so. Commenting on the release of the paper, Simon Holmes – a member of the UK Competition Appeal Tribunal and one of the lead authors of the ICC paper – said: “Companies want to do more, but the fear of unnecessarily restrictive or unpredictable competition law enforcement can discourage them from reaching their sustainability goals. Competition policy cannot solve everything, but it can play an important role in helping business be cleaner, greener and more socially responsible.”

#### More ev---yellow

1NR Balmer 20 Paul Balmer is an associate in Tonkon Torp’s Litigation Department. He graduated from the University of California, Berkeley, School of Law in 2020, where he was the Senior Articles Editor of Ecology Law Quarterly and Treasurer of the Election Law Society, ARTICLE: COLLUDING TO SAVE THE WORLD: HOW ANTITRUST LAWS DISCOURAGE CORPORATIONS FROM TAKING ACTION ON CLIMATE CHANGE, 47 Ecology L. Currents 219 Export Citation 2020 Reporter 47 Ecology L. Currents 219 \*

II. ANTITRUST SCRUTINY OF CORPORATE COLLABORATION As corporations pursue socially responsible strategies--whether on climate change or other social causes--the threat of antitrust enforcement looms. This threat discourages collaboration among competitors, even to meet goals that are objectively positive for society. 30 Much of this chilling effect comes from the inconsistent and evolving nature of antitrust enforcement and a general lack of bright-line rules. Section 1 of the Sherman Act, the 1890 seminal antitrust law, prohibits "[e]very contract, combination, . . . or conspiracy in restraint of trade or commerce." 31Although every competitive action, and certainly every contract and agreement, restrains trade in some manner, courts have enforced section 1 to prevent "unreasonably restrictive" contracts, combinations, and conspiracies. 32Unreasonable restraints on trade, in turn, include those that "reduce output, raise price, or diminish competition with respect to quality, innovation, or consumer choice." 33But how those various bad outcomes interact, or when to prioritize lower prices over other antitrust goals, is unsettled and subject to frequent debate. 34 [\*224] Courts apply two different levels of analysis to challenged contracts, combinations, or conspiracies that restrain trade. The first type of analysis categorically rejects certain types of restraint as "per se unlawful" without a more searching inquiry into the economic context of the challenged conduct. 35 The second analysis is under the "rule of reason," a more detailed burden-shifting framework that considers procompetitive benefits of the conduct alongside an economic analysis of the restraint's harmful effects in a given market. 36Over time, courts have moved towards applying the rule of reason. 37Nevertheless, uncertainty over whether courts will consider an agreement per se unlawful has significant consequences for corporate collaboration for social good. Both price-fixing and group boycotts are often considered per se illegal, regardless of ethical merit. While unlawful price-fixing can be as blatant as competitors setting the price of a common good to increase profits, unlawful price-fixing also encompasses "agreements to artificially reduce output," which will in turn raise consumer prices. 38Professor Inara Scott uses the example of the volatile and scantly regulated coffee market, where coffee farmers could conceivably agree on environmental, labor, and price standards in order to reduce volatility and reduce retail prices. 39But such agreement, even to reduce prices, is likely to be considered per se illegal price-fixing. 40Similarly, conservation agreements to harvest fewer fish from a shared area--artificially reducing output--could be considered per se unlawful price-fixing because of the outcome on consumer price, regardless of the conservation goals. 41Likewise, the laudable policy goals of a group boycott had no impact on its per se illegality in Federal Trade Commission v. Superior Court Trial Lawyers Association, where a legal group's refusal to represent indigent defendants until their compensation increased was held unlawful. 42The protest succeeded in forcing the city government to increase compensation, but they still lost in court: the Supreme Court held that though the rates had been "unreasonably low" and the boycott's cause was "worthwhile," it was nonetheless a classic restraint of trade. 43In Professor Scott's coffee market example, a cooperative of coffee roasters likely could not refuse to work with a certain roaster in protest of objectionable practices, whether using child labor or wasteful techniques; 44this kind of group [\*225] boycott to encourage a competitor to adopt "greener" practices risks per se illegal classification. Because courts cannot even consider the obviously beneficial goals of those types of agreements, corporations would be wise to avoid them entirely.

#### NDCs are screwed

Sachs '20 [Noah; 5/5/20; Professor of Law and Director of the Law School's Robert R. Merhige, Jr. Center for Environmental Studies at the University of Richmond, JD from Stanford Law School; "The Paris Agreement in the 2020s: Breakdown or Breakup?" Ecology Law Quarterly, Vol. 46, Issue 3, p. 865-910/]

The Agreement requires, as a binding treaty obligation, that each party submit an NDC and report on its progress.27 However, at the insistence of the Obama Administration, which cited the need to avoid Senate ratification, there is no legally binding requirement to actually achieve the goals set forth in an NDC.28 It is up to each party to implement policies to achieve its NDC, and there is no sanction for failing to reach the target. The nonbinding nature of NDCs has several consequences that make the Paris Agreement fragile and prone to defections. States cannot compel other states to submit an ambitious NDC or punish states for falling short. There is nothing in the Agreement, moreover, that requires a party to justify its NDC in relationship to reaching the treaty’s overall two-degree goal. No provision requires a party to show, for example, that its pledge, in coordination with other nations making a similar level of effort, would achieve this temperature goal. The treaty allows governments to set pledges solely on the basis of domestic convenience and capability. Seen in this light, as Anne-Marie Slaughter has noted, the Agreement is mainly a “statement of good intentions.”29 The parties opted for this voluntary approach because a “tougher” agreement with binding targets and enforceable sanctions would not have attracted the participation of major emitters, including the United States.30 Many proponents of the Agreement contend that it was the best that could have been achieved in 2015, after years of fruitless negotiation on legally binding targets and timetables.31 The voluntary structure was also the natural evolution of negotiations since 2009 that centered on a pledge-and-review approach.32 The Agreement’s lack of bindingness has been lauded on the grounds that states’ GHG-reduction pledges are likely to be more ambitious than commitments states would submit under an alternative, legally binding regime with tough sanctions.33 As the IPCC has explained, “states may prefer [that] legally binding agreements . . . embody less ambitious commitments, and [states] may be willing to accept more ambitious commitments when they are less legally binding.”34 Voluntary pledges could be more effective in the long run than mandatory, legally binding commitments of lesser magnitude. The problem with relying on voluntary pledges, however, is that if the aggregate emissions reductions expected under the NDCs are insufficient to keep warming within tolerable levels, there is no stick to force states to commit to greater reductions. We now have a short window of time to slash global GHG emissions, but the Agreement offers no mechanism to force emissions reductions on parties or even to allocate effort among the parties. It rests on the vicissitudes of voluntary action, with each party deciding how much effort it is willing to make. The emissions gap—the shortfall in the sufficiency of the voluntary pledges—was obvious at the Paris conference. Analysts quickly predicted that if all the NDCs submitted under the Agreement in 2015-2016 were fully implemented by 2030 (which is highly unlikely), global temperatures would increase 2.7 to 3.5 degrees Celsius beyond preindustrial levels,35 a catastrophic level of warming. Negotiators knew that the voluntary pledges were nowhere near sufficient to achieve the ultimate goal of the treaty: keeping global warming to “well below” 2 degrees Celsius compared to preindustrial temperatures and “pursuing efforts” to limit the temperature increase to 1.5 degrees Celsius.36 The parties took what they could get in 2015, fully aware of this emissions gap, and hoped the Agreement would spur collective progress over time. The long-term success of the Agreement therefore depends on the optimistic vision of what I call an “upward spiral,” where early-stage cooperation at Paris will result in parties making progressively more ambitious commitments in the future. As parties work toward reasonably achievable NDCs and continue to build trust, they may be willing to make deep cuts in emissions, secure in the knowledge that other parties are making similar sacrifices. This vision of an upward spiral in turn depends on two assumptions: first, that the so-called “ratchet mechanism” of the Agreement will operate as intended, and second, that pressure from other parties to aim higher in the ambition of NDCs, which I call the “peer pressure proposition,” will be sustained over several decades. Both of these assumptions are attractive, widely held, and wrong. A. The Paris Agreement’s Ratchet Mechanism The ratchet mechanism refers to the provisions of the Paris Agreement that require parties to submit progressively more “ambitious” NDCs over time. “Ambitious” in this context means NDCs that commit a state to progressively deeper GHG emissions cuts or, for many developing states, NDCs that allow an increase in expected emissions, but at a slower rate than current projections. The ratchet mechanism is crucial to slowing climate disruption. It is the only internationally adopted legal text that encourages parties to reduce their GHG emissions over a multidecade timespan. The ratchet mechanism is not spelled out in any single article of the Agreement. Rather, the “ratchet” results from a collection of scattered provisions, including the following: • Each Party shall “prepare, communicate and maintain successive nationally determined contributions that it intends to achieve.”37 • Each Party’s successive NDCs “will represent a progression beyond the Party’s then current nationally determined contribution and reflect its highest possible ambition . . . .”38 • Each Party shall regularly provide information on national inventories and information “necessary to track progress made in implementing and achieving” its NDC.39 • A Party may at any time “adjust” its NDC “with a view to enhancing its level of ambition.”40 • Beginning in 2023 and every five years thereafter, the parties shall “take stock of the implementation of this Agreement to assess the collective progress towards achieving the purpose of [the] Agreement and its long-term goals . . . .”41 • Parties will then submit successive NDCs “informed by the outcomes of the global stocktake[s] . . . .”42 These provisions, though skeletal, suggest how the parties expect an upward spiral to unfold. They create a detailed timeline in which the parties will submit NDCs, prepare emissions inventories at least every two years, take stock every five years of progress under the Agreement (2023, 2028, etc.), and submit pledges that “represent a progression beyond the Party’s then current [NDC]” in 2020, 2025, 2030, and so on.43 Some scholars believe that parties will follow the ratchet mechanism quite literally, even if domestic circumstances are unfavorable. Christina Voigt, for example, has argued that even if a party were in a “financial, political or economic crisis,” there would be no grounds for “a decrease in what can be considered its ‘highest possible ambition’ compared to the level contained in the previous NDC.”44 According to Voigt, each submission of an NDC sets a “floor” for the next NDC.45 Every party is required to go above and beyond its previous NDC with each new submittal.46 Voigt suggests that the Agreement somehow locks in an upward spiral of progressively more ambitious commitments. But this optimism is misplaced. The text of the ratchet is not self-executing. Given the lack of penalties for failing to achieve NDCs, parties still face strong incentives to defect or free ride under the Agreement, to pledge only minimal action, or to appear to take action while actually imposing few costs on their domestic interest groups. Many states— especially those in “financial, political, or economic crisis”—will prioritize the needs of their domestic constituencies over their voluntary, nonbinding Agreement pledges. In short, the ratchet mechanism is a necessary but not sufficient condition for a consistent, upward trajectory of NDCs. Parties must somehow be incentivized to stick with it. B. The Peer Pressure Proposition and Its Fallibility According to many scholars, peer pressure will be the glue that holds the Agreement together.47 Under the pledge-and-review system, parties will feel pressure from other parties to submit and achieve progressively more ambitious NDCs. Additionally, the ratchet mechanism could be sustained if parties fear reputational costs for noncooperative behavior, such as failing to achieve their own NDCs. If parties perceive that others are making progress toward their respective NDCs at each review conference, they will be more willing to undertake progressively deeper cuts themselves.48 In this view, the five-year “stocktake” review conferences—a collective “show and tell” on the international stage49—will be the key fora for exercising peer pressure under the Agreement. I refer to these arguments about disclosure, reciprocity, and reputation as the “peer pressure proposition.” The peer pressure proposition holds that positive peer pressure or perceived reputational costs will encourage parties to make and achieve progressively more ambitious commitments under the Agreement.50 There is reason to question whether the peer pressure proposition can consistently work to support the Paris Agreement over several decades, especially through global political and economic upheavals. The peer pressure proposition needs to be critically scrutinized, rather than merely assumed. Below, I challenge some key assumptions of the peer pressure proposition, arguing that skepticism is warranted for three main reasons: states will prioritize domestic interests over international reputation, “naming and shaming” strategies are not likely to be effective, and it is not assured that states will find it easier to make deep emissions cuts in the near future. 1. Domestic interests will likely outweigh perceived international reputational concerns. One reason for skepticism is that the peer pressure proposition excessively emphasizes the role of international reputation. Reputation surely matters in international law. As Ian Johnstone has argued, “states care about collective judgment of their conduct because they have an interest in reciprocal compliance by and future cooperation with others . . . .”51 International reputation is but one consideration for states, however. A more nuanced account would acknowledge that states make a cost-benefit calculus on the stringency of their international climate commitments, and their calculus gives substantial weight to domestic interests. These domestic interests include the immediate pressures of electoral politics, the expected impact of deep emissions cuts on domestic industries, and prioritization of national economic growth over global emissions reductions. In each party’s cost-benefit calculus, powerful domestic economic interests will undoubtedly weigh as much or more than concerns about international reputation, particularly because any reputational “hit” under the Agreement is tied to a nonbinding climate pledge. NDCs are legally unenforceable pledges, so the reputation costs of failing to achieve them are diluted.52 Even if many governments were to perceive that net benefits outweigh net costs in committing to ambitious NDCs, the distribution of costs on powerful domestic actors might act as a drag on national ambition. For example, if veto players in the oil, coal, or palm oil industries retain their political influence with the governments of major emitters (for example, Russia, Saudi Arabia, South Africa, Indonesia), which seems likely, these governments might perceive international pressure to submit more ambitious NDCs, combined with intense domestic pressure to do less. As a consequence, these important states might continue to submit weak NDCs throughout the 2020s. Russia is emblematic of this group. It is the fourth largest GHG emitter, yet it held off on ratifying the Paris Agreement until 2019, and its NDC is so weak that Russia is already achieving its 2030 target.53

#### Best studies

Nordhaus 20 Ted Nordhaus, an American author, environmental policy expert, and the director of research at The Breakthrough Institute, citing new climate change forecasts. [Ignore the Fake Climate Debate, 1-23-2020, https://www.wsj.com/articles/ignore-the-fake-climate-debate-11579795816]//BPS

Beyond the headlines and social media, where Greta Thunberg, Donald Trump and the online armies of climate “alarmists” and “deniers” do battle, there is a real climate debate bubbling along in scientific journals, conferences and, occasionally, even in the halls of Congress. It gets a lot less attention than the boisterous and fake debate that dominates our public discourse, but it is much more relevant to how the world might actually address the problem. In the real climate debate, no one denies the relationship between human emissions of greenhouse gases and a warming climate. Instead, the disagreement comes down to different views of climate risk in the face of multiple, cascading uncertainties. On one side of the debate are optimists, who believe that, with improving technology and greater affluence, our societies will prove quite adaptable to a changing climate. On the other side are pessimists, who are more concerned about the risks associated with rapid, large-scale and poorly understood transformations of the climate system. But most pessimists do not believe that runaway climate change or a hothouse earth are plausible scenarios, much less that human extinction is imminent. And most optimists recognize a need for policies to address climate change, even if they don’t support the radical measures that Ms. Thunberg and others have demanded. In the fake climate debate, both sides agree that economic growth and reduced emissions vary inversely; it’s a zero-sum game. In the real debate, the relationship is much more complicated. Long-term economic growth is associated with both rising per capita energy consumption and slower population growth. For this reason, as the world continues to get richer, higher per capita energy consumption is likely to be offset by a lower population. A richer world will also likely be more technologically advanced, which means that energy consumption should be less carbon-intensive than it would be in a poorer, less technologically advanced future. In fact, a number of the high-emissions scenarios produced by the United Nations Intergovernmental Panel on Climate Change involve futures in which the world is relatively poor and populous and less technologically advanced. Affluent, developed societies are also much better equipped to respond to climate extremes and natural disasters. That’s why natural disasters kill and displace many more people in poor societies than in rich ones. It’s not just seawalls and flood channels that make us resilient; it’s air conditioning and refrigeration, modern transportation and communications networks, early warning systems, first responders and public health bureaucracies. New research published in the journal Global Environmental Change finds that global economic growth over the last decade has reduced climate mortality by a factor of five, with the greatest benefits documented in the poorest nations. In low-lying Bangladesh, 300,000 people died in Cyclone Bhola in 1970, when 80% of the population lived in extreme poverty. In 2019, with less than 20% of the population living in extreme poverty, Cyclone Fani killed just five people. “Poor nations are most vulnerable to a changing climate. The fastest way to reduce that vulnerability is through economic development.” So while it is true that poor nations are most vulnerable to a changing climate, it is also true that the fastest way to reduce that vulnerability is through economic development, which requires infrastructure and industrialization. Those activities, in turn, require cement, steel, process heat and chemical inputs, all of which are impossible to produce today without fossil fuels. For this and other reasons, the world is unlikely to cut emissions fast enough to stabilize global temperatures at less than 2 degrees above pre-industrial levels, the long-standing international target, much less 1.5 degrees, as many activists now demand. But recent forecasts also suggest that many of the worst-case climate scenarios produced in the last decade, which assumed unbounded economic growth and fossil-fuel development, are also very unlikely. There is still substantial uncertainty about how sensitive global temperatures will be to higher emissions over the long-term. But the best estimates now suggest that the world is on track for 3 degrees of warming by the end of this century, not 4 or 5 degrees as was once feared. That is due in part to slower economic growth in the wake of the global financial crisis, but also to decades of technology policy and energy-modernization efforts. “We have better and cleaner technologies available today because policy-makers in the U.S. and elsewhere set out to develop those technologies.” The energy intensity of the global economy continues to fall. Lower-carbon natural gas has displaced coal as the primary source of new fossil energy. The falling cost of wind and solar energy has begun to have an effect on the growth of fossil fuels. Even nuclear energy has made a modest comeback in Asia.