## 1AC

### Adv---Economy

#### Antitrust law is failing now---current market consolidation undermines innovation, slows growth, and suppresses productivity---promoting competition solves

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Evidence that antitrust laws are falling short is plentiful. Many cartels go undiscovered, and tacit collusion is probably even more prevalent because it is harder for antitrust enforcers to prosecute and deter.9 Anticompetitive horizontal mergers (between rivals) appear to be underdeterred.10 A variety of clever strategies used by incumbents to exclude entrants, either by purchasing them when they are nascent or using tactics to confine them to a less threatening niche or forcing them to exit have been successfully deployed in recent years, often when antitrust enforcement is late or absent.11

Each of these sources of concern can be critiqued, but together they make a compelling case. Some of the evidence may have benign explanations in part, such as the growing importance of fixed costs, for example, when creating software or pharmaceuticals that leads naturally to higher markups, or the increasing benefit of being on the same platform with other users (known as “network effects” in the case of a social media site). Firms in industries with high fixed costs or large network externalities may exhibit high profits and productivity and low labor shares, and may earn high profits because they had a good idea early and executed well, thereby getting adoption from many consumers.12 Nonetheless, the overall picture is clear that market power has been growing in the United States for decades. Moreover, even where the explanation for growing market power is benign, we must ensure that companies do not use anticompetitive tactics to protect their position.

Firms with market power need not compete aggressively to sell their products, so they tend to raise prices, reduce quality, and/or innovate less. Market power can also contribute to slowed economic growth by, for example, suppressing productivity increases.13 Theoretical and empirical economic studies convincingly show that innovation is harmed by anticompetitive conduct.14

This is why antitrust enforcement is such a terrific policy tool to strengthen competition—it does not come with an efficiency downside, as do most policies that redistribute income. Policies that enhance competition are unambiguously beneficial for efficiency, as well as inclusive prosperity, with minor qualifications.15 Other policies for addressing inequality, in particular, such as labor market and tax policies, may create disincentives or allocative efficiency losses that must be weighed against their distributional benefits. Policies to enhance competition, by contrast, offer what is close to a free lunch.16

#### The plan solves---an effective competition standard reinvigorates antitrust

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America, as legal and economic scholars are increasingly noting, has a market power problem. The emerging evidence points to less competition, higher markups, greater concentration, and widening wealth and income inequality. The current state of competition law benefits the select few—at the expense of nearly everyone else.

Our antitrust laws are supposed to deal with concentrated economic power. The problem is that the laws have been hijacked in two ways. First, ideologues narrowed the substance of antitrust from addressing a variety of goals to focusing solely on the concept of consumer welfare—namely, that harm to competition within the legal meaning of the antitrust laws consists solely of harm to consumers and their welfare, as measured almost exclusively by price and quantity effects in output markets. Second, some courts and enforcers went even further, declining to find antitrust liability in conduct that harms consumers on the theory that it carries other benefits, like long-run economic growth. Recent US Supreme Court decisions, including Ohio v American Express Co, and the US District Court’s decision to allow the AT&T/Time Warner merger illustrate how antitrust, under the prevailing consumer welfare standard, has been weakened and distorted beyond all recognition. Courts have elevated the burden of proof on the government and other antitrust plaintiffs to such an extent that the Sherman and Clayton Antitrust Acts have become unenforceable for many anticompetitive practices, other than cartels.

If the United States continues with a light-if-any-touch antitrust review of mergers and turns a blind eye to abuses by dominant firms, concentration and crony capitalism will likely increase, competition and our well-being will decrease further, and power and profits will continue to fall into fewer hands. Startups, small and midsize firms, and Americans more broadly—as workers, consumers, and democratic citizens—will be left to the beneficence or spite of a few powerful, but arbitrary, corporations.

This trend is reversible if we restore antitrust as a guarantor of effective competition. To tackle today’s market power problem, we offer an effective competition antitrust standard to replace the prevailing consumer welfare standard, which courts and scholars have interpreted differently (and at times inconsistently). The effective competition standard restores the primary aim of the antitrust laws—namely, the dispersion and deconcentration of significant private power wherever in the economy it is to be found, including throughout supply chains and in the labor market.

#### It's enforceable and sufficient

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The effective competition standard differs from both the consumer welfare standard and the total welfare standard in that it expressly departs from the partial-equilibrium analysis of a single market as the basis for antitrust analysis. The effective competition standard further differs from the consumer welfare standard in four important ways:

• First, a substantial lessening of competition suffices for liability. Enforcers and courts need not demonstrate how the lessening of competition harms consumers, nor balance the harms to one set of stakeholders against the supposed benefits for another. In this respect, the effective competition standard makes antitrust more enforceable.

• Second, it recognizes that competition needs competitors. Thus, it takes a tougher stance on monopolistic, predatory, and exclusionary practices, which often reduce the competitive opportunities for entrants and rivals.

• Third, unlike the consumer welfare standard, which considers the impact only on consumers, the effective competition standard protects market participants throughout the supply chain, including workers and sellers.

• Finally, by eliminating the precarious step of how the lessening of competition will harm consumers’ welfare, the effective competition standard restores the purpose of the Clayton Act to “arrest restraints of trade in their incipiency and before they develop into full-fledged restraints violative of the Sherman Act.” As Congress noted, “A requirement of certainty and actuality of injury to competition is incompatible with any effort to supplement the Sherman Act by reaching incipient restraints.”

To promote competition and innovation in our heavily concentrated markets, the effective competition standard would depart from today’s light-touch antitrust policies in the following areas.

#### State-based market interventions are key to sustainable growth---the alternative to well-measured corrections is an unfettered and regressive free market

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There is a positive correlation between long-term growth and poverty alleviation. More specifically, Lant Pritchett argues, based on cross-country patterns, that “broad-based growth, defined as the process that raises median income, is far and away the most important source of poverty reduction.”9 The sharp decline in poverty rates in China (about 800 million people escaped poverty) amid the two decades of break-neck growth is the starkest illustration. As discussed, innovation-based growth based on Schumpeterian creative destruction is key to productivity gains and sustained growth. The question is how to achieve broad-based, high and sustained growth which means to spur the emergence of good paying jobs. This is perhaps one of the most difficult and debated questions in economics.

The standard view shared by most economists over the last few decades is that “horizontal policies”, that is improvements in education, the quality of institutions, infrastructure, business environment, and regulations are key. Many of these policies tackle what is known as “government failures” as described in Rodrik (2005). In other words, state intervention should limit itself to providing public goods and the provision of a good environment while crucially ensuring an adequate level of competition. In this context, firms would have the incentive to invest and deploy efforts to be competitive through improvements in productivity and innovation to offer new and better-quality goods among others.

However, growth can be harmed by anti-competitive behaviors or distortive policies which can take different and subtle forms and are not always easy to gauge. Among these, imposing barriers to entry or helping non-performing firms remain in business, could have a substantial negative effect. Hsieh and Klenow (2009) emphasize the importance of input reallocation effects. They show that aggregate productivity differentials can be explained by differences in terms of the distribution of firms’ productivity. This means that relatively less productive firms have access to a considerable share of the resources. They argue that it is harder for a more productive firm to grow but also easier for a less productive firm to survive in India than in the U.S. for example. In the same vein, Aghion (2016) suggests that that there is more business dynamism in the U.S. than India, that is more firms enter and exit, which would explain input misallocation and differences in income per capita.

Compared to the U.S., potential constraints in developing economies such as India include more rigid capital markets and labor/product markets, the lower supply of skills, the poorer quality of infrastructure, and the lower quality of institutions to protect property rights and to enforce contracts. However, even if markets are perfectly competitive and an adequate environment is ensured, the economy may still not reach its full potential. This is because of “market failures,” which typically happen in the presence of externalities. They are at play when firms and workers do not fully internalize the effects of their decisions on the broader economy and their dynamic implications. Typically, they are learning externalities, coordination failures, or information asymmetries (Rodrik 2005).

As argued by many, (e.g., Arrow 1962) and Matsuyama 1992) some activities entail higher productivity gains, or more learning potential, for an economy compared to other traditional activities such as non-tradable services or agriculture. Firms may not be fully aware of these productivity gains, leading to lower output in high-productivity sectors and lower relative incomes over time. The coordination failure is based on the idea that a critical size of the modern sector is needed for a firm to enter it. It would be profitable for a firm to invest in a modern sector only if there are enough firms investing simultaneously in other modern sectors. If many firms invest together in modern sectors, described as the “big push,” economy reaches a higher level of productivity and development (Rosenstein-Rodan 1943, Murphy et al. 1989). Lastly, information asymmetries exist if there is imperfect information about new markets and products, and firms underinvest as a result (Hausman and Rodrik 2003). This is clearly seen in firms trying to export and penetrate new geographical markets with their products.

In theory, tackling these externalities would necessitate a state intervention, broadly defined as industrial policy. However, the scope, the tools and whether it could in practice be superior to a more “laissez-faire” approach, leaving the outcome to unfettered competition, is the object of an ongoing debate. At the heart of the debate lies the definition of what constitutes a “modern” sector, which is conducive to productivity gains and spillovers to the rest of the economy. While it is typically associated with manufacturing (Matsuyama 1992 and Krugman 1987) or related to the concept of sophistication (Hausman, Hwang and Rodrik 2007 and Cherif and Hasanov 2019), others argue that service sectors could also play a role (IMF 2018). More important for inclusive growth, if a sector is to be targeted, it should help achieve broad-based growth to contribute to poverty alleviation. In practice it means that it should also generate (directly or indirectly) enough employment, and the level of skills to fill those jobs should be realistically met over the medium term.

The other key question relates to how state intervention to tackle externalities could curtail or distort competition. Indeed, state interventions of the past typically followed the model of import-substitution policies. The main idea was to protect domestic producers from international competition by imposing barriers to trade, such as high tariffs. In many cases, the curtailment of competition went further and encompassed the domestic market as countries relied on one or very few “champions” to achieve import-substitution goals. The many past failed cases in Latin America and the Middle East imply that such policies may be counterproductive in general (Cherif and Hasanov 2019). The comparison of Malaysia’s foray into automotive industry in the 1970s with its champion Proton to the success of Korea’s Hyundai is a case in point (Cherif and Hasanov 2019b). After decades of support and protection from domestic and international competition, Proton depended on imports of critical inputs, including the engine. The high tariffs to protect it also meant that consumers had to pay higher prices for lower quality products. In comparison, although Hyundai benefitted from state support as well, it was also forced early on to compete both on the domestic and international markets. It could be argued that competition provided Hyundai with an incentive to innovate and take advantage of economies of scale.

Moreover, support for firms could be pursued without necessarily implying less competition. Aghion and others (2015) develop a simple model showing that targeted subsidies can be used to induce several firms to operate in the same sector, and that the more competitive the sector is, the more it will induce firms to innovate in order to “escape competition” (Aghion et. al. 2005). Of course, a lot depends upon the design of industrial policy. Such policy should target sectors, not particular firms (Aghion 2016). Using Chinese firm-level panel data, Aghion and others (2015) look at the interaction between state subsidies to a sector and the level of product market competition in that sector. They show that TFP, TFP growth, and product innovation (defined as the ratio between output value generated by new products to total output value) are all positively correlated with the interaction between state aid to the sector and market competition in the sector. In other words, the more competitive the recipient sector is, the more positive the effects of targeted state subsidies to that sector are. Infact, for sectors with low degree of competition the effects are negative, whereas the effects become positive in sectors with sufficiently high degree of competition. Finally, the interaction between state aid and product market competition in the sector is more positive when state aid is less concentrated.

Yet, there are externalities that can be tackled without curtailing competition with the potential to have a sizable contribution to broad-based growth and poverty alleviation. These are typically related to informational asymmetries. Bloom and Van Reenen (2010), f or example, show that interventions to improve management practices in Indian small firms can significantly improve productivity. So did the productivity missions of the Marshall Plan in Europe after the WWII (Giorcelli 2019). In the same vein, Atkin et al. (2017) showed that Egyptian rug producers can be helped to access export markets by tackling informational asymmetries and coordination failures. In other words, they showed that interventions such as export promotion agencies can help SMEs advertise their products in foreign markets and act as a communication channel between them and customers. They also showed that export activities helped small producers improve their quality and value added which confirms the importance of export orientation. This focus on SMEs can help increase productivity and tackle inequality at the same time.

The trade-off between the benefits and costs of state intervention suggests that the way the state intervenes in the economy is crucial. This intervention needs to be cognizant of exacerbating government failures such as rent-seeking and corruption. Moreover, even if these interventions are successful in the sense that they create competitive industries and contribute to growth, they should avoid creating “islands” of relatively advanced sectors. If these sectors are disconnected from the rest of the economy, broad-based growth may not be sustained, and it would exacerbate inequality. For example, thanks to interventions and targeted policies, Costa Rica managed to foster a high-tech sector in electronics and health instruments (Spar 1998). Although it led to higher growth and declining poverty as well as productivity improvements in agricultural sectors, high inequality persisted while growth policies for inclusiveness were missing (Ferreira, Fuentes, and Ferreira 2018).

#### 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.

#### Eroding financial resilience causes war---that 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.

#### Those wars draw-in great powers---that outweighs

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The risk from a purely economic point of view is that the traditional strategy for battling recession – a reduction of 500 basis points in the federal funds rate – will be unavailable this year, given the zero lower bound on interest rates. Nor is it clear that the will or the room for fiscal expansion will exist.

This means that the next recession, like the last, may well be protracted and deep, with severe global consequences. And the political capacity for a global response, like that on display at the London G-20 Summit in 2009, appears to be absent as well. Just compare the global visions of US President Barack Obama and UK Prime Minister Gordon Brown back then with those of Trump and Prime Minister Theresa May today.

I shudder to think what a serious recession will mean for politics and policy. It is hard to imagine avoiding a resurgence of protectionism, populism, and scapegoating. In such a scenario, as with another financial crisis, the center will not hold.

But the greatest risk in the next few years, I believe, is neither a market meltdown nor a recession. It is instead a political doom loop in which voters’ conclusion that government does not work effectively for them becomes a self-fulfilling prophecy. Candidates elected on platforms of resentment delegitimize the governments they lead, fueling further resentment and even more problematic new leaders. Cynicism pervades.

How else can one explain how the candidacy of Roy Moore for a US Senate seat? Moore, who was twice dismissed for cause from his post on the Alabama Supreme Court, and who is credibly charged with sexually assaulting teenage girls when he was in his 30s, could enter the US Senate as many of his colleagues look the other way.

If a country’s citizens lose confidence in their government’s ability to improve their lives, the government has an incentive to rally popular support by focusing attention on threats that only it can address. That is why in societies pervaded by anger and uncertainty about the future, the temptation to stigmatize minority groups increases. And it is why there is a tendency for officials to magnify foreign threats.

We are seeing this phenomenon all over the world. Russian President Vladimir Putin, Turkish President Recep Tayyip Erdoğan, and Chinese President Xi Jinping have all made nationalism a central part of their governing strategy. So, too, has Trump, who has explicitly rejected the international community in favor of the idea that there is only a ceaseless struggle among nation-states for competitive advantage.

When the world’s preeminent power, having upheld the idea of international community for nearly 75 years, rejects it in favor of ad hoc deal making, others have no choice but to follow suit. Countries that can no longer rely on the US feel pressure to provide for their own security. America’s adversaries inevitably will seek to fill the voids left behind as the US retrenches.

#### Even if growth is imperfect, the transition away fails

Hubert Buch-Hansen 18. Associate Professor, Department of Business and Politics, Copenhagen Business School. “The Prerequisites for a Degrowth Paradigm Shift: Insights from Critical Political Economy.” *Ecological Economics* 146: 157-63. Emory Libraries.

Still, the degrowth project is nowhere near enjoying the degree and type of support it needs if its policies are to be implemented through democratic processes. The number of political parties, labour unions, business associations and international organisations that have so far embraced degrowth is modest to say the least. Economic and political elites, including social democratic parties and most of the trade union movement, are united in the belief that economic growth is necessary and desirable. This consensus finds support in the prevailing type of economic theory and underpins the main contenders in the neoliberal project, such as centre-left and nationalist projects. In spite of the world's multidimensional crisis, a pro-growth discourse in other words continues to be hegemonic: it is widely considered a matter of common sense that continued economic growth is required.

It is also noteworthy that economic and political elites, to a large extent, continue to support the neoliberal project, even in the face of its evident shortcomings. Indeed, the 2008 financial crisis did not result in the weakening of transnational financial capital that could have paved the way for a paradigm shift. Instead of coming to an end, neoliberal capitalism has arguably entered a more authoritarian phase (Bruff, 2014). The main reason the power of the pre-crisis coalition remains intact is that governments stepped in and saved the dominant fraction by means of massive bailouts. It is a foregone conclusion that this fraction and the wider coalition behind the neoliberal paradigm (transnational industrial capital, the middle classes and segments of organized labour) will consider the degrowth paradigm unattractive and that such social forces will vehemently oppose the implementation of degrowth policies (see also Rees, 2014: 97).

While degrowth advocates envision a future in which market forces play a less prominent role than they do today, degrowth is not an antimarket project. As such, it can attract support from certain types of market actors. In particular, it is worth noting that social enterprises, such as cooperatives (Restakis, 2010), play a major role in the degrowth vision. Such enterprises are defined by being ‘organisations involved at least to some extent in the market, with a clear social, cultural and/or environmental purpose, rooted in and serving primarily the local community and ideally having a local and/or democratic ownership structure’ (Johanisova et al., 2013: 11). Social enterprises currently exist at the margins of a system, in which the dominant type of business entity is profit-oriented, shareholder-owned corporations. The further dissemination of social enterprises, which is crucial to the transitions to degrowth societies, is – in many cases – blocked or delayed as a result of the centrifugal forces of global competition (Wigger and Buch-Hansen, 2013). Overall, social enterprises thus (still) constitute a social force with modest power.

Ougaard (2016: 467) notes that one of the major dividing lines in the contemporary transnational capitalist class is between capitalists who have a material interest in the carbon-based economy and capitalists who have a material interest in decarbonisation. The latter group, for instance, includes manufacturers of equipment for the production of renewable energy (ibid.: 467). As mentioned above, degrowth advocates have singled out renewable energy as one of the sectors that needs to grow in the future. As such, it seems likely that the owners of national and transnational companies operating in this sector would be more positively inclined towards the degrowth project than would capitalists with a stake in the carbon-based economy. Still, the prospect of the “green sector” emerging as a driving force behind degrowth currently appears meagre. Being under the control of transnational capital (Harris, 2010), such companies generally embrace the “green growth” discourse, which ‘is deeply embedded in neoliberal capitalism’ and indeed serves to adjust this form of capitalism ‘to crises arising from contradictions within itself’ (Wanner, 2015: 23).

In addition to support from the social forces engendered by the production process, a political project ‘also needs the political ability to mobilize majorities in parliamentary democracies, and a sufficient measure of at least passive consent’ (van Apeldoorn and Overbeek, 2012: 5–6) if it is to become hegemonic. As mentioned, degrowth enjoys little support in parliaments, and certainly the pro-growth discourse is hegemonic among parties in government.5 With capital accumulation being the most important driving force in capitalist societies, political decision-makers are generally eager to create conditions conducive to production and the accumulation of capital (Lindblom, 1977: 172). Capitalist states and international organisations are thus “programmed” to facilitate capital accumulation, and do as such constitute a strategically selective terrain that works to the disadvantage of the degrowth project.

The main advocates of the degrowth project are grassroots, small fractions of left-wing parties and labour unions as well as academics and other citizens who are concerned about social injustice and the environmentally unsustainable nature of societies in the rich parts of the world. The project is thus ideationally driven in the sense that support for it is not so much rooted in the material circumstances or short-term self-interests of specific groups or classes as it is rooted in the conviction that degrowth is necessary if current and future generations across the globe are to be able to lead a good life. While there is no shortage of enthusiasts and creative ideas in the degrowth movement, it has only modest resources compared to other political projects. To put it bluntly, the advocates of degrowth do not possess instruments that enable them to force political decision-makers to listen to – let alone comply with – their views. As such, they are in a weaker position than the labour union movement was in its heyday, and they are in a far weaker position than the owners and managers of large corporations are today (on the structural power of transnational corporations, see Gill and Law, 1989).

6. Consent

It is also safe to say that degrowth enjoys no “passive consent” from the majority of the population. For the time being, degrowth remains unknown to most people. Yet, if it were to become generally known, most people would probably not find the vision of a smaller economic system appealing. This is not just a matter of degrowth being ‘a missile word that backfires’ because it triggers negative feelings in people when they first hear it (Drews and Antal, 2016). It is also a matter of the actual content of the degrowth project.

Two issues in particular should be mentioned in this context. First, for many, the anti-capitalist sentiments embodied in the degrowth project will inevitably be a difficult pill to swallow. Today, the vast majority of people find it almost impossible to conceive of a world without capitalism. There is a ‘widespread sense that not only is capitalism the only viable political and economic system, but also that it is now impossible to even imagine a coherent alternative to it’ (Fisher, 2009: 2). As Jameson (2003) famously observed, it is, in a sense, easier to imagine the end of the world than it is to imagine the end of capitalism. However, not only is degrowth – like other anti-capitalist projects – up against the challenge that most people consider capitalism the only system that can function; it is also up against the additional challenge that it speaks against economic growth in a world where the desirability of growth is considered common sense.

Second, degrowth is incompatible with the lifestyles to which many of us who live in rich countries have become accustomed. Economic growth in the Western world is, to no small extent, premised on the existence of consumer societies and an associated consumer culture most of us find it difficult to completely escape. In this culture, social status, happiness, well-being and identity are linked to consumption (Jackson, 2009). Indeed, it is widely considered a natural right to lead an environmentally unsustainable lifestyle – a lifestyle that includes car ownership, air travel, spacious accommodations, fashionable clothing, an omnivorous diet and all sorts of electronic gadgets. This Western norm of consumption has increasingly been exported to other parts of the world, the result being that never before have so many people taken part in consumption patterns that used to be reserved for elites (Koch, 2012). If degrowth were to be institutionalised, many citizens in the rich countries would have to adapt to a materially lower standard of living. That is, while the basic needs of the global population can be met in a non-growing economy, not all wants and preferences can be fulfilled (Koch et al., 2017). Undoubtedly, many people in the rich countries would experience various limitations on their consumption opportunities as a violent encroachment on their personal freedom. Indeed, whereas many recognize that contemporary consumer societies are environmentally unsustainable, fewer are prepared to actually change their own lifestyles to reverse/address this.

At present, then, the degrowth project is in its “deconstructive phase”, i.e., the phase in which its advocates are able to present a powerful critique of the prevailing neoliberal project and point to alternative solutions to crisis. At this stage, not enough support has been mobilised behind the degrowth project for it to be elevated to the phases of “construction” and “consolidation”. It is conceivable that at some point, enough people will become sufficiently discontent with the existing economic system and push for something radically different. Reasons for doing so could be the failure of the system to satisfy human needs and/or its inability to resolve the multidimensional crisis confronting humanity. Yet, various material and ideational path-dependencies currently stand in the way of such a development, particularly in countries with large middle-classes. Even if it were to happen that the majority wanted a break with the current system, it is far from given that a system based on the ideas of degrowth is what they would demand.

#### Increased competition aligns innovation with profit motive and drives technological breakthroughs in every sector of the economy

Giulio Federico 20. Head of the Unit at the Chief Economist Team (CET) of DG Competition, European Commission, et al., 2020. “Antitrust and Innovation: Welcoming and Protecting Disruption.” https://www.law.berkeley.edu/wp-content/uploads/2020/08/Shapiro-Carl-Antitrust-and-Innovation-Welcoming-and-Protecting-Disruption.pdf.

The goal of antitrust policy is to protect and promote a vigorous competitive process. Effective rivalry spurs firms to introduce new and innovative products, as they seek to capture profitable sales from their competitors and to protect their existing sales from future challengers. In this fundamental way, competition promotes innovation. We apply this basic insight to the antitrust treatment of horizontal mergers and of exclusionary conduct by dominant firms. A merger between rivals internalizes business-stealing effects arising from their parallel innovation efforts and thus tends to depress innovation incentives. Merger-specific synergies, such as the internalization of involuntary spillovers or an increase in the productivity of R&D, may offset the adverse effect of a merger on innovation. We describe the possible effects of a merger on innovation by developing a taxonomy of cases, with reference to recent US and EU examples. A dominant firm may engage in exclusionary conduct to eliminate the threat from disruptive firms. This suppresses innovation by foreclosing disruptive rivals and by reducing the pressure to innovative on the incumbent. We apply this broad principle to possible exclusionary strategies by dominant firms.

I. Introduction

We write in praise of market disrupters—firms that shake up the status quo, threaten incumbent firms, and sometimes transform entire industries. Through this process, which Joseph Schumpeter famously called “creative destruction,” disruptive firms promote economic growth and bring the benefits of new technologies and new business practices and business models to consumers.

We focus on the impact of antitrust policy—known globally as competition policy—on innovation.1 Competition policy seeks to protect and promote a vigorous competitive process by which new ideas are transformed into realized consumer benefits. In this fundamental way, competition spurs innovation. The productivity and growth literature teach us that innovation is the primary driver of rising standards of living over time, so promoting innovation through effective competition policy is likely to be very consequential for economic growth and welfare.

Disruptive firms drive a significant amount of innovation.2 They do not use the same technology or business model as incumbents. They offer consumers a distinct value proposition, not simply lower prices. By making its offer to customers attractive in a new way, a disruptive firm can destroy a great deal of incumbent profit while creating a large amount of consumer surplus. The resulting churn in products and market shares, as new products enter and old ones exit, and as newer business methods and business models supplant older ones, represents a healthy competitive process. If that competitive process is slowed or biased by mergers or by exclusionary conduct, innovation is lessened and consumers are harmed. This same competitive process promotes the development and diffusion of best practices, including what might be termed reductions in X-inefficiency. The trade and productivity literature both convincingly demonstrate that firms vary significantly in their productivity levels and that stiffer competition reallocates sales to more productive firms. The diffusion of best practices also is promoted if sales are contestable, going to the better-performing firms.

Competition policy seeks to protect the competitive process by which disruptive firms challenge the status quo. Competition policy is agnostic regarding the type of firm or the type of innovation involved. Start-ups that grow rapidly can certainly be disruptive. Uber and Airbnb are prominent recent examples. But large established firms can also be disruptive, especially when they attack adjacent markets. Think of Walmart entering local retail markets, Microsoft Bing challenging Google in search, or Netflix producing its own video content.

In contrast, the role played by successful incumbent firms in their own core markets is deeply conflicted. On the one hand, process innovations that lower costs can be most valuable at the largest firms, and market leaders often invest substantial sums to introduce new generations of products. Examples abound: Intel developing a new generation of technology and building new fabs to manufacture microprocessors; Boeing developing a new generation of large commercial aircraft; and Verizon investing to build its 5G wireless network. In many industries experiencing rapid technological change, the biggest firms are also some of the most impressive innovators, as Schumpeter observed 75 years ago.3 This should not be surprising, given the economies of scale associated with R&D, especially in industries where developing the next-generation product or process requires investments of hundreds of millions of dollars and/or extensive experience with the current technology.4 On the other hand, a successful incumbent firm that is profiting greatly from the status quo has a powerful incentive to preserve those profits, and this can mean slowing down or blocking disruptive threats. Successful incumbents also may find it very difficult organizationally to invest in disruptive technologies. 5 Competition valuably increases the diversity of approaches taken to the development of new technology.

We stress in this article that innovation is best promoted when market leaders are allowed to exploit their competitive advantages while also facing pressure to perform coming from both conventional rivals and from disruptive entrants. These labels depend on context: the same firm can be a market leader in one area and a disruptive upstart in another. Market leaders may face competitive pressures to innovate coming from (a) other large firms in the same market, (b) other large firms in adjacent spaces, or (c) smaller, pesky disruptive firms. Casual empiricism indicates that all of these sources of competition are important in different settings. All have historically been protected using competition policy.

The central theme animating our analysis is that a market leader is best motivated to innovate if it fears losing its leadership position to a disruptive rival.6 Even a dominant incumbent will feel pressure to innovate if the bulk of tomorrow’s sales will be won by the firm that is most innovative, be that the incumbent or a disruptive challenger, and if other firms are in a position to leapfrog the current incumbent. Once one properly understands the dynamic nature of the competitive process, it becomes clear that greater rivalry—meaning greater contestability of tomorrow’s sales—leads to more innovation.7 The critical role of competition policy is thus to prevent today’s market leaders from using their market power to disable disruptive threats, either by acquiring would-be rivals or by using anticompetitive tactics to exclude them. Sections II and III discuss the treatment of horizontal mergers that may harm innovation. Section IV discusses the antitrust limits on the business conduct of dominant incumbent firms.

#### Expanding antitrust is necessary to sustain creative destruction---only that preserves innovation leadership

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The goal underpinning U.S. antitrust law is to promote competition that leads to lower prices and enhanced consumer welfare.

For years, antitrust agencies have approached this goal by focusing on short-term, static competition, which emphasizes achieving low prices in the here and now.

This narrow focus, however, has resulted in unnecessary conflict between the static competitive analysis deployed by antitrust regulators and the dynamic issues raised by intellectual property.

Fortunately, over the last few decades, a growing recognition has emerged among economists that antitrust laws must be recalibrated to preserve the incentive to innovate and promote the U.S. innovation economy.

These economists are calling for an antitrust framework that prioritizes dynamic over static competition — placing less weight on market concentration in the assessment of market power and more weight on assessing technological opportunity, innovation-driven competition and appropriate enterprise-level capabilities.

At the heart of this movement is the foundational principle, dating back to Joseph Schumpeter and Nobel Laureate economist Robert Solow, that innovation is the main driver of economic growth.

Indeed, given the strong economic evidence that innovation drives productivity, sharpens competition and creates new products, a serious consumer-oriented antitrust policy, with an intermediate-to-long-term orientation, necessarily must focus primarily on supporting and advancing innovation.

However, although antitrust agencies routinely claim to favor both innovation and competition, this has not always been the case.

For instance, during the previous administration, some agency heads unnecessarily generated tension between static competitive analysis — with its undue emphasis on achieving low prices in the short term — and the dynamic issues implicated by intellectual property and associated royalty payments.

Royalties, in the short run, raise prices of licensed goods relative to the prices that would prevail absent payments.

However, payments to licensors also support innovation by helping innovators achieve the economic returns necessary to draw forth the critical investment dollars needed to support research and development (R&D) and continuing innovation.

This model produces a continuous cycle of innovation in which innovators are properly incentivized to invent and reinvest their royalties into more R&D, which leads to new innovations and restarts the cycle.

A prime example of the dynamic benefits flowing from such an innovation ecosystem is 5G. This revolutionary technology promises the ability to connect to and control cities, automobiles, objects and devices, transforming a broad range of industries in the process.

Thanks to its private-sector top performers, the United States currently leads the world in 5G — a distinction that comes with an extraordinary opportunity for massive economic growth and increased consumer welfare.

However, the rigid application of an antitrust framework focused on short-term pricing, rather than on innovation as a critical driver of competition, could cause the United States to forfeit its 5G leadership position.

This would not only reduce consumer welfare but would pose a clear risk to U.S. national security — a fact recognized by U.S. national defense agencies in prohibiting a foreign company from acquiring Qualcomm, a U.S. technology company, because the proposed transaction imperiled Qualcomm’s 5G leadership position.

Recently, the U.S. Department of Justice (DOJ) has indicated that a course correction may be underway. In a series of speeches, Assistant Attorney General Makan Delrahim, head of the DOJ’s Antitrust Division, signaled that the focus of a sound antitrust analysis must be less on short-term pricing and more on the innovation and growth that delivers value to consumers over the longer term.

For example, in his speech before the U.S. Embassy in Beijing, Delrahim invoked “promoting dynamic competition” as a normative goal of competition regulators.

He also declared that “competition law enforcers around the world must give careful consideration to the interests that drive innovation, including by allowing innovators to reap the full rewards of their investment in research and development.” It appears that Delrahim correctly recognizes that innovation is the critical driver of competition.

While Delrahim’s leadership on this issue is admirable, officials at the Federal Trade Commission (FTC) regrettably have yet to follow the DOJ’s lead. The FTC continues to endorse outdated modes of competition regulation and policies that are not properly calibrated to promote dynamic competition and advance innovation.

In order to truly enhance consumer welfare over the long term, I hope the FTC soon will join hands with the DOJ and help move the United States toward a pro-innovation policy founded upon a dynamic competition paradigm.

For over 30 years, a small group of economists has been calling for a pivot in antitrust in favor of dynamic over static competition. With Delrahim at the helm of the DOJ’s Antitrust Division, we may soon witness such a pivot.

U.S. antitrust policy needs to adopt a deeper understanding of innovation processes and competition over the long run, and there needs to be greater policy coherence among antitrust, industrial and technology policies.

The dynamic competition paradigm is both the easiest and the best intellectual paradigm for the competition agencies and the courts to employ to free antitrust from its current outmoded framework. Indeed, prioritizing dynamic competition over its weaker sibling will enhance not just consumer welfare, but economic welfare, too.

#### Regulated capitalism is key---alternative systems fail to innovate sufficiently

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Nonetheless, the abolition of capitalism is not the solution. The last century witnessed a large-scale experiment with an alternative system—a system of central planning in the Soviet Union and other communist countries of Central and Eastern Europe. This system failed to offer individuals the freedom and economic incentives necessary for frontier innovation, and so these nations were unable to get beyond an intermediate level of development. Henri Weber, a well-known figure of the French movement of May 1968, was a former Trotskyist leader in the 1960s and 1970s but later became a leader of the French Socialist Party and Socialist member of the European Parliament. He explained his personal conversion to the free market economy and social democracy, looking to the Scandinavian experience: “Having witnessed from a front-row seat the disaster of collectivization of agriculture and firms in the Soviet Union, the Scandinavian Socialists were the first to break with the dogma of socializing means of production and managing the economy by a central planning committee. To control and humanize the economy, it is altogether unnecessary to expropriate management, to nationalize firms, or to eradicate the market . . . altogether unnecessary to deprive society of the creativity, knowhow, and dynamism of entrepreneurs. Under certain conditions, entrepreneurial talent can be mobilized to serve the common good.” A market economy, because it induces creative destruction, is inherently disruptive. But historically it has proved to be a formidable engine of prosperity, hoisting our societies to levels of development unimaginable two centuries ago. Must we therefore resign ourselves to the serious pitfalls and defects of capitalism as the necessary price to pay to generate prosperity and overcome poverty?

In this book, we have sought to better understand how growth through creative destruction interacts with competition, inequality, the environment, finance, unemployment, health, happiness, and industrialization, and how poor countries catch up to rich ones. We have analyzed to what degree the state, with appropriate control of the executive, can stimulate the creation of wealth while at the same time tackling the problems mentioned above. We have seen how, by moving from laissez-faire capitalism, with market forces given free rein, to a form of capitalism in which the state and civil society play their full role, it is possible to stimulate social mobility and reduce inequality without discouraging innovation. We have also seen how appropriate competition policies can curb the decline of growth and how we can redirect innovation toward green technologies to combat global warming. We have seen that, without forgoing globalization, a country can improve its competitiveness through innovative investments and put in place effective safety nets to protect individuals who lose their jobs. Lastly, we have seen how, with the indispensable support of civil society, it is possible to prevent yesterday’s innovators, in collusion with public officials, from pulling up the ladder behind themselves to block the path of tomorrow’s innovators.

#### Failure to sustain innovation leadership makes a China war inevitable

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The global economy has become more integrated, with China’s economy growing strongly—poised to soon take over the United States at market exchange rates and having already done so in terms of purchasing power parity. More importantly, China has become the top trading partner and creditor/investor for many countries. The size and penetration of the Chinese economy have rendered a strategy of containing China impractical and costly to all sides, and makes the US-China contention more protracted and difficult.

The West thus faces a dilemma: Efforts to decouple from China in order to limit its influence would hurt not only China but also Western countries and the global economy more broadly, but striking a trade deal with China to reduce tensions will likely help the Chinese economy perform better, making the strategic competition with Beijing more intractable.

The rivalry has slowly led to a bifurcation of the global economy, most discernible in high-tech areas such as the tension between digital authoritarianism and digital liberalism, artificial intelligence and surveillance technologies, satellite-based navigation for civilian and military uses, and 5G/6G telecommunications.

A balanced assessment

It’s important to remember that China has many weaknesses, including an aging population with a shrunken labor force, a secular decline in labor productivity, high levels of debt, environmental degradation, and social and economic inequalities. It is still an open question whether China can graduate from its old and trusted development model of mobilizing massive investment for exports to one driven by innovation—a model that tends not to thrive under political control.

However, it is equally important not to underestimate the domestic challenges facing the United States and several European countries. Confronted by aging populations and declining productivity, many affluent Western countries have been beset by populist backlashes against economic inequalities and social problems. Especially in the United States, the division has deepened to the extent that there is no shared perception of reality, let alone common ground for debate. This makes it difficult for the United States to build political consensus behind any sustained actions needed to deal with its challenges—even though the country has managed to overcome difficulties in the past and could do so again.

With or without the label “cold war,” the United States and China are locked in a protracted conflict over core national values, including economic and geopolitical interests. The fact that the Chinese economy is stronger than the Soviet Union’s decrepit economy, playing a key role in integrated global supply chains, while many Western countries suffer from internal divisions, makes the strategic competition more challenging for the West than the Cold War of the late twentieth century was. Of particular concern is the fact that the United States has suffered a steep fall in its Freedom House “Freedom in the World” score since 2010, denting much of its soft power. Consequently, the contestants in today’s conflict appear to be more evenly matched, making for a difficult struggle ahead—whatever you want to call it.

#### US-China competition isn’t defined by military strength, but relative innovation capacity---outpacing China is the only way to prevent a war

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The United States and China are in a growing competition, perhaps verging on conflict, but it is not a nineteenth century competition between empires for control of territory and resources. Unlike great power competition in previous centuries, the focal point is not military strength or territorial expansion. This conflict is over control of the modern levers of power—global rules and institutions, standards, trade, and technology. The ability to create new technologies, particularly digital technologies (given their importance for politics, security, and economic growth) have become key factors in the U.S.-China relationship, which is marked by close commercial cooperation and deep governmental distrust. This disparity creates unavoidable tensions.

The link between technology, innovation, national security, and international power is now widely recognized. When Vladimir Putin says that the country that leads in artificial intelligence (AI) “will be the ruler of the world,” it is hyperbole, but hyperbole that confirms that political leaders recognize that the ability to innovate is a potent source of national power. In the digital age, national security and national power have different requirements shaped by technological change and cyberspace.

Innovation has become a central element of its international influence. This is not new—the U.S.-Soviet space race was a contest of the ability of different systems to produce new technologies, but those were unique government programs. Technological competition today is as much between companies as states. A country’s ability to innovate and produce advanced technologies provides economic strength, military power, and an intangible benefit of perceived leadership.

Both China and the United States have advantages and disadvantages in this contest, and while it is usual to focus on quantitative aspects—such as the number of engineers or patents and spending on research and development (R&D)—these are not the key determinants of technological competition between states. This competition is a contest of ideas on governance for investment, innovation, and the internet. The internet and global connectivity not only reshape the environment for competition but also create political and market forces that both nations find difficult to control.

#### Chinese technological rise is demonstrably worse---causes global instability and conflict

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If China is indeed the future, if China is primed to “rule the world,” if China remakes the international order in its image, it won’t be pretty. A future dominated by the People’s Republic of China (PRC) will be demonstrably worse than the world we know. Just look at how Xi Jinping’s regime treats its own subjects—and plays its current role on the global stage.

NO RIGHTS

Those predictions aren’t outlandish. China already is the world’s top manufacturing nation, top exporting nation and second-largest economy. The PRC was the only major economy to emerge from 2020 claiming GDP growth (if we are to trust Beijing’s books). In the pandemic’s wake, China dislodged the U.S. as the world’s primary destination for foreign direct investment. PRC-backed firms are leaders in the global 5G and AI race. On the strength of a 517-percent binge in military spending since 2000, China bristles with anti-ship and anti-aircraft missiles, deploys a high-tech air force, has a growing and openly hostile presence in space, is doubling its nuclear arsenal, and boasts a 350-ship navy (now the world’s largest). Beijing’s growing cultural reach is evident in everything from its influence over Hollywood, to its puppet-master relationship with the NBA, to its 480 Confucius Institutes (designated by Washington as “part of the Chinese Communist Party’s global influence and propaganda apparatus”).

As President Joe Biden concludes, China is “the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system.”

Xi is doing exactly that. But the China challenge starts inside the PRC.

Xi is pursuing what he calls the “China Dream,” which enfolds goals such as sustained economic development, military power modeled after and matching that of the U.S., ideological conformity, “rejuvenation of the Chinese nation” and “complete unification of our country.” Making Xi’s “China Dream” come true is turning into a nightmare for his subjects.

Before leaving his State Department post, Secretary of State Mike Pompeo described what Xi is doing to Uighur Muslims as “genocide,” noting that Beijing has “forced more than a million people into internment camps in the Xinjiang region” and detailing “torture, sexual abuse…rape, forced labor…and unexplained deaths in custody.” As he took the baton from Pompeo, Secretary of State Antony Blinken agreed, affirming that “The forcing of men, women and children into concentration camps, trying to, in effect, re-educate them to be adherents to the ideology of the Chinese Communist Party—all of that speaks to an effort to commit genocide.”

The U.S. government isn’t alone. The Uighur Muslim region, according to a UN human-rights watchdog, “resembles a massive internment camp…a no-rights zone.” More accurately, all of China is a no-rights zone.

Xi’s China is a place where Christian churches are smashed and followers of Christ are sent to reeducation camps; Buddhist temples are bulldozed; Uighur men are packed into freight trains, Uighur women are forcibly sterilized and Uighur babies are forcibly aborted; and bishops and Nobel Peace Prize laureates die in prison. Under Xi, “Religious persecution has increased…with four communities in particular experiencing a downturn in conditions—Protestant Christians, Tibetan Buddhists, and both Hui and Uighur Muslims,” Freedom House reports. Amnesty International adds that “hundreds of thousands of people” are subjected to arbitrary arrest and detention in China, many of them for “peacefully exercising their rights to freedom of expression and freedom of belief.”

There’s a brutal logic to Xi’s brutal response to religious activity. The common denominator of most every religion is that there’s something above, something beyond, something bigger, more enduring and more important than the state. That notion represents a mortal threat to the legitimacy and durability of Xi’s regime, which is founded on the premise that people exist to serve the state—not to use their God-given gifts to serve others and God.

Xi’s capacity to control is growing ever more insidious. The PRC’s new “social credit system” is using mega-databases to monitor and catalogue every aspect of life of China’s 1.3 billion people—financial transactions, civil infractions, social-media postings, online activity—and then reward or sanction Xi’s subjects by feeding all that information to the National Development and Reform Commission, banking system and judicial system. PRC subjects with good social credit scores enjoy waived fees, lower utility bills, promotions and expedited overseas-travel approval, while those with poor social credit scores can be fired from their jobs, expelled from school, blocked from universities, or barred from accessing transportation.

An Orwellian surveillance state, more than a billion people denied religious freedom and other human rights, uncounted numbers tortured in reeducation camps, physicians jailed for following the Hippocratic Oath—that’s the kind of future and the kind of world Xi wants to build. As dissident leader Xu Zhangrun observed in the wake of Beijing’s criminal mishandling of COVID-19, “A polity that is blatantly incapable of treating its own people properly can hardly be expected to treat the rest of the world well.”

NO LIMITS

That idea—the notion that the PRC is incapable of treating the world any better than it treats its own—is not particularly profound. After all, this is a regime that over the decades has erased some 35 million of its subjects and tortured millions more. Regimes like this see no limits on their power. Since they believe nothing is above the state, they rationalize everything they do in the name of the state, the revolution, the Supreme Leader, the Dear Leader, the Core Leader (Xi’s new title). With no moral constraints on what they do, they believe their ends always justify their means.

That backwards worldview informs every aspect of decision-making in the PRC. This doesn’t mean Washington should refuse to talk with Beijing. But we must be ever vigilant when dealing with Xi. A regime that can justify imprisoning, torturing and killing its own people for peacefully practicing their faith can and will justify anything: seizing foreign lands, annexing international waterways, absorbing free peoples, stealing proprietary information, leveraging a pandemic to gain geopolitical advantage, breaking treaties. The godless USSR did those sorts of things, and so has the godless PRC.

“It is difficult to imagine that a government that continues to repress freedom in its own country,” President Ronald Reagan said of the USSR, “can be trusted to keep agreements with others.” And here we are yet again.

Experts in policy analysis, academia and military-security affairs conclude that Xi’s response to COVID-19 “was in breach of international law.” It pays to recall that COVID-19 was a local public-health problem that metastasized into a global pandemic due to Beijing’s incompetence or intention (either cause is reason not to entrust the future to Xi); that Xi’s regime lied about human-to-human transmission; that Xi’s regime willfully allowed millions to leave the epicenter in Wuhan for destinations around the world; that Xi’s regime carried out a premeditated plan to hoard 2.5 billion pieces of protective equipment as the virus swept the globe; that Xi’s regime blocked scientists from sharing findings about genome sequencing for weeks; that Xi’s regime continues to refuse to cooperate with international health agencies.

Xi’s intervention in Hong Kong and assertion of rule by remote-control is a brazen violation of an international treaty.

In and above the East China Sea, Beijing is constantly violating Japanese airspace and illegally loitering PRC coast guard vessels in Japanese waters. All the while, Beijing illegally claims some 90 percent of the South China Sea. Xi has backed up those claims by building 3,200 acres of illegal islands beyond PRC waters. These islands feature SAM batteries and warplanes. Xi promised the PRC wouldn’t militarize these islands. But as America and its allies learned at enormous cost last century, words don’t matter to men like Xi. Strength and the will to wield it are all that matters. Xi has both.

His goal is to control the resource-rich South and East China Seas, assert sovereignty claims in fait accompli fashion, and bring Chinese-speaking lands under his heel. Hong Kong—where only PRC-approved “patriots” are allowed to serve in government—was his first objective. Taiwan is next. Xi has made clear that democratic Taiwan “must and will be” absorbed by the communist Mainland. “We make no promise to abandon the use of force,” he warns. That explains Beijing’s ground-unit exercises, naval drills and bomber sorties around the island democracy.

Nor are Xi’s dreams and designs limited to his immediate neighborhood. Beijing is buying loyalty via development projects (see the Belt and Road Initiative), gaining a toehold in strategically located regions (see PRC control over ports in 18 countries), building an authoritarian bloc (see Russia, Serbia, North Korea, Iran, Venezuela), and fielding a power-projecting military capable of challenging the Free World across every region and every domain—land, sea, air, space and cyberspace. Xi’s relentless cybersiege of the Free World is siphoning away inventions, discoveries, technologies and wealth, penetrating defense firms, and interfering in elections.

For those with eyes to see—who know about the laogai camps and brutalization of Muslims and oppression of Tibet and assault on Christianity—none of this comes as a surprise. What’s surprising is that for 40 years, the trade über alles caucus convinced itself that such a regime could somehow be reformed by access to Buicks and Kentucky Fried Chicken.

TAKING AIM

Xi vows to build what he calls “a more just and reasonable new world order”—one that would supplant the liberal democratic order the United States and its allies began building after World War II. Importantly, the PRC not only has the intent to build a new world order; it has the resources and capabilities to do so—which helps explain why those who designed and uphold the existing world order are answering China’s challenge.

The PRC is a country of 1.3 billion people. Its GDP is already $14.1 trillion. Its economic tendrils—trade, banking, manufacturing, logistics, shipping, technology, super-computing, artificial intelligence—stretch into every part of the globe. All of this is fueling the PRC’s relentless military modernization and buildup. The PRC’s annual military expenditure is at least $261 billion. (Beijing recently announced an increase in military spending of 6.8 percent for 2021). The PRC has a 2-million-man military, the world’s largest navy and an intense focus on its neighborhood.

None of this would be a particularly worrisome if China embraced the values of liberal democracy—the rule of law, individual freedom, religious liberty, free enterprise and free trade, majority rule with minority rights. These are the foundation stones of what Churchill and FDR envisioned when they drafted the Atlantic Charter in 1941. Their vision led to what some call the “rules-based democratic order,” others the “liberal international order,” still others the “free world order.” These terms aim to describe how the peoples of the West have tried to make the world work and indeed manage the world: They embraced and encouraged democratic governance; developed rules and norms of behavior; promoted liberal (freedom-oriented) political and economic institutions; and called upon governments to live up to the responsibilities of nationhood by respecting international borders and promoting good order within those borders. The result has been an unparalleled spread of prosperity, an unprecedented expansion of free government and an unexpected remission of great-power war (which had become an increasingly-destructive feature of the centuries leading up to 1945).

To be sure, many regimes reject the values of liberal democracy. But the PRC, like the USSR before it, not only rejects those values; it possesses the military-technological-industrial-economic assets to challenge those values, erode the liberal international order built upon those values, and forge a new international order or at least bend the existing order toward its own goals. But don’t take my word for it.

“Some seek to challenge the international order—that is, the rules, values and institutions that reduce conflict and make cooperation possible among nations,” Blinken and Defense Secretary Lloyd Austin warn, pointedly adding that “China in particular is all too willing to use coercion to get its way.”

Former national security advisor Gen H.R. McMaster concludes that PRC “leaders believe they have a narrow window of strategic opportunity to…revise the international order in their favor.”

Before he retired as Indo-Pacific commander ,Adm. Phil Davidson told the Senate Armed Services Committee that Xi and his lieutenants are “accelerating their ambitions to supplant the United States and our leadership role in the rules-based international order.”

A NATO panel noted late last year that Beijing’s “approach to human rights and international law challenges the fundamental premise of a rules-based international order.”

These political, diplomatic and military leaders recognize that the liberal order has promoted the peace and prosperity of the Free World for nearly 75 years. But it doesn’t run on autopilot. If we want the benefits of a liberal order that sustains our way of life, we need to sustain the liberal order. As Robert Kagan of the Brookings Institution observes, “The present order will last only as long as those who favor it and benefit from it retain the will and capacity to defend it.” He adds, “Every international order in history has reflected the beliefs and interests of its strongest powers, and every international order has changed when power shifted to others with different beliefs and interests.”

Indeed, the liberal order and its guarantors have arrived at a turning point or breaking point: Either they will marshal the means and will to update, strengthen and preserve the existing order, or Beijing will dramatically transform it. Xi’s callous treatment of his own subjects and contempt for international norms offer a glimpse of what his “more reasonable new world order” would look like.

#### Extinction outweighs

Seth D. Baum & Anthony M. Barrett 18. Global Catastrophic Risk Institute. 2018. “Global Catastrophes: The Most Extreme Risks.” Risk in Extreme Environments: Preparing, Avoiding, Mitigating, and Managing, edited by Vicki Bier, Routledge, pp. 174–184.

2. What Is GCR And Why Is It Important? Taken literally, a global catastrophe can be any event that is in some way catastrophic across the globe. This suggests a rather low threshold for what counts as a global catastrophe. An event causing just one death on each continent (say, from a jet-setting assassin) could rate as a global catastrophe, because surely these deaths would be catastrophic for the deceased and their loved ones. However, in common usage, a global catastrophe would be catastrophic for a significant portion of the globe. Minimum thresholds have variously been set around ten thousand to ten million deaths or $10 billion to $10 trillion in damages (Bostrom and Ćirković 2008), or death of one quarter of the human population (Atkinson 1999; Hempsell 2004). Others have emphasized catastrophes that cause long-term declines in the trajectory of human civilization (Beckstead 2013), that human civilization does not recover from (Maher and Baum 2013), that drastically reduce humanity’s potential for future achievements (Bostrom 2002, using the term “existential risk”), or that result in human extinction (Matheny 2007; Posner 2004). A common theme across all these treatments of GCR is that some catastrophes are vastly more important than others. Carl Sagan was perhaps the first to recognize this, in his commentary on nuclear winter (Sagan 1983). Without nuclear winter, a global nuclear war might kill several hundred million people. This is obviously a major catastrophe, but humanity would presumably carry on. However, with nuclear winter, per Sagan, humanity could go extinct. The loss would be not just an additional four billion or so deaths, but the loss of all future generations. To paraphrase Sagan, the loss would be billions and billions of lives, or even more. Sagan estimated 500 trillion lives, assuming humanity would continue for ten million more years, which he cited as typical for a successful species. Sagan’s 500 trillion number may even be an underestimate. The analysis here takes an adventurous turn, hinging on the evolution of the human species and the long-term fate of the universe. On these long time scales, the descendants of contemporary humans may no longer be recognizably “human”. The issue then is whether the descendants are still worth caring about, whatever they are. If they are, then it begs the question of how many of them there will be. Barring major global catastrophe, Earth will remain habitable for about one billion more years 2 until the Sun gets too warm and large. The rest of the Solar System, Milky Way galaxy, universe, and (if it exists) the multiverse will remain habitable for a lot longer than that (Adams and Laughlin 1997), should our descendants gain the capacity to migrate there. An open question in astronomy is whether it is possible for the descendants of humanity to continue living for an infinite length of time or instead merely an astronomically large but finite length of time (see e.g. Ćirković 2002; Kaku 2005). Either way, the stakes with global catastrophes could be much larger than the loss of 500 trillion lives. Debates about the infinite vs. the merely astronomical are of theoretical interest (Ng 1991; Bossert et al. 2007), but they have limited practical significance. This can be seen when evaluating GCRs from a standard risk-equals-probability-times-magnitude framework. Using Sagan’s 500 trillion lives estimate, it follows that reducing the probability of global catastrophe by a mere one-in-500-trillion chance is of the same significance as saving one human life. Phrased differently, society should try 500 trillion times harder to prevent a global catastrophe than it should to save a person’s life. Or, preventing one million deaths is equivalent to a one-in500-million reduction in the probability of global catastrophe. This suggests society should make extremely large investment in GCR reduction, at the expense of virtually all other objectives. Judge and legal scholar Richard Posner made a similar point in monetary terms (Posner 2004). Posner used $50,000 as the value of a statistical human life (VSL) and 12 billion humans as the total loss of life (double the 2004 world population); he describes both figures as significant underestimates. Multiplying them gives $600 trillion as an underestimate of the value of preventing global catastrophe. For comparison, the United States government typically uses a VSL of around one to ten million dollars (Robinson 2007). Multiplying a $10 million VSL with 500 trillion lives gives $5x1021 as the value of preventing global catastrophe. But even using “just" $600 trillion, society should be willing to spend at least that much to prevent a global catastrophe, which converts to being willing to spend at least $1 million for a one-in-500-million reduction in the probability of global catastrophe. Thus while reasonable disagreement exists on how large of a VSL to use and how much to count future generations, even low-end positions suggest vast resource allocations should be redirected to reducing GCR. This conclusion is only strengthened when considering the astronomical size of the stakes, but the same point holds either way. The bottom line is that, as long as something along the lines of the standard riskequals-probability-times-magnitude framework is being used, then even tiny GCR reductions merit significant effort. This point holds especially strongly for risks of catastrophes that would cause permanent harm to global human civilization. The discussion thus far has assumed that all human lives are valued equally. This assumption is not universally held. People often value some people more than others, favoring themselves, their family and friends, their compatriots, their generation, or others whom they identify with. Great debates rage on across moral philosophy, economics, and other fields about how much people should value others who are distant in space, time, or social relation, as well as the unborn members of future generations. This debate is crucial for all valuations of risk, including GCR. Indeed, if each of us only cares about our immediate selves, then global catastrophes may not be especially important, and we probably have better things to do with our time than worry about them. While everyone has the right to their own views and feelings, we find that the strongest arguments are for the widely held position that all human lives should be valued equally. This position is succinctly stated in the United States Declaration of Independence, updated in the 1848 Declaration of Sentiments: “We hold these truths to be self-evident: that all men and 3 women are created equal”. Philosophers speak of an agent-neutral, objective “view from nowhere” (Nagel 1986) or a “veil of ignorance” (Rawls 1971) in which each person considers what is best for society irrespective of which member of society they happen to be. Such a perspective suggests valuing everyone equally, regardless of who they are or where or when they live. This in turn suggests a very high value for reducing GCR, or a high degree of priority for GCR reduction efforts.

#### Absent US leadership, China will fill-in the innovation vacuum---that causes an expansion of technology that undermines human rights, expands repression of minorities, and cements dangerous bioethics

Christopher Darby & Sarah Sewall 21. President and CEO of In-Q-Tel, Executive Vice President for Policy at IQT, U.S. Undersecretary of State for Civilian Security, Democracy, and Human Rights. “America’s Eroding Technological Advantage.” <https://www.foreignaffairs.com/articles/united-states/2021-02-10/technology-innovation-wars>.

Since the early days of the Cold War, the United States has led the world in technology. Over the course of the so-called American century, the country conquered space, spearheaded the Internet, and brought the world the iPhone. In recent years, however, China has undertaken an impressive effort to claim the mantle of technological leadership, investing hundreds of billions of dollars in robotics, artificial intelligence, microelectronics, green energy, and much more. Washington has tended to view Beijing’s massive technology investments primarily in military terms, but defense capabilities are merely one aspect of great-power competition today—little more than table stakes. Beijing is playing a more sophisticated game, using technological innovation as a way of advancing its goals without having to resort to war. Chinese companies are selling 5G wireless infrastructure around the world, harnessing synthetic biology to bolster food supplies, and racing to build smaller and faster microchips, all in a bid to grow China’s power.

In the face of China’s technological drive, U.S. policymakers have called for greater government action to protect the United States’ lead. Much of the conventional wisdom is sensible: boost R & D spending, ease visa restrictions and develop more domestic talent, and build new partnerships with industry at home and with friends and allies abroad. But the real problem for the United States is much deeper: a flawed understanding of which technologies matter and of how to foster their development. As national security assumes new dimensions and great-power competition moves into different domains, the government’s thinking and policies have not kept pace. Nor is the private sector on its own likely to meet every technological need that bears on the country’s security.

In such an environment, Washington needs to broaden its horizons and support a wider range of technologies. It needs to back not only those technologies that have obvious military applications, such as hypersonic flight, quantum computing, and artificial intelligence, but also those traditionally thought of as civilian in nature, such as microelectronics and biotechnology. Washington also needs to help vital nonmilitary technologies make the transition to commercial success, stepping in with financing where the private sector will not.

AMERICA’S INNOVATION CHALLENGE

In the early decades of the Cold War, the United States spent billions of dollars dramatically expanding its scientific infrastructure. The Atomic Energy Commission, formed in 1946, assumed responsibility for the wartime labs that had pioneered nuclear weapons, such as the Oak Ridge National Laboratory, the headquarters of the Manhattan Project, and went on to fund academic research centers, such as the Lawrence Livermore National Laboratory. The Department of Defense, founded in 1947, was given its own massive research budget, as was the National Science Foundation, established in 1950. After the Soviets launched the Sputnik satellite, in 1957, Washington created the National Aeronautics and Space Administration, or NASA, to win the space race, as well as what would become the Defense Advanced Research Projects Agency, which was tasked with preventing a future technological surprise. By 1964, research and development accounted for 17 percent of all discretionary federal spending.

Partnering closely with academia and companies, the government funded a large variety of basic research—that is, research without a specific end use in mind. The goal was to build a technological foundation, defined primarily as conventional and nuclear defense capabilities, to ensure the country’s security. The research proved astonishingly successful. Government investment spawned cutting-edge capabilities that undergirded the United States’ military superiority, from supersonic jets to nuclear-powered submarines to guided missiles. The private sector, for its part, got to capitalize on the underlying intellectual property, turning capabilities into products and products into companies. GPS-enabled technologies, airbags, lithium batteries, touchscreens, voice recognition—all got their start thanks to government investment.

Yet over time, the government lost its lead in innovation. In 1964, the U.S. government was spending 1.86 percent of GDP on R & D, but by 1994, that share had fallen to 0.83 percent. During that same period, U.S. corporate R & D investment as a percentage of GDP nearly doubled. The numbers tell only half the story. Whereas much of the government’s R & D investment was aimed at finding new, game-changing discoveries, corporate R & D was mostly devoted to incremental innovation. The formula for growing revenue, the private sector realized, was to expand on existing products, adding functionality or making something faster, smaller, or more energy efficient. Companies focused on nearer-term technologies with commercial promise, rather than broad areas of inquiry that might take decades to bear fruit.

Increasingly, the most innovative R & D was taking place not in the labs of large corporations but at nimbler, privately funded startups, where venture capital investors were willing to tolerate more risk. Modern venture capital firms—partnerships that invest in early-stage companies—first arose in the 1970s, leading to early successes such as Apple and Microsoft, but it wasn’t until the dot-com bubble of the 1990s that this style of investment really took off. If the first phase of R & D outsourcing was from government labs to corporate America, this was the second phase: away from big businesses and toward small startups. Large companies began to spend less on internal R & D and more on what they called “corporate development,” or acquiring smaller, venture-backed companies with promising technologies.

The rise of venture capitalism created a great deal of wealth, but it didn’t necessarily further U.S. interests. Venture capital firms were judged by their ability to generate outsize returns within a ten-year window. That made them less interested in things such as microelectronics, a capital-intensive sector where profitability arrives in decades more so than years, and more interested in software companies, which need less capital to get going. The problem is that the companies receiving the most venture capital funding have been less likely to pursue national security priorities. When the American venture capital firm Accel hit the jackpot by investing early in Rovio Entertainment, the Finnish video game company behind the mobile app Angry Birds, it may have been a triumph for the firm, but in no way did it further U.S. interests.

Meanwhile, government funding of research continued its decline relative both to GDP and to R & D spending in the private sector. The Department of Defense retained the single biggest pot of federal research funding, but there was less money overall, and it became more dispersed across various agencies and departments, each pursuing its own priorities in the absence of a national strategy. As the best researchers were lured to the private sector, the government’s in-house scientific expertise atrophied. Once close relationships between private companies and Washington also suffered, as the federal government was no longer a major customer for many of the most innovative firms. U.S. agencies were rarely the first to buy advanced technology, and smaller startups generally lacked the lobbyists and lawyers needed to sell it to them anyway.

Globalization also drove a wedge between corporations and the government. The American market came to look less dominant in an international context, with the huge Chinese consumer market exerting a particularly powerful pull. Corporations now had to think of how their actions might look to customers outside the United States. Apple, for example, famously refused to unlock iPhones for the FBI, a decision that probably enhanced its brand internationally.

Further complicating matters, innovation itself was upending the traditional understanding of national security technology. More and more, technology was becoming “dual use,” meaning that both the civilian and the military sectors relied on it. That created new vulnerabilities, such as concerns about the security of microelectronic supply chains and telecommunications networks. Yet even though civilian technologies were increasingly relevant for national security, the U.S. government wasn’t responsible for them. The private sector was, and it was innovating at a rapid clip with which the government could barely keep pace. Taken together, all these trends have led to a concerning state of affairs: the interests of the private sector and the government are further apart than ever.

THE CHINESE JUGGERNAUT

The changes in American innovation would matter less if the world had remained unipolar. Instead, they occurred alongside the rise of a geopolitical rival. Over the past two decades, China has evolved from a country that largely steals and imitates technology to one that now also improves and even pioneers it. This is no accident; it is the result of the state’s deliberate, long-term focus. China has invested massively in R & D, with its share of global technology spending growing from under five percent in 2000 to over 23 percent in 2020. If current trends continue, China is expected to overtake the United States in such spending by 2025.

Central to China’s drive has been a strategy of “military-civil fusion,” a coordinated effort to ensure cooperation between the private sector and the defense industry. At the national, provincial, and local levels, the state backs the efforts of military organizations, state-owned enterprises, and private companies and entrepreneurs. Support might come in the form of research grants, shared data, government-backed loans, or training programs. It might even be as simple as the provision of land or office space; the government is creating whole new cities dedicated solely to innovation.

China’s investment in 5G technology shows how the process works in practice. Equipment for 5G makes up the backbone of a country’s cellular network infrastructure, and the Chinese company Huawei has emerged as a world leader in engineering and selling it—offering high-quality products at a lower price than its Finnish and South Korean competitors. The company has been buoyed by massive state support—by The Wall Street Journal’s count, some $75 billion in tax breaks, grants, loans, and discounts on land. Huawei has also benefited from China’s Belt and Road Initiative, which provides generous loans to countries and Chinese companies to finance infrastructure construction.

Massive state investments in artificial intelligence have also paid off. Chinese researchers now publish more scientific papers in that field than American ones do. Part of this success is the result of funding, but something else plays a big role: access to enormous amounts of data. Beijing has fueled the rise of powerhouse companies that sweep up endless information about their users. These include Alibaba, an e-commerce giant; Tencent, which developed the all-purpose WeChat app; Baidu, which began as a search engine but now offers a range of online products; DJI, which dominates the consumer drone market; and SenseTime, which provides facial recognition technology for China’s video surveillance network and is said to be the world’s most valuable artificial intelligence company. As a matter of law, these companies are required to cooperate with the state for intelligence purposes, a broad mandate that is almost certainly used to force companies to share data for many other reasons.

That information increasingly involves people living outside China. Chinese companies have woven a global web of data-gathering apps that collect foreigners’ private information about their finances, their search history, their location, and more. Those who make a mobile payment through a Chinese app, for example, could have their personal data routed through Shanghai and added to China’s growing trove of knowledge about foreign nationals. Such information no doubt makes it easier for the Chinese government to track, say, an indebted Western bureaucrat who could be convinced to spy for Beijing or a Tibetan activist who has taken refuge abroad.

China’s hunger for data extends to some of the most personal information imaginable: our own DNA. Since the COVID-19 pandemic began, BGI—a Chinese genome-sequencing company that began as a government-funded research group—has broken ground on some 50 new laboratories abroad designed to help governments test for the virus. China has legitimate reasons to build these labs, but it also has an ugly record of forcibly collecting DNA data from Tibetans and Uighurs as part of its efforts to monitor these minorities. Given that BGI runs China’s national library of genomics data, it is conceivable that through BGI testing, foreigners’ biological data might end up in that repository.

Indeed, China has shown great interest in biotechnology, even if it has yet to catch up to the United States. Combined with massive computing power and artificial intelligence, innovations in biotechnology could help solve some of humanity’s most vexing challenges, from disease and famine to energy production and climate change. Researchers have mastered the gene-editing tool CRISPR, allowing them to grow wheat that resists disease, and have managed to encode video in the DNA of bacteria, raising the possibility of a new, cost-effective method of data storage. Specialists in synthetic biology have invented a new way of producing nylon—with genetically engineered microorganisms instead of petrochemicals. The economic implications of the coming biotechnology revolution are staggering: the McKinsey Global Institute has estimated the value of biotechnology’s many potential applications at up to $4 trillion over the next ten to 20 years.

Like all powerful technologies, however, biotechnology has a dark side. It is not inconceivable, for example, that some malicious actor could create a biological weapon that targeted a specific ethnic group. On controversial questions—such as how much manipulation of the human genome is acceptable—countries will accept different degrees of risk in the name of progress and take different ethical positions. The country that leads biotechnology’s development will be the one that most profoundly shapes the norms and standards around its use. And there is reason to worry if that country is China. In 2018, the Chinese scientist He Jiankui genetically engineered the DNA of twin babies, prompting an international uproar. Beijing portrayed him as a rogue researcher and punished him. Yet the Chinese government’s disdain for human rights, coupled with its quest for technological supremacy, suggests that it could embrace a lax, even dangerous approach to bioethics.

THINKING BIGGER

Washington has monitored China’s technological progress through a military lens, worrying about how it contributes to Chinese defense capabilities. But the challenge is much broader. China’s push for technological supremacy is not simply aimed at gaining a battlefield advantage; Beijing is changing the battlefield itself. Although commercial technologies such as 5G, artificial intelligence, quantum computing, and biotechnology will undoubtedly have military applications, China envisions a world of great-power competition in which no shots need to be fired. Technological supremacy promises the ability to dominate the civilian infrastructure on which others depend, providing enormous influence. That is a major motivation behind Beijing’s support for high-tech civilian infrastructure exports. The countries buying Chinese systems may think they are merely receiving electric grids, health-care technology, or online payment systems, but in reality, they may also be placing critical national infrastructure and citizens’ data in Beijing’s hands. Such exports are China’s Trojan horse.

Despite the changing nature of geopolitical competition, the United States still tends to equate security with traditional defense capabilities. Consider microelectronics. They are critical components not only for a range of commercial products but also for virtually every major defense system, from aircraft to warships. Because they will power advances in artificial intelligence, they will also shape the United States’ future economic competitiveness. Yet investment in microelectronics has fallen through the cracks. Neither the private sector nor the government is adequately funding innovation—the former due to the large capital requirements and long time horizons involved and the latter because it has focused more on securing current supplies than on innovating. Although China has had a hard time catching up to the United States in this area, it is only a matter of time before it moves up the microelectronics value chain.

Another casualty of the United States’ overly narrow conception of security and innovation is 5G technology. By dominating this market, China has built a global telecommunications network that can serve geopolitical purposes. One fear is that Beijing could help itself to data running on 5G networks. Another is the possibility that China might sabotage or disrupt adversaries’ communications networks in a crisis. Most U.S. policymakers failed to predict the threat posed by Chinese 5G infrastructure. It wasn’t until 2019 that Washington sounded the alarm about Huawei, but by then, there was little it could do. U.S. companies had never offered an end-to-end wireless network, instead focusing on manufacturing individual components, such as handsets and routers. Nor had any developed its own radio access network, a system for sending signals across network devices that is needed to build an end-to-end 5G system like that offered by Huawei and a few other companies. As a result, the United States found itself in an absurd situation: threatening to end intelligence cooperation if close allies adopted Huawei’s 5G technology without having an attractive alternative to offer.

Digital infrastructure may be today’s battle, but biotechnology will likely be the next. Unfortunately, it, too, is not considered a priority within the U.S. government. The Department of Defense has understandably shown little interest in it. Part of the explanation for that lies in the fact that the United States, like many other countries, has signed a treaty renouncing biological weapons. Still, biotechnology has other implications for the Pentagon, from changing manufacturing to improving the health of service personnel. More important, any comprehensive assessment of the national interest must recognize biotechnology’s implications for ethics, the economy, health, and planetary survival.

Because so many of the gaps in U.S. innovation can be traced back to a narrow view of the national interest and which technologies are needed to support it, the Biden administration’s first step should be to expand that understanding. Officials need to appreciate both the threats and the opportunities of the latest technologies: the havoc that could be wreaked by a paralyzed 5G network or unscrupulous genetic engineering, as well as the benefits that could come from sustainable energy sources and better and more efficient health care.

The Biden administration’s second step should be to create a process for aligning government investments with national priorities. Today, federal funding is skewed toward military capabilities. This reflects a political reality: the Pentagon is the rare part of the government that reliably receives bipartisan budgetary support. Fighter jets and missile defense, for example, are well funded, whereas pandemic preparedness and clean energy get short shrift. But setting the right national technological priorities raises questions that can be answered only by making judgments about the full range of national needs. What are the most important problems that technology can help solve? Which technologies have the power to solve only one problem, and which might solve multiple problems? Getting the answers to such questions right requires taking a truly national perspective. The current method doesn’t do so.

A properly run process would begin with what national security professionals call a “net assessment”—in this case, an analysis of the state of global technological progress and market trends to give policymakers the information necessary to work from a shared baseline. To be actionable, the process would establish a handful of near- and long-term priorities. A compelling candidate for long-term investment, for instance, might be microelectronics, which are foundations for both military and civilian innovation but have difficulty attracting private investment dollars. Another long-term priority might be biotechnology, given its importance for the economy and the future of humanity. As for short-term priorities, the U.S. government might consider launching an international effort to combat disinformation operations or to promote 5G innovation. Whatever the specific priorities chosen, the important thing is that they be deliberate and clear, guiding the United States’ decisions and signaling its aspirations.

A MARKET MINDSET

Supporting those priorities is another matter altogether. The current approach—with the government funding only limited research and the private sector taking care of commercializing the results—isn’t working. Too much government-funded research remains locked in the lab, unable to make the leap to commercial viability. Worse, when it manages to leave U.S. government labs, it often ends up in foreign hands, depriving the United States of taxpayer-financed intellectual property.

The U.S. government will need to take a more active role in helping research make it to the market. Many universities have created offices that focus on commercializing academic research, but most federal research institutions have not. That must change. In the same spirit, the U.S. government should develop so-called sandboxes—public-private research facilities where industry, the academy, and the government can work together. In 2014, Congress did just that when it established Manufacturing USA, a network of facilities that conduct research into advanced manufacturing technologies. A similar initiative for microelectronics has been proposed, and there is no reason not to create additional sandboxes in other areas, too.

The U.S. government could also help with commercialization by building national data sets for research purposes, along with improved privacy protections to reassure the people whose information ends up in them. Such data sets would be particularly useful in accelerating progress in the field of artificial intelligence, which feeds off massive quantities of data—something that only the government and a handful of big technology companies currently possess. Success in synthetic biology, along with wider medical research, will also depend on data. Thus, the U.S. government should increase the quantity and diversity of the data in the National Institutes of Health’s genome library and curate and label that information so that it can be used more easily.

All this help with commercialization will be for naught, however, if the startups with the most promising technologies for national security cannot attract enough capital. Some of them run into difficulties at the early and late stages of growth: in the beginning, they have a hard time courting investors willing to make high-risk bets, and later on, when they are ready to expand, they find it difficult to attract investors willing to write large checks. To fill the gaps at both stages, the U.S. government needs its own investment vehicles.

We work at the parent company of In-Q-Tel, which offers a promising model for early-stage investment. Created in 1999 by the CIA, In-Q-Tel is an independent, not-for-profit firm that invests in technology startups that serve the national interest. (One early recipient of In-Q-Tel’s investment was Keyhole, which became the platform for Google Earth.) Now also funded by the Department of Homeland Security, the Department of Defense, and other U.S. agencies, In-Q-Tel identifies and adapts innovative technologies for its government customers. Compared with a federal agency, a private, not-for-profit firm can more easily attract the investment and technology talent required to make informed investments. There is every reason to take this model and apply it to broader priorities. Even just $100 million to $500 million of early-stage funding per year—a drop in the bucket of the federal budget—could help fill the gap between what the private sector is providing and what the nation needs.

For the later stage, policymakers could draw inspiration from the U.S. International Development Finance Corporation, the federal agency responsible for investing in development projects abroad, which in 2018 was first authorized to make equity investments. A late-stage investment fund could be structured as an arm of that agency or as a fully independent, not-for-profit private entity funded by the government. Either way, it would provide badly needed capital to companies ready to scale up their operations. Compared with early-stage government support, late-stage government support would have to be greater, in the range of $1 billion to $5 billion annually. To expand the impact of this government investment, both the early- and the late-stage funds should encourage “sidecar” investments, which would allow profit-seeking firms and individuals to join the government in making, and potentially profiting from, technology bets.

Government-sponsored investment funds like these would not only fill critical gaps in private-sector investment; they would also allow taxpayers to share in the success of research their money has funded. Currently, most government funding for technology comes in the form of grants, such as the Small Business Innovation Research grants administered by the Small Business Administration; this is true even of some programs that are billed as investment funds. This means that taxpayers foot the bill for failures but cannot share in the success if a company makes it big. As the economist Mariana Mazzucato has pointed out in these pages, “governments have socialized risks but privatized rewards.”

Not-for-profit investment vehicles working on behalf of the government would have another benefit: they would allow the United States to play offense when it comes to technological competition. For too long, it has played defense. For example, it has banned the export of sensitive technology and restricted foreign investment that might pose a national security risk—even though these actions can harm U.S. businesses and do nothing to promote innovation. Supporting commercialization with government-sponsored equity investment will not be cheap, but some of the upfront costs would likely be regained and could be reinvested. There are also nonmonetary returns: investing in national priorities, including infrastructure that could be exported to U.S. allies, would enhance the United States’ soft power.

INNOVATION EVER AFTER

President Joe Biden has pledged to “build back better” and restore the United States’ global leadership. On the campaign trial, he laid out promising proposals to promote American innovation. He called for dramatically boosting federal R & D spending, including some $300 billion to be focused on breakthrough technologies to enhance U.S. competitiveness. That is a good start, but he could make this drive far more effective if he first created a rigorous process for identifying top technological priorities. Biden said he supports “a scaled-up version” of the Small Business Innovation Research grants and has backed “infrastructure for educational institutions and partners to expand research.” Even greater opportunity lies in filling the gaps in private-sector investment and undertaking a long-overdue expansion of government support for commercialization.

On innovation, if the United States opts for just more of the same, its economy, its security, and its citizens’ well-being will all suffer. The United States will thus further the end of its global leadership and the unfettered rise of China. Biden has the right instincts. Yet in order to sustain its technological dominance, the country will have to fundamentally reenvision the why and how of innovation. Biden will no doubt be consumed with addressing domestic challenges, but he has spent much of his career promoting the United States’ global leadership. By revamping American technological innovation, he could do both.

## 2AC

### Adv---Economy

#### There is an arms race---China’s aggressively pursuing AI technology and the CCP has placed emphasis on AI leadership

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Chinese Views on the Importance of AI

1. China’s leadership – including President Xi Jinping – believes that being at the forefront in AI technology is critical to the future of global military and economic power competition.

In July 2017, China’s State Council issued the New Generation Artificial Intelligence Development Plan (AIDP).1 This document – along with Made in China 2025,2 released in May 2015 – form the core of China’s AI strategy. Both documents, as well as the issue of AI more generally, have received significant and sustained attention from the highest levels of China’s leadership, including Xi Jinping. Total Chinese national and local government spending on AI to implement these plans is not publicly disclosed, but it is clearly in the tens of billions of dollars. At least two3 Chinese regional governments have each committed to investing 100 billion yuan (~$14.7 billion USD).4 The opening paragraphs of the AIDP exemplify mainstream Chinese views regarding AI:

AI has become a new focus of international competition. AI is a strategic technology that will lead in the future; the world’s major developed countries are taking the development of AI as a major strategy to enhance national competitiveness and protect national security.5

The above quote also reflects how China’s AI policy community6 is paying close attention to the AI industries and policies of other countries, particularly the United States. Chinese government organizations routinely translate, disseminate, and analyze U.S. government and think tank reports about AI. In my conversations with Chinese officials and my reading of Chinese government AI reports, they demonstrated substantive and timely knowledge of AI developments in the United States and elsewhere. Chinese government AI reports frequently cite U.S. national security think tank publications.7 The U.S. policymaking community ought to make it a priority to be equally effective at translating, analyzing, and disseminating Chinese publications on AI for the insights they provide into Chinese thinking.8

2. China’s leadership – including Xi Jinping – believes that China should pursue global leadership in AI technology and reduce its vulnerable dependence on imports of international technology.

In October 2018, Xi Jinping led a Politburo study session on AI. Such sessions are reserved for the high-priority policy issues where leaders need the benefit of outside expertise. Xi’s publicly reported comments during and after the study session reiterated the main conclusions of both the AIDP and Made in China 2025, which were that China should “achieve world-leading levels”9 in AI technology and reduce its vulnerable “external [foreign] dependence for key technologies and advanced equipment.”10

In his speech during the study session, Xi said that China must “ensure that our country marches in the front ranks where it comes to theoretical research in this important area of AI, and occupies the high ground in critical and AI core technologies.”11 Xi further said that China must “pay firm attention to the structure of our shortcomings, ensure that critical and core AI technologies are firmly grasped in our own hands.” Xi’s speech demonstrates that China’s leadership continues to subscribe to AIDP’s and Made in China 2025’s two major conclusions that China should pursue both world leadership and self-reliance in AI technology. The Chinese AI sector’s dependence on foreign technology is discussed further in point nine.

Chinese Views on AI's International Security Implications

3. Recently, Chinese officials and government reports have begun to express concern in multiple diplomatic forums about arms race dynamics associated with AI and the need for international cooperation on new norms and potentially arms control.

In a keynote speech during China’s largest international relations conference on July 15, 2018, Fu Ying,12 the Vice-Chair of the Foreign Affairs Committee of the National People’s Congress, said that Chinese technologists and policymakers agree regarding the “threat of the new [AI] technology to mankind.” She further stated that “We believe that we should cooperate to preemptively prevent the threat of AI.”

Madam Fu’s depiction of AI as posing a shared threat to international security was echoed by many other Chinese diplomats and PLA think tank scholars in my private meetings with them. For instance, one official told me he was concerned that AI “will lower the threshold of military action,” because states may be more willing to attack each other with AI military systems due to the lack of casualty risk. Chinese officials also expressed concern that increased used of AI systems would make misperceptions and unintentional conflict escalation more likely due to the lack of well-defined norms regarding the use of such systems. Additionally, Chinese officials displayed substantive knowledge of the cybersecurity risks associated with AI sytems, as well as their implications for Chinese and international security.

Madam Fu said that China was interested in playing a leading role in creating norms to mitigate these risks. At the World Peace Forum private roundtable on AI, one senior PLA think tank scholar privately expressed support for “mechanisms that are similar to arms control” for AI systems in cybersecurity and military robotics. However, he also said that AI-related arms control would be uniquely difficult since “AI is low-cost and can be disseminated easily and cannot be monitored easily.”

Notably, the recent “Artificial Intelligence Security White Paper,” published in September 2018 by the China Academy of Information and Communications Technology (CAICT), an influential Chinese government think tank, calls upon the Chinese government to “avoid Artificial Intelligence arms races among countries.”13 The AIDP does not address arms races but does state that China will “deepen international cooperation on AI laws and regulations, international rules and so on, and jointly cope with global challenges.”

Such concerns extend to the China’s private sector. Jack Ma, the chairman of Alibaba, said explicitly in a speech at the 2019 Davos World Economic Forum that he was concerned that global competition over AI could lead to war.14

4. Despite expressing concern on AI arms races, most of China’s leadership sees increased military usage of AI as inevitable and is aggressively pursuing it. China already exports armed autonomous platforms and surveillance AI.

At the Beijing Xiangshan Forum on October 24, 2018, Major General Ding Xiangrong, Deputy Director of the General Office of China’s Central Military Commission, gave a major speech in which he defined China’s military goals to “narrow the gap between the Chinese military and global advanced powers” by taking advantage of the “ongoing military revolution . . . centered on information technology and intelligent technology.” Chinese military leaders increasingly refer to intelligent or “intelligentized” (智能化) military technology as their confident expectation for the future basis of warfare. Use of the term “intelligentized” is meant to signify a new stage of military technology beyond the current stage based on information technology.15 China’s AIDP strategy document states that China will “Promote all kinds of AI technology to become quickly embedded in the field of national defense innovation.”

The next day at the Xiangshan Forum, Zeng Yi, a senior executive at China’s third largest defense company,16 gave a speech in which he described his company’s (and China’s) expectations for the future implementation of AI weapons: “In future battlegrounds, there will be no people fighting.” Zeng predicted that by 2025 lethal autonomous weapons would be commonplace and said that his company believes ever-increasing military use of AI is “inevitable […] We are sure about the direction and that this is the future.”

Zeng’s comments are consistent with ongoing Chinese autonomous military vehicle development programs and China’s current approach to exports of military unmanned systems. China’s government already is exporting many of its most advanced military aerial drones to Middle Eastern countries such as Saudi Arabia and the UAE. China’s government has stated that it also will export its next generation stealth drones when those are available.17 Though many current generation drones are primarily remotely operated, Chinese officials generally expect drones and military robotics to feature ever more extensive AI and autonomous capabilities in the future. Chinese weapons manufacturers already are selling armed drones with significant amounts of combat autonomy. Ziyan, a Chinese military drone manufacturer, has sold its Blowfish A2 model to the UAE and in November 2019 reportedly was in negotiations with Saudi Arabia and Pakistan for Blowfish A2 sales.18 Ziyan’s website states that the 38kg Blowfish A2 “autonomously performs more complex combat missions, including fixed-point timing detection, fixed-range reconnaissance, and targeted precision strikes.”19 Depending on customer preferences, Ziyan offers to equip Blowfish A2 with either missiles or machine guns.

Beyond using AI for autonomous military robotics, China is also interested in AI capabilities for military command decisionmaking. Zeng Yi expressed some remarkable opinions on this subject, stating that today “mechanized equipment is just like the hand of the human body. In future intelligent wars, AI systems will be just like the brain of the human body.” Zeng also said that “Intelligence supremacy will be the core of future warfare” and that “AI may completely change the current command structure, which is dominated by humans” to one that is dominated by an “AI cluster.” Zeng did not elaborate on his claims, but they are consistent with broader thinking in Chinese military circles. Several months after AlphaGo’s momentous March 2016 victory over Lee Sedol, a publication by China’s Central Military Commission Joint Operations Command Center argued that AlphaGo’s victory “demonstrated the enormous potential of artificial intelligence in combat command, program deduction, and decisionmaking.”20

China is currently making extensive use of AI in domestic surveillance applications. General Wang Ning of the Chinese People’s Armed Police Force recently boasted about China’s success in using AI in Xinjiang province:

In Xinjiang, we use big data AI to fight terrorists. We have intercepted 1200 terror organizations when still planning an attack. We use technology to identify and locate activities of terrorists, including the smart city system. We have a face recognition system, and for all terrorists there is a database.21

Xinjiang is home to millions of China’s Uighur ethnic minority, which has been subject to extraordinary persecution aided by AI surveillance technology.22 China’s SenseTime corporation, a national champion in computer vision AI, is a major provider of surveillance technology to China’s government, including for Xinjiang. SenseTime’s security and surveillance products often are described using the “smart city” euphemism. However, SenseTime also has many non-security products, such as computer vision machine learning related to autonomous vehicles.

SenseTime is a major exporter of surveillance technology in government and commercial markets across Latin America, Africa, and Asia. China’s government and leadership is enthusiastic about using AI for surveillance. One scholar at a Chinese think tank told me that he looks forward to a world in AI will make it “impossible” to “commit a crime without being caught,” a sentiment that echoes the marketing materials put out by Chinese AI surveillance companies.

China’s behavior of aggressively developing, utilizing, and exporting increasingly autonomous robotic weapons and surveillance AI technology runs counter to China’s stated goals of avoiding an AI arms race. However, this by itself does not necessarily mean that Chinese officials are being insincere in their expressions of concern about such arms races. Lamenting arms race dynamics while aggressively participating in them is a common story in the history of international relations. The strongest behavioral indication that China might be insincere comes from China’s April 2018 United Nations position paper,23 in which China’s government supported a worldwide ban on “lethal autonomous weapons” but used such a bizarrely narrow definition of lethal autonomous weapons that such a ban would appear to be both unnecessary and useless. This rhetorical gambit allowed China to reap positive media attention for their support of global restrictions while avoiding hypocrisy over Chinese development of more advanced military AI and autonomy.24 More broadly there seems to be less grassroots concern of the issue among Chinese AI researchers than their counterparts in the West, though evidence on this point is limited.25

#### We’re anti CCP not anti-asian---No offense.

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However, some commentators are arguing that the U.S. foreign policy establishment’s criticism of the Chinese government is to blame for the domestic problem of anti-Asian violence. This specious claim, which China’s state-run media quickly exploited, has been most prominently advanced in the mainstream Western media by distinguished novelist Viet Thanh Nguyen and political scientist Janelle Wong, who claim that “bipartisan political rhetoric about Asia” and successive administrations’ “critical takes” on China fuel anti-Asian violence. This narrative, which weaponizes Asian American vulnerability to shield Beijing from international criticism, is as dangerous as it is fraudulent.

First of all, let’s be clear that there is no bipartisan political rhetoric targeting Asia, a continent of nearly 50 nations. Conflating Asia with China is the geopolitical equivalent of assuming all Asians are Chinese, precisely the kind of racial lumping that the writers themselves sensibly caution against.

To be sure, criticism of the Chinese government by policymakers in Washington has escalated in recent years. But the overwhelming volume of the rhetoric targeting Beijing has been prompted not by abstract geopolitical competition but by tangible grievances, including China’s genocide in Xinjiang, intensifying repression in Tibet, dismantling of democracy in Hong Kong and sweeping crackdown on Chinese civil society. Some of Beijing’s harshest critics are Asian Americans. Uyghur refugees, Hong Kong democrats, Chinese dissidents and Tibetan exiles such as myself, whose communities back home reel under Beijing’s boot, are urging Congress to censure China for its crimes. Asking lawmakers of conscience to hold their tongue on Beijing’s genocide to supposedly prevent racial violence here is to set up a false trade-off between Asian American safety and Uyghur lives, both of which should be treated as nonnegotiable.

Moreover, there is no research-based evidence that American lawmakers’ legitimate criticism of Beijing has a causal effect on violence against Asians. In fact, Washington’s political rhetoric has been rising steadily over the past half decade, during which Beijing built the Uyghur internment camps, demolished Hong Kong’s democracy and chipped away at the liberal international order. Anti-Asian attacks remained rare during this whole period, soaring only when the pandemic hit. If China had contained covid-19 within its borders, or if the United States had succeeded in keeping it out, no amount of congressional criticism against Beijing would have made us afraid to ride the subway at night.

#### Despite IR theory’s Western origins, it can still reveal useful insights when applied to Asia, particularly when combined with a focus on policy consequences

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Moreover, theory is too “Western”. Thus, even among those writers on Asian IR that are theoretically oriented, disagreement persists as to whether IR theory is relevant to studying Asia, given its origin in, and close association with, Western historical traditions, intellectual discourses and foreign policy practices. International relations theory, like the discipline itself, has been, and remains, an “American social science” to quote Stanley Hoffman’s much quoted phrase.3 The recent advances made by the “English School” and continental European constructivism have not made IR theory “universal”; it might have entrenched and broadened the Western dominance. The question of how relevant is IR theory to the study of Asian security have evoked strikingly different responses. On the one hand, David Kang has seized upon the nonrealization of realist warnings of post-war Asia being “ripe for rivalry” to critique not just realism, but Western IR theory in general for “getting Asia wrong”.4 In analyzing Asian regionalism, Peter Katzenstein comments: “Theories based on Western, and especially West European experience, have been of little use in making sense of Asian regionalism.”5 Although Katzenstein’s remarks specifically concern the study of Asian regionalism, they can be applied to Asian IR in general. And it is a view widely shared among Asian scholars. On the other side, John Ikenberry and Michael Mastanduno, defend the relevance of Western theoretical frameworks in studying the international relations of Asia. While intra-Asian relationships might have had some distinctive features historically, this distinctiveness had been diluted by the progressive integration of the region into the modern international system. The international relations of Asia has acquired the behavioral norms and attributes associated with the modern inter-state system which originated from Europe and still retains much of the features of the Westphalian model. Hence, the core concepts of international relations theory such as hegemony, the distribution of power, international regimes, and political identity, are as relevant in the Asian context as anywhere else.6

To this writer, this debate is a healthy caveat, rather than a debilitating constraint, on analyzing Asian international relations with the help an admittedly Western theoretical literature. To be sure, theoretical paradigms developed from the Western experience do not adequately capture the full range of ideas and relationships that drive international relations in Asia. But IR theories - realism, liberalism, constructivism and critical IR theories - are relevant and useful in analyzing Asian IR provided they do not encourage a selection bias in favor of those phenomena (ideas, events, trends, relationships) which fit with them and against that which does not. IR scholars should feel free to identify and study phenomena that are either ignored or given scarce attention by these perspectives. They should also develop concepts and insights from the Asian context and experience, not just to study Asian developments and dynamics, but also other parts of tGutmhe world. In other words, Western IR theory, despite its ethnocentrism, is not to be dismissed or expunged from Asian classrooms or seminars, but universalized with the infusion of Asian histories (Sam Kim essay), personalities, philosophies, trajectories and practices.

To do so, one must look beyond the contributions of those who write in an overtly theoretical fashion, explicitly employing theoretical jargon and making references to the theoretical literature of IR. A good deal of empirical or policy-relevant work may be regarded as theoretical for analytical purposes because they, like the speeches and writings of policymakers, reflect mental or social constructs that side with different paradigms of international relations.7 To ignore these in any discussion of theory would be to miss out on a large and important chunk of the debate and analysis of Asian

### k---Capitalism

#### Regulated capitalism solves war, environment, and quality of life---alternatives increase degradation and poverty. Prefer empirical and measurable indicators.

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Discourse on food ethics often advocates the anti-capitalist idea that we need less capitalism, less growth, and less globalization if we want to make the world a better and more equitable place, with arguments focused on applications to food, globalization, and a just society. For example, arguments for this anti-capitalist view are at the core of some chapters in nearly every handbook and edited volume in the rapidly expanding subdiscipline of food ethics. None of these volumes (or any article published in this subdiscipline broadly construed) focuses on a defense of globalized capitalism.1

More generally, discourse on global ethics, environment, and political theory in much of academia—and in society—increasingly features this anti-capitalist idea as well.2 The idea is especially prominent in discourse surrounding the environment, climate, and global poverty, where we face a nexus of problems of which capitalism is a key driver, including climate change, air and water pollution, the challenge of feeding the world, ensuring sustainable development for the world's poorest, and other interrelated challenges.

It is therefore important to ask whether this anti-capitalist idea is justified by reason and evidence that is as strong as the degree of confidence placed in it by activists and many commentators on food ethics, global ethics, and political theory, more generally.

In fact, many experts argue that this anti-capitalist idea is not supported by reason and argument and is actually wrong. The main contribution of this essay is to explain the structure of the leading arguments against the anti-capitalist idea, and in favor of the opposite conclusion. I begin by focusing on the general argument in favor of well-regulated globalized capitalism as the key to a just, flourishing, and environmentally healthy world. This is the most important of all of the arguments in terms of its consequences for health, wellbeing, and justice, and it is endorsed by experts in the empirically minded disciplines best placed to analyze the issue, including experts in long-run global development, human health, wellbeing, economics, law, public policy, and other related disciplines. On the basis of the arguments outlined below, well-regulated capitalism has been endorsed by recent Democratic presidents of the United States such as Barack Obama, and by progressive Nobel laureates who have devoted their lives to human development and more equitable societies, as well as by a wide range of experts in government and leading nongovernmental organizations.

The goal of this essay is to make the structure and importance of these arguments clear, and thereby highlight that discourse on global ethics and political theory should engage carefully with them. The goal is not to endorse them as necessarily sound and correct. The essay will begin by examining general arguments for and against capitalism, and then turn to implications for food, the environment, climate change, and beyond.

Arguments for and against Forms of Capitalism

The Argument against Capitalism

Capitalism is often argued to be a key driver of many of society's ills: inequalities, pollution, land use changes, and incentives that cause people to live differently than in their ideal dreams. Capitalism can sometimes deepen injustices. These negative consequences are easy to see—resting, as they do, at the center of many of society's greatest challenges.3

And at the same time, it is often difficult to see the positive consequences of capitalism.4 What are the positive consequences of allowing private interests to clear-cut forests and plant crops, especially if those private interests are rich multinational corporations and the forests are in poor, developing countries whose citizens do not receive the profits from deforestation? Why give private companies the right to exploit resources at all, since exploitation almost always has some negative consequences such as those listed above? These are the right questions to ask, and they highlight genuine challenges to capitalism. And in light of these challenges, it is reasonable to consider the possibility that perhaps a different economic system altogether would be more equitable and beneficial to the global population.

The Argument for Well-Regulated Capitalism

However, things are more complicated than the arguments above would suggest, and the benefits of capitalism, especially for the world's poorest and most vulnerable people, are in fact myriad and significant. In addition, as we will see in this section, many experts argue that capitalism is not the fundamental cause of the previously described problems but rather an essential component of the best solutions to them and of the best methods for promoting our goals of health, well-being, and justice.

To see where the defenders of capitalism are coming from, consider an analogy involving a response to a pandemic: if a country administered a rushed and untested vaccine to its population that ended up killing people, we would not say that vaccines were the problem. Instead, the problem would be the flawed and sloppy policies of vaccine implementation. Vaccines might easily remain absolutely essential to the correct response to such a pandemic and could also be essential to promoting health and flourishing, more generally.

The argument is similar with capitalism according to the leading mainstream arguments in favor of it: Capitalism is an essential part of the best society we could have, just like vaccines are an essential part of the best response to a pandemic such as COVID-19. But of course both capitalism and vaccines can be implemented poorly, and can even do harm, especially when combined with other incorrect policy decisions. But that does not mean that we should turn against them—quite the opposite. Instead, we should embrace them as essential to the best and most just outcomes for society, and educate ourselves and others on their importance and on how they must be properly designed and implemented with other policies in order to best help us all. In fact, the argument in favor of capitalism is even more dramatic because it claims that much more is at stake than even what is at stake in response to a global pandemic—what is at stake with capitalism is nothing less than whether the world's poorest and most vulnerable billion people will remain in conditions of poverty and oppression, or if they will instead finally gain access to what is minimally necessary for basic health and wellbeing and become increasingly affluent and empowered. The argument in favor of capitalism proceeds as follows:

Premise 1. Development and the past. Over the course of recorded human history, the majority of historical increases in health, wellbeing, and justice have occurred in the last two centuries, largely as a result of societies adopting or moving toward capitalism. Capitalism is a relevant cause of these improvements, in the sense that they could not have happened to such a degree if it were not for capitalism and would not have happened to the same degree under any alternative noncapitalist approach to structuring society. The argument in support of this premise relies on observed relationships across societies and centuries between indicators of degree of capitalism, wealth, investments in public goods, and outcomes for health, wellbeing, and justice, together with econometric analysis in support of the conclusion that the best explanation of these correlations and the underlying mechanism is that large increases in health, wellbeing, and justice are largely driven by increasing investments in public goods. The scale of increased wealth necessary to maximize these investments requires capitalism. Thus, as capitalist societies have become dramatically wealthier over the past hundred years (and wealthier than societies with alternative systems), this has allowed larger investments in public goods, which simply has not been possible in a sustained way in societies without the greater wealth that capitalism makes possible. Important investments in public goods include investments in basic medical knowledge, in health and nutrition programs, and in the institutional capacity and know-how to regulate society and capitalism itself. As a result, capitalism is a primary driver of positive outcomes in health and wellbeing (such as increased life expectancy, lowered child and maternal mortality, adequate calories per day, minimized infectious disease rates, a lower percentage and number of people in poverty, and more reported happiness);5 and in justice (such as reduced deaths from war and homicide; higher rankings in human rights indices; the reduced prevalence of racist, sexist, homophobic opinions in surveys; and higher literacy rates).6 These quantifiable positive consequences of global capitalism dramatically outweigh the negative consequences (such as deaths from pollution in the course of development), with the result that the net benefits from capitalism in terms of health, wellbeing, and justice have been greater than they would have been under any known noncapitalist approach to structuring society.7

Premise 2. Economics, ethics, and policy. Although capitalism has often been ill-regulated and therefore failed to maximize net benefits for health, wellbeing, and justice, it can become well-regulated so that it maximizes these societal goals, by including mechanisms identified by economists and other policy experts that do the following:

* optimally8 regulate negative effects such as pollution and monopoly power, and invest in public goods such as education, basic healthcare, and fundamental research including biomedical knowledge (more generally, policies that correct the failures of free markets that economists have long recognized will arise from “externalities” in the absence of regulation);9
* ensure equity and distributive justice (for example, via wealth redistribution);10
* ensure basic rights, justice, and the rule of law independent of the market (for example, by an independent judiciary, bill of rights, property rights, and redistribution and other legislation to correct historical injustices due to colonialism, racism, and correct current and historical distortions that have prevented markets from being fair);11 and
* ensure that there is no alternative way of structuring society that is more efficient or better promotes the equity, justice, and fairness goals outlined above (by allowing free exchange given the regulations mentioned).12

To summarize the implication of the first two premises, well-regulated capitalism is essential to best achieving our ethical goals—which is true even though capitalism has certainly not always been well regulated historically. Society can still do much better and remove the large deficits in terms of health, wellbeing, and justice that exist under the current inferior and imperfect versions of capitalism.

Premise 3. Development and the future. If the global spread of capitalism is allowed to continue, desperate poverty can be essentially eliminated in our lifetimes. Furthermore, this can be accomplished faster and in a more just way via well-regulated global capitalism than by any alternatives. If we instead opt for less capitalism, less growth, and less globalization, then desperate poverty will continue to exist for a significant portion of the world's population into the further future, and the world will be a worse and less equitable place than it would have been with more capitalism. For example, in a world with less capitalism, there would be more overpopulation, food insecurity, air pollution, ill health, injustice, and other problems. In part, this is because of the factors identified by premise 1, which connect a turn away from capitalism with a turn away from continuing improvements in health, wellbeing, and justice, especially for the developing world. In addition, fertility declines are also a consequence of increased wealth, and the size of the population is a primary determinant of food demand and other environmental stressors.13 Finally, as discussed at length in the next section of the essay, capitalism can be naturally combined with optimal environmental regulations.14 Even bracketing anything like optimal regulation, it remains true that sufficiently wealthy nations reduce environmental degradation as they become wealthier, whereas developing nations that are nearing peak degradation will remain stuck at the worst levels of degradation if we stall growth, rather than allowing them to transition to less and less degradation in the future via capitalism and economic growth.15 In contrast, well-regulated capitalism is a key part of the best way of coping with these problems, as well as a key part of dealing with climate change, global food production, and other specific challenges, as argued at length in the next section. Here it is important to stress that we should favor well-regulated capitalism that includes correct investments in public goods over other capitalist systems such as the neoliberalism of the recent past that promoted inadequately regulated capitalism with inadequate concern for externalities, equity, and background distortions and injustices.16

Conclusion. Therefore, we should be in favor of capitalism over noncapitalism, and we should especially favor well-regulated capitalism, which is the ethically optimal economic system and is essential to any just basic structure for society.

This argument is impressive because, as stated earlier in the essay, it is based on evidence that is so striking that it leads a bipartisan range of open-minded thinkers and activists to endorse well-regulated capitalism, including many of those who were not initially attracted to the view because of a reasonable concern for the societal ills with which we began. To better understand why such a range of thinkers could agree that well-regulated capitalism is best, it may help to clarify some things that are not assumed or implied by the argument for it, which could be invoked by other bad arguments for capitalism.

One thing the argument above does not assume is that health, wellbeing, or justice are the same thing as wealth, because, in fact, they are not. Instead, the argument above relies on well-accepted, measurable indicators of health and wellbeing, such as increased lifespan; decreased early childhood mortality; adequate nutrition; and other empirically measurable leading indicators of health, wellbeing, and justice.17 Similarly, the argument that capitalism promotes justice, peace, freedom, human rights, and tolerance relies on empirical metrics for each of these.18

Furthermore, the argument does not assume that because these indicators of health, wellbeing, and justice are highly correlated with high degrees of capitalism, that therefore capitalism is the direct cause of these good outcomes. Rather, the analyses suggest instead that something other than capitalism is the direct cause of societal improvements (such as improvements in knowledge and technology, public infrastructure, and good governance), and that capitalism is simply a necessary condition for these improvements to happen.19 In other words, the richer a society is, the more it is able to invest in all of these and other things that are the direct causes of health, wellbeing, and justice. But, to maximize investment in these things societies need well-regulated capitalism.

As part of these analyses, it is often stressed that current forms of capitalism around the world are highly defective and must be reformed in the direction of well-regulated capitalism because they lack investments in public goods, such as basic knowledge, healthcare, nutrition, other safety nets, and good governance.20 In this way, an argument for a particular kind of progressive reformism is an essential part of the analyses that lead many to endorse the more general argument for well-regulated capitalism.

Although these analyses are nuanced, and appropriately so, it remains the case that the things that directly lead to health, wellbeing, and justice require resources, and the best path toward generating those resources is well-regulated capitalism. And on the flip side, according to the analyses behind premise 1 described above, an anti-capitalist system would not produce the resources that are needed, and would thus be a disaster, especially for the poorest billion people who are most desperately in need of the resources that capitalism can create and direct, to escape from extreme poverty.21

#### Inequality, the aff addresses solves it---lack of competition is regressive, but antitrust solves.

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The direct cost of anti-competitive behavior is high. Many studies estimate this cost by implied price overcharge, typically stemming from identified cartels. A common approach to estimating the price overcharge consists in applying a difference-in-difference technique, that is, by comparing prices in a market before and after an infringement was identified (e.g., a cartel) to a “counterfactual” market in a different location or product market where no infringement was identified.3 The estimated price overcharges in advanced economies are found to be large on average, ranging from 15 to about 50 percent. Ivaldi et al. (2017) extends these estimationsto 20 developing economies, using a database of over 200 major cartel episodes over 1995–2013. They estimate that the harm to the economy in terms of excess profits resulting from price overcharges could reach about 4 percent of GDP, accounting for the probability of undetected cartels. The cost of cartels could extend to overcharges in intermediate goods, ultimately affecting finished products, as well as procurement of public goods, or it could also affect the economy through a reduction in output (World Bank-OECD 2017). Even without cartels, anti-competitive behavior would result in higher prices and lower production.

There is also growing evidence that the lack of competition not only affects more strongly the poorest countries but also hurts the poor more in each country. Higher market power in food, beverages and medicines was shown to be regressive, that is, they hurt more the poorest, as shown using Mexican data (Urzua 2013). Similar results exist in the context of advanced countries (e.g., Creedy and Dixon 1998 and 2000). There is also evidence that prices in sub-Saharan Africa are higher than in other developing regions, controlling for income and other factors. The extra cost of living in this region is negatively correlated with aggregate measures of competition (IMF 2019a). OECD (2017), using a calibrated model on a selected group of advanced countries, finds that market power could be responsible for a sizable increase in the wealth of the richest 10 percent and a large reduction in the income of the poorest 20 percent.

The decline in the labor share has also been interpreted as a sign of rising market power. Labor share has been decreasing in the U.S. and other advanced economies (IMF 2019b). This decline in labor share could be explained to a large extent as a result of the Information Technology (IT) revolution as argued by Aghion and others (2019). This revolution allowed superstar firms to expand into many sectors of the economy. As these firms have higher markups and lower labor shares than non-superstar firms, the decline in aggregate labor share and corresponding increase in aggregate markups reflect a “composition effect”. In other words, it is not the result of a within-firm increase in markup or a decline in labor share. Evidence of the predominance of a “between-firm” (or “composition”) effect over a “within-firm” effect is provided by De Locker and Eeckout (2019) and Baqaae and Farhi (2019). IMF (2019b) shows that the “reallocation” effect is pronounced in the U.S. but less so in other advanced countries. The long-term effect of this increasing hegemony of superstar firms has been to discourage innovation and entry by non-superstar firms, thereby leading to a decrease in aggregate productivity growth, broad-based growth, and business dynamism. This increasing hegemony, in turn, has been facilitated by an insufficient regulation of mergers and acquisitions, in other words by a competition policy, which has not adapted to the digital economy.

#### No interventions link---their view of “economics” is reductive.

Suresh Naidu and Elliott Ash 18. Suresh Naidu is Associate Professor of Economics and Public Affairs at Columbia University. Elliott Ash is Assistant Professor of Law, Economics, and Data Science at ETH Zurich. “As if the Last 30 Years Never Happened”: Towards a New Law and Economics, Part 1". LPE Project. 10-19-2018. https://lpeproject.org/blog/as-if-the-last-30-years-never-happened-towards-a-new-law-and-economics-part-1/

In our experience and in that of others, left and progressive legal scholars tend to view arguments rooted in economic reasoning with a deep skepticism. This suspicion is understandable, given that law and economics was birthed by the foundations and political entrepreneurs of economic conservatism. Our empirical work on economics training for federal judges, summarized below, demonstrates just how sizable—and quantifiable—has been the conservative impact of law and economics.

Before getting to this evidence, though, we ask that “economics” as a whole not be conflated with the 1970s University of Chicago economics department – any more than legal scholarship as a whole should be conflated with the University of Chicago Law School faculty during that era. The empirical research we present in this post itself exemplifies how economics can be a powerful tool for examining (and not just assuming) the relationships between the formal structure of the law and the activities of economic exchange. As we lay out further in a subsequent post, legal leftists who fail to engage with the richness of academic economics miss out on many important insights.

For now, consider how the normative richness of modern economics contrasts with Chicago-style law and economics. In its most notorious form, economic analysis of the law has served to delineate portions of market activity as “off-limits” to legal and political interventions. Louis Kaplow argued against the use of distributional concerns in tort law, Richard Epstein held up unions as distortionary government-protected monopolies, and antitrust scholars such as Robert Bork and Richard Posner gave wide remit to firm behavior that might have been called “anticompetitive” in a previous era.

The prominence of these academic luminaries, while considerable in legal scholarship, has not been the most impactful achievement of the law-and-economics movement. Instead it was the training and involvement of judges (complemented by the academic achievements) that proved the most profitable gambit. In particular, Henry Manne’s Economics Institute for Federal Judges has had a sustained impact on judicial policymaking in the federal courts.

Our empirical work (with Daniel Chen) on the Institute demonstrates the effect that attending the “Pareto in the Pines” had on federal judges. Beyond the 2-week economics instruction, judges were brought into a conservative intellectual network. Adjusting for the factors that predict attendance (and exploiting the fact that judges are randomized into cases), we find that subsequent judicial decisions on economics topics became more conservative (according to Donald Songer’s hand-coded data). In particular, the Manne judges ruled more often against the federal government in regulatory cases, and they used more economics language to defend their decisions. Further, district judges trained in economics increased criminal sentences, consistent with the use of more “deterrence” reasoning.

The success of the intellectual project is further illustrated by spillovers across judges. We find that Manne-trained judges serving on three-judge panels influenced the co-panelist judges, who wind up taking up simplistic versions of economics ideas (which could be called Econ 101-ism) in their own subsequent written opinions.

Picture1.png

Producing statistical evidence on judges requires quantitative measures of their behavior. To understand the role of economics in judicial decisions, we constructed a measure of economics reasoning from the authored opinion texts. This measure summarizes the similarity of judicial language to a set of terms identified by Robert Ellickson as distinctive of law and economics scholarship. The word cloud shows the terms that are closest in a computational linguistic distance (more precisely, cosine distance between word embedding vectors estimated using word2vec) to the words in Ellickson’s list, with size proportional to closeness.

Picture2.png

To probe the efficacy of the Manne program, we ask the basic question of whether judges who attended the program (between 1976 and 1999, when the program ended) used more economics reasoning in their subsequent written opinions. The graph shows that, indeed, the use of this language increased in the six years after attendance, relative to the six years before attendance. The statistics for this graph include controls for judge and court-level factors.

Screen Shot 2018-10-09 at 1.50.58 PM

As another example of the results in the paper, we show in the second graph the effect of Manne attendance on rulings against the National Labor Relations Board and Environmental Protection Agency. We can see that this conservative vote tendency increased after attendance. The Manne program therefore had a real-world impact on policymaking by these judges.

These effects are the natural outcome of a conservative, interpretation of the law based on idealizations about how markets work. On this view, the law reflects, and should reflect, a tendency towards economic efficiency, to the exclusion of other social or legal factors. The definitions of the firm and of property are seen as results from economic theory, rather than as institutions constructed by law. Judges are encouraged to think of their role as getting out of the way of entrepreneurs—those job creators and consumer satisfiers who enrich the market and whom the market enriches.

Proponents of this view have deployed Econ-101-ism across various domains of law: Coasian delineations dominate active, pre-emptive regulations, so that private torts are expected to efficiently deter negative externalities; obviously fat-and-mean monopolies in product markets are in fact in the consumer interest; minimum wages, mandated benefits, and union empowerment will ultimately hurt their intended beneficiaries. One can find the full range of Hirschman’s “Rhetoric of Reaction” in the early law and economics movement, where economics is used to explain why the market will render pro-social measures as futile or even perverse. This brand of conservative law and economics has swayed the courts, the agencies, and (to a lesser extent) the law schools. A number of highly profitable consultancy firms have been built in the process.

Econ-101-ism takes too seriously the simplistic supply-and-demand view of the market—guided by the benevolent invisible hand—that was dominant in economics in the 1970s and 1980s (i.e., Chicago Price Theory). Meanwhile, the broader economics community has moved far from these themes. It has become normatively more pluralistic, admits the importance of many other social institutions besides “markets”, and has a rich vocabulary for criticizing soi-disant laissez-faire. In our next post, we will discuss some strains of research that, when drawn together, could form an arsenal of critical concepts for economic analysis of law and the legal system. These concepts might be deployed to enhance economics pedagogy for students of law.

#### Growth is sustainable, degrowth fails, and the alt collapses global living standards.

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I was going to write a lengthy post explaining why “degrowth” — the idea that we need to halt economic growth in order to save the planet — is a very bad idea. But in the meantime, other people have written that post, or recorded that podcast, and done it well. These include Branko Milanovic, Kelsey Piper, and Ezra Klein. So instead I’ll write a shorter post trying to catalog and boil down the arguments against degrowth.

But first, let’s go over the standard argument, so we can see why these new arguments are necessary.

The standard argument against degrowth

First, note that the typical argument against degrowth, which I laid out in a Bloomberg post a while back, is that we don’t need it; we can raise human living standards without exhausting the planet. This argument was capably put forward by Andy McAfee, in his excellent book More From Less, which you should buy and read. Essentially, the idea that economic growth requires growth in resource use is false; rich countries have started to grow while using less and less of the planet’s most important resources. For example, here is U.S. use of fresh water and various metals, as well as trade-adjusted carbon emissions:

[Chart, bar chart

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So the idea here is that we don’t need degrowth; instead, we can keep raising everyone’s standard of living without exhausting the planet’s resources. Because growth doesn’t just mean using more and more stuff; instead, it can mean finding more efficient ways to use the stuff we have.

Degrowthers have two counters to this. Their first counter, typically, is to show a graph of resource use for the entire world, and show that it’s correlated with global growth. This is a weak response, for two reasons:

1. Degrowthers have no idea how to combine various resources into an overall measure of resource use, so they typically go with gross weight. This is absurd, since some materials are recyclable and others are not — if you “use” a ton of copper you still have the copper, whereas if you “use” a ton of oil, your oil is gone. It’s also absurd because it doesn’t take into account the relative abundance of resources — if you figure out how to substitute 2 tons of sand for 1 ton of oil, you’re getting more efficient, since sand is much more plentiful than oil (and doesn’t pollute as much when you use it). A lot of growth is figuring out how to substitute plentiful resources for rare ones, and simply adding up gross tonnage ignores this.
2. Past trends are no guarantee of future trends. Until the 70s, for instance, U.S. economic growth was closely correlated with both energy use and carbon emissions; after the 70s, this correlation broke down completely and the lines started moving in opposite directions. Degrowthers present historical curves as if these are laws of nature, but we know that they are not. The trend is your friend only til the bend at the end. And the fact that rich countries have hit an inflection point where economic growth no longer depends on growing resource use is a strong indicator that industrializing countries like China will also hit this point as well. (And no, falling use in rich countries is mostly not due to outsourcing, as the emissions graph above illustrates.)

So this degrowther argument is just wrong. But degrowthers have a second, far better counter to McAfee’s notion that we can have our cake and eat it too: Decoupling isn’t happening fast enough. If we wait for China and India and all the countries of Africa to industrialize in a resource-intensive way like today’s developed countries did, and then to dematerialize their growth like today’s developed countries are doing now, it will be far too late and the planet will suffer ecological catastrophe.

This argument isn’t as strong as it sounds — China and India and the rest will be able to take advantage of the efficiency-inducing technologies created by the developed countries, like solar power (indeed, they are already doing so). And they will be able to embrace “dematerialized” goods and services like social networks and video games (sorry, Xi Jinping) very early in their growth path. So these countries’ resource use trajectories won’t look quite like the U.S.’ or Europe’s.

But this degrowther argument does contain a nugget of truth: Global resource use is currently on an unsustainable trajectory. Here, via Zeke Hausfather, are the current projections for global warming by century’s end, even with the advances in techologies like solar:

[CHART OMITTED]

Any one of these scenarios represents utter global catastrophe.

So even if there is a sustainable growth path, we are not currently on it. About this, degrowthers are right; a gentle, natural transition to green growth is possible, but is an unaffordable luxury. But degrowthers’ prescription is the wrong one.

The reason, in a word, is politics. The kind of massive intention reordering of global production and consumption that degrowthers fantasize about is not just pragmatically impossible to implement, it’s the kind of thing that essentially everyone in the world except for a few very shouty people in Northern Europe and the occasional Twitter activist is going to reject. To see why, let us turn to the excellent articles/podcasts by Milanovic, Piper, and Klein.

The political argument against degrowth

Milanovic actually has two excellent posts on the topic of degrowth. In the first one, he lays out why forcing developing countries to stay in poverty would be bad:

Let us suppose, for the sake of the argument, that we interpret “degrowth” as the decision to fix global GDP at its current level…Then, unless we change the distribution of income, we are condemning to permanent abject poverty some 15 percent of world population that currently earn less than $1.90 per day and some quarter of humankind who earn less than $2.50 per day…Keeping so many people in abject poverty so that the rich can continue to enjoy their current standard of living is obviously something that the proponents of degrowth would not condone.

Enforcing global degrowth would require freezing world income at about $17,000/year. That means that most people in the world would never even come close to current rich-world living standards — instead, they would at best only be able to reach the level currently enjoyed in China or Botswana. Perhaps that’s not such a horrible fate, but as Milanovic notes, this would require impoverishing most of the population of developed countries. He elaborates on this point in his new post, pulling no punches:

[In order to avoid keeping most of the world in poverty, degrowthers must] introduce a different [income] distribution (B) where everybody who is above the current mean world income ($PPP 16 per day) is driven down to this mean, and the poor countries and people are, at least for a while, allowed to continue growing until they too achieve the level of $PPP 16 per day. But the problem with that approach is that one would have to engage in a massive reduction of incomes for…practically all of the Western population. Only 14% of the population in Western countries live at the level of income less than the global mean…Degrowers thus need to convince 86% of the population living in rich countries that their incomes are too high and need to be reduced….It is quite obvious that such a proposition is a political suicide.

Milanovic quite rightly waves away degrowthers’ protestations that GDP is not a good measure of human welfare. GDP isn’t perfect, he notes, but it’s close enough where the basic point stands.

Demanding that people in rich countries accept absolutely catastrophic declines in their living standards is a political non-starter. Klein, on his podcast, tries to point this out as gently as possible:

I think that if the political demand of the [degrowth] 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…This is where the politics of [degrowth] for me fall apart…

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.

Milanovic is less gentle, calling this “outright magical thinking”. He is correct. When you look at how much people in America are willing to sacrifice in terms of their material well-being in order to fight climate change, it’s far less than what Klein is talking about. And Klein is really softballing it here — it’s not just giving up beef and SUVs, it’s a dramatic reduction in the size of housing and the amount of food and the ease of transportation and the quality of medical care that people in rich countries enjoy. It is, frankly, not happening.

But even this vastly understates the political and practical difficulties of degrowth. Piper adds several key points. First of all, she notes, because developed countries have been decoupling resource use and growth for a while now, curbing resource use will actually cause a lot more restrictions on developing countries than Milanovic’s simple calculations would suggest:

From a climate change perspective, though, there’s a problem [with simply reducing rich-world living standards]. First, it means that degrowth would do nothing about the bulk of emissions, which are occurring in developing countries.

This is an incredibly important point. For example, China now produces more CO2 emissions than the U.S., the EU, and Japan combined:

[Chart, line chart

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(And no, this is not because of outsourcing, as you can see by looking at the trade-adjusted emissions numbers.)

Another way of looking at this is that China’s CO2 emissions per dollar of GDP are more than twice America’s, and about five times that of the EU. Any global degrowth plan that actually reduces resource use is going to entail more pain for China than its GDP numbers would suggest, simply because China is at a more resource-intensive stage of growth.

Do you think China will accept a substantial diminution of its living standards, in order to satisfy the environmental-economic diktats of activists in Northern Europe? If so, you need to rethink a great many things.

Anyway, Piper makes a second crucially important point. So far we’ve been waving our hands and talking about lowering rich-world GDP while raising GDP for poor countries. In fact, economies don’t work like that:

Second, the global economy is more interconnected than Hickel implies. When Covid-19 hit, poor countries were devastated not just by the virus but by the aftershocks of virus-induced slowdowns in consumption in rich countries.

There’s some genuine appeal to the idea of an end to “consumerism,” but the pandemic offered a taste of how a sudden drop in rich-world consumption would actually affect the developing world. Covid-19 dramatically curtailed Western imports and tourism for a time. The consequences in poor countries were devastating. Hunger rose, and child mortality followed.

Degrowth would thus require deep changes in the entire way that the global economy works. Change happens, but not like that; implementing the kind of reallocation schemes that degrowthers throw around with abandon would require global economic planning that would put Gosplan to shame. Klein points this out, again rather gently:

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.

In other words, it is abject fantasy.

Taken together, these criticisms are utterly devastating to the entire degrowth project. In its current form, it will not advance beyond a media fad. No matter how shrilly degrowthers quote apocalyptic projections, the things they call for simply will not happen.

#### Markets are key to innovation and resource allocation.

Allison Schrager 20. is an economist, senior fellow at the Manhattan Institute, and co-founder of LifeCycle Finance Partners, LLC. “Why Socialism Won’t Work”. https://foreignpolicy.com/2020/01/15/socialism-wont-work-capitalism-still-best/

Yet the very ills that socialists identify are best addressed through innovation, productivity gains, and better rationing of risk. And capitalism is still far and away the best, if not only, way to generate those outcomes.

Today’s socialism is difficult to define. Traditionally, the term meant total state ownership of capital, as in the Soviet Union, North Korea, or Maoist China. Nowadays, most people don’t take such an extreme view. In Europe, social democracy means the nationalization of many industries and very generous welfare states. And today’s rising socialists are rebranding the idea to mean an economic system that delivers all the best parts of capitalism (growth and rising living standards) without the bad (inequality, economic cycles).

But no perfect economic system exists; there are always trade-offs—in the most extreme form between total state ownership of capital and unfettered markets without any regulation or welfare state. Today, few would opt for either pole; what modern socialists and capitalists really disagree on is the right level of government intervention.

Modern socialists want more, but not complete, state ownership. They’d like to nationalize certain industries. In the United States, that’s health care—a plan supported by Democratic presidential candidates Elizabeth Warren (who does not call herself a socialist) and Bernie Sanders (who wears the label proudly). In the United Kingdom, Labour Party leader Jeremy Corbyn, who was trounced at the polls in mid-December, has set his sights on a longer list of industries, including the water, energy, and internet providers.

Other items on the socialist wish list may include allowing the government to be the primary investor in the economy through massive infrastructure projects that aim to replace fossil fuels with renewables, as Green New Deal socialists have proposed. They’ve also floated plans that would make the government the employer of a majority of Americans by offering guaranteed well-paid jobs that people can’t be fired from. And then there are more limited proposals, including installing more workers on the boards of private companies and instituting national rent controls and high minimum wages.

For their part, modern capitalists want some, but less, state intervention. They are skeptical of nationalization and price controls; they argue that today’s economic problems are best addressed by harnessing private enterprise. In the United States, they’ve argued for more regulation and progressive taxation to help ease inequality, incentives to encourage private firms to use less carbon, and a more robust welfare state through tax credits. Over the past 15 years, meanwhile, capitalist Europeans have instituted reforms to improve labor market flexibility by making it easier to hire and fire people, and there have been attempts to reduce the size of pensions.

No economic system is perfect, and the exact right balance between markets and the state may never be found. But there are good reasons to believe that keeping capital in the hands of the private sector, and empowering its owners to make decisions in the pursuit of profit, is the best we’ve got.

One reason to trust markets is that they are better at setting prices than people. If you set prices too high, many a socialist government has found, citizens will be needlessly deprived of goods. Set them too low, and there will be excessive demand and ensuing shortages. This is true for all goods, including health care and labor. And there is little reason to believe that the next batch of socialists in Washington or London would be any better at setting prices than their predecessors. In fact, government-run health care systems in Canada and European countries are plagued by long wait times. A 2018 Fraser Institute study cites a median wait time of 19.8 weeks to see a specialist physician in Canada. Socialists may argue that is a small price to pay for universal access, but a market-based approach can deliver both coverage and responsive service. A full government takeover isn’t the only option, nor is it the best one.

Beyond that, markets are also good at rationing risk. Fundamentally, socialists would like to reduce risk—protect workers from any personal or economywide shock. That is a noble goal, and some reduction through better functioning safety nets is desirable. But getting rid of all uncertainty—as state ownership of most industries would imply—is a bad idea. Risk is what fuels growth. People who take more chances tend to reap bigger rewards; that’s why the top nine names on the Forbes 400 list of the richest Americans are not heirs to family dynasties but are self-made entrepreneurs who took a leap to build new products and created many jobs in the process.

Some leftist economists like Mariana Mazzucato argue that governments might be able to step in and become laboratories for innovation. But that would be a historical anomaly; socialist-leaning governments have typically been less innovative than others. After all, bureaucrats and worker-corporate boards have little incentive to upset the status quo or compete to build a better widget. And even when government programs have spurred innovation—as in the case of the internet—it took the private sector to recognize the value and create a market.

And that brings us to a third reason to believe in markets: productivity. Some economists, such as Robert Gordon, have looked to today’s economic problems and suggested that productivity growth—the engine that fueled so much of the progress of the last several decades—is over. In this telling, the resources, products, and systems that underpin the world’s economy are all optimized, and little further progress is possible.

But that is hard to square with reality. Innovation helps economies do more with fewer resources—increasingly critical to addressing climate change, for example—which is a form of productivity growth. And likewise, many of the products and technologies people rely on every day did not exist a few years ago. These goods make inaccessible services more available and are changing the nature of work, often for the better. Such gains are made possible by capitalist systems that encourage invention and growing the pie, not by socialist systems that are more concerned with how the existing pie is cut. It is far too soon, in other words, to write off productivity.

#### System changes are infeasible---can’t get governmental or international buy-in---reform 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.

#### Socialism fails---centralization causes authoritarians who need growth for legitimacy.

Shi-Ling Hsu 21. D'Alemberte Professor of Law and Associate Dean for Environmental Programs at the Florida State University College of Law. Capitalism and the Environment: A Proposal to Save the Planet. “1 Introduction”

1.7 socialism is not the answer

Could a socialist state lead the way in repairing humankind’s fractured relationship with the environment? As one should suspect, “socialism” has taken on a wide variety of meanings in a variety of contexts over the centuries. For purposes of comparison, what I mean by “socialism” has a core policy implication: a decisive movement away from private property ownership of capital assets, governing an entire country. Smaller forms of socialism, such as for individual business enterprises, may be feasible, even in a capitalist economy. But that kind of “small socialism” would be incapable of the kind of transformation required to pull humankind back from the precipice. Reorienting an economy away from unnecessarily polluting industries is complicated; prices are necessary to move factors of production to different industries. Socialism governed by central planning, lacking prices, cannot do that.

Not all critics of modern capitalism would turn to socialism. While Schumpeter believed capitalism to be unsustainable in the long run, he was at least as critical of socialism. James Gustave “Gus” Speth, a longtime prominent environmental advocate and the author of a trilogy of books on environmentalism, was dismissive, citing examples of environmental catastrophe under socialist regimes. Bruce Scott laments the power that capitalist entities have seized, but advocates for better rules to constrain capitalist excess. Thomas Piketty would impose a wealth tax to alleviate inequality.

For others, however, the story is attractively simple: there is a flawed system (capitalism), identifiable villains (capitalists), and a solution (something like socialism, though they are often fuzzy on the details). Their answer is to blow up capitalism to save the environment. But the evidence tying capitalism to environmental destruction is too thin, the counterexamples too vexing, and the changeover plan too vague. Naomi Klein, in her book This Changes Everything: Capitalism vs. The Climate, proposes to abolish capitalism, but in favor of what? Magdoff and Foster, in their book What Every Environmentalist Needs to Know About Capitalism, write that “[i]t is precisely because ecological destruction is built into the inner nature and logic of our present system of production and distribution that it is so difficult to end.”

The “abolish capitalism” critics make two major mistakes: (1) that environmental destruction has occurred in capitalist systems means that it must be caused by capitalism; and (2) countries with socialist economies are somehow different from capitalist ones, in that there is no growth imperative for them.

With respect to the first mistake, there simply has not been very much socialism in history for it to have caused as much trouble as capitalist countries. Just about all of the economic growth occurring in the history of humankind has occurred under capitalist systems, so of course those have caused most of the environmental destruction. The little bit of socialism that human history has seen thus far has plenty to answer for in terms of environmental destruction. The former Soviet Union is a fertile source of shame. The Chernobyl nuclear power plant was a poor investment, badly carried out, with a predictably catastrophic environmental outcome. The Soviet Union also heavily polluted the largest and deepest freshwater lake in the world, Lake Baikal, by erecting pulp and paper mills on its shores, and inefficient ones at that. It also caused the dramatic shrinking of the Aral Sea, to about one-fifth its original size, into a patchwork of smaller lakes and deserts, by diverting the rivers feeding the Aral Sea, in the name of self-sufficiency in cotton production. Sure enough, the wasting of the Aral Sea and cotton production has outlasted glasnost.

Soviet-era Poland is one of the few Eastern bloc countries to have made significant attempts to legislate environmental protection, and even tolerated a fair amount of environmental protest and dissent within its authoritarian regime.49 But by the time that the Solidarity government took over in 1989, sweeping away Soviet-era socialism, Poland had become one of the most polluted countries in the world. Soil tests in Poland’s industrial region near Krakow showed levels of lead and cadmium that were higher than that ever recorded, anywhere, 200 times that considered safe by the Polish government. Sixty percent of the vegetables grown in the region were rendered unfit for human consumption. Katowice, a city forty miles west of Krakow, managed to belch out five times the amount of sulfur dioxide pollution than West Germany’s Ruhr Valley, while producing far less. The result? A shocking two-thirds of all ten-year-old children suffered from a mental or physical disability caused by that pollution. Half of all river water in the entire country was unfit for industrial use, let alone human consumption.50

How and why? It turns out, even in a socialist country that placed at least some formal emphasis on environmental protection, party politics, and a bureaucratic hierarchy that placed a higher emphasis on industrial production led to nonenforcement of well-intentioned environmental laws.51 The problem with socialist economies is that they must necessarily be governed by authoritarian regimes. How else is “central” planning to be carried out, except by a central government? Under authoritarianism, government is both the environmental regulator and the regulated party, so it is difficult for government to separate its regulatory functions from its ownership interests. Capital abolitionists misunderstand: removing a capitalist profit motive does not transform production entities into socially enlightened firms. The production of goods in socialist regimes are subjected to other pressures that also ignore or discount environmental harms. Nobody was particularly surprised in 2013 when 6,000 dead pigs were pulled out of the Huangpu River just upriver from Shanghai, the most populous city in the world.52

With respect to the second mistake, it has been commonly observed that the current capitalist impulse to boost GDP by any means necessary is a tragically errant edict. That lament is not limited to the capital abolitionists. But the impulse to grow is not unique to countries with capitalist systems. Chinese communist leader Mao Tse-Tung was obsessed with growth, declaring once that industrialization could be made to occur in every backyard with homemade steel furnaces. It was Mao who put in motion a plan to dam the Three Gorges, which displaced nearly two million people in 1,500 cities and villages, and flooded rivers as much as 375 miles upstream.53 Mao’s vision of economic growth has been realized to a great extent: the People’s Republic of China now has the second-largest economy in the world. It is an authoritarian state, albeit with enough tolerance for capitalism to have produced, in 2019, 324 billionaires, second-most in the world to the United States.54 It is also the world’s largest greenhouse gas emitter, emitting more CO2 in 2017 than nine countries combined: the United States, Japan, Germany, the United Kingdom, France, Italy, Canada, South Korea, and Australia.55 At the time that this book was being written, China was embarking upon the construction of more new coalfired power plants than the entire existing fleet of American coal-fired plants. 56

The impulse to grow is what caused the former Soviet Union and Soviet-era Eastern bloc countries to make their tragicomic mistakes. Growth for growth’s sake is, in socialist and capitalist societies alike, a political goal. It is naı̈ve to think that socialism does away with the political imperative for “growth.” The failure of socialist systems to grow to the satisfaction of political leaders and their polity is why, for example, East Germany placed armed guards on the top of the Berlin Wall, why defection is such a sensitive topic for North Korea, and why escaping the former Soviet Union was a life-or-death proposition. Growth in socialist economies run by authoritarian regimes is a matter of political survival. The most egregious environmental insults emerging from China – greenhouse gas emissions and its historical intransigence to international cooperation, its three gigantic state-owned oil companies, and the Three Gorges Dam – are all clearly political organizations. It is the politics of growth in socialist regimes that have invariably emphasized production over environmental protection, as production has been the only metric by which socialist governments have tried to legitimate themselves.

Capitalism does not require environmental destruction, and does not even require “growth,” except insofar as it strives for an efficient allocation of resources. Formally, neither does socialism. But the problem with socialism is that it tends to create institutional incentives to prioritize industrial productivity over environmental protection. The problem with capitalism has been that efficiency has not been widely defined to include the importance of the global environment. That is solvable. Once it is, then capitalism will reorder resources much more quickly than a socialist system would. Countries with capitalist economies have done a rotten job of controlling environmental harm, but it is implausible that countries with socialist economies have done or would do better.

It is difficult to prove a negative, and this book does not claim to do so, especially with the paucity of socialist experience. But it seems that capital abolitionists should explain some of these socialist tragicomedies before suggesting that it replace capitalism.

#### we are anti-CCP not anti-Asian.

Josh Rogin 21. Columnist covering foreign policy and national security. George Washington University, BA in International Affairs 2001; Sophia University, Tokyo "Opinion: The United States must confront the Chinese Communist Party and racism at the same time". Washington Post. 3-25-2021. https://www.washingtonpost.com/opinions/global-opinions/the-united-states-must-confront-the-chinese-communist-party-and-racism-at-the-same-time/2021/03/25/63fe8308-8d9c-11eb-9423-04079921c915\_story.html

The United States must compete with China and confront the Chinese government on a range of issues while simultaneously combating the rise of anti-Asian racism at home. These two missions are not at odds with each other, as the Chinese Communist Party (CCP) would have you believe. In fact, they must go hand in hand.

In Alaska last weekend, Chinese government leaders sought to stoke our country’s racial divisions, accusing the United States of having “slaughtered” African Americans, to deflect criticism over Beijing’s mass atrocities against its Uyghur Muslim population. Meanwhile, CCP propaganda outlets have been using the killing last week in the Atlanta area of eight innocent people (six of them Asian) to cast aspersions on those who are condemning the Chinese government’s atrocities. Beijing’s goal is to conflate and confuse two related but distinct issues: challenging the Chinese government and the need to fight racism in the United States. But their gambit amounts to presenting a false choice between doing one or the other.

“It is part of a broader strategy that the Chinese Communist Party is enacting to undermine our democracy,” Rep. Stephanie Murphy (D-Fla.) told me in an interview. “So when you see them creating that false equivalency . . . it is their way to sow discord in our society, because they understand when we are not united, we are weaker in leading the world in confronting their bad behavior.”

Murphy, a former Pentagon official who came to the United States as a child refugee from Vietnam, said that the use of racist language by former president Donald Trump and other GOP officials plays into the CCP’s hands. Yet at the same she emphasized that U.S. leaders have to be able to speak honestly and critically about the CCP’s negative behaviors, including its mishandling of the covid-19 pandemic.

The rise of racism against Asian Americans not only hurts the United States’ ability to deal with China, but also it harms efforts to make common cause with our regional allies and partners such as Japan, South Korea and Vietnam. Those governments’ ability to join the United States in confronting China is hurt when members of their diaspora communities are mistreated in the United States.

“We have to be able to make a very clear distinction that our adversary and competitor is the Chinese Communist Party, not the Chinese people, and certainly not the Asian Americans who live here and who have contributed so much to this country,” Murphy said. “When we attack Americans of Asian descent, we attack ourselves.”

Some American commentators argue that the effort to confront the Chinese government’s behavior has fueled the staggering rise in hate and violence directed at Asians and Asian Americans in the United States. It’s certainly true that Trump’s racist rhetoric regarding the coronavirus fueled hate and conflated the two issues, tragically. And U.S. government efforts to confront CCP influence operations in our country have at times unfairly targeted people of Chinese origins.

Such targeting of Asians and Asian Americans makes us weaker at home and abroad. We must learn from, not repeat, examples from history when U.S. foreign policy negatively affected American minorities, including the mass internment of U.S. citizens and noncitizens of Japanese descent during World War II and the mistreatment of Arab and Muslim Americans after 9/11.

Rep. Ro Khanna (D-Calif.), the son of Indian immigrants, told me that the United States has to out-compete China without replicating the paradigms of the Cold War. But, he said, we must also stand up to the authoritarian and repressive model the Chinese government is putting forward without ceding our moral authority.

“That has to be the balance, enhance America’s strategic interest but clearly reject provocative rhetoric that’s intended to play to a base,” he said. “There’s a way to frame our moral position as a liberal democracy . . . without coming off as demonizing an entire civilization in a way that hurts Chinese or Chinese Americans.”

Khanna and Rep. Mike Gallagher (R-Wis.) have co-sponsored a bill, the Endless Frontier Act, to revamp the National Science Foundation to try to out-compete China through technological innovation. Senate Majority Leader Charles E. Schumer (D-N.Y.) and Sen. Todd C. Young (R-Ind.) are cooperating on companion legislation in the Senate. These efforts will be a major test of whether bipartisan cooperation on the China challenge is possible.

It’s not the drive to confront China that is fueling hate and racism against Asians in America. Political opportunists are abusing that effort by fueling bigotry to score political points. This makes a unified strategy to confront the Chinese government only more difficult to achieve. In fact, addressing racism at home is crucial to winning the competition with China in the long run.

“We have to be aggressive in our policies and working with our allies to combat the violations the Chinese are making, but at the same time, we can hold the CCP accountable without scapegoating Asian Americans,” Murphy said. “And we have a responsibility to do that.”

#### The social shifts argument---their evidence is bad media spin.

Sean-Michael Pigeon 6/25/21. College Fix fellow at National Review. "No, Socialism Isn’t More Popular Than Capitalism". National Review. 6-25-2021. https://www.nationalreview.com/corner/no-socialism-isnt-more-popular-than-capitalism/

Media outlets are insistent that capitalism is unpopular, and that a clear majority of Americans, especially young people, prefer socialism over capitalism. A quick look at the headlines from major newspapers reveals stories that start like “Millenials support socialism because . . . ” or “Why are Americans warming to Socialism?” Another example appeared today, as Axios published the article “America’s continued move towards Socialism.” However, this recent Axios report says more about the media than it does about Americans.

The mainstream media’s interpretation of the Axios report is clear. The author of the article, Felix Salmon, wants his readers to believe that the new study shows socialism is winning the battle for public opinion. He writes,

The pandemic has caused millions of Americans — including many younger Republicans — to re-evaluate their political and economic worldview … Politicians looking to attack opponents to their left can no longer use the word “socialist” as an all-purpose pejorative. Increasingly, it’s worn as a badge of pride.

Salmon argues that “the tangible upsides of unprecedented levels of government intervention” are convincing Americans to become more socialist. However, the very first sentence of the study Salmon is reporting on says that “a majority of Americans continue to have a more positive than negative view of capitalism.” Furthermore, while 57 percent of Americans think positively of capitalism, barely 40 percent of Americans view socialism positively.

The raw numbers of the Axios|Momentive poll seem to be spun to make socialism look more popular than it is. For instance, the report finds that the ratio between positive and negative feelings for capitalism is 42–54 percent among respondents age 18–24. This, according to Axios, means capitalism is “truly underwater” for Gen Z. However, socialism’s total positive-negative ratio among respondents is about the same, at 41–52 percent.

Interpreting the data to show an increase in socialist tendencies isn’t impossible, but that’s just what it is: an interpretation. Many reporters seem to have the preexisting idea that voters will always gravitate more towards leftism. Voters know about socialism, there are socialist candidates, and the system is widely discussed and promoted. Nevertheless, the ideology is still “truly underwater” with the public. Thus, the real story here is that the majority of Americans still reject socialism.

Since recent presidential projections have been inaccurate and because polling reports seem to rely on interpretation more than dispassionate facts, there is a tendency to just distrust polling altogether. We ignore polling information at our own risk, though — polls such as these matter, especially when comparing similar polls over time. The Axios|Momentive poll cited by Salmon does show that 18–34-year-olds who responded to the survey have significantly more negative views of capitalism than they did in the same poll in 2019. That’s important. It also has interesting insights about how Republicans may be changing their minds about issues such as income inequality.

This is relevant important information and helps politicians and commentators react to changing public opinion. It’s also why it’s so frustrating to read Salmon’s dubious interpretation of the data. Yet conservatives should feel encouraged by the numbers, which show free markets are still popular, no matter how the mainstream media spins the report.

#### Antitrust law should be used strategically, solves their offense.

Philippe Aghion 21. Professor of Economics at INSEAD. He is also a Professor at the College de France, a visiting professor at the London School of Economics and a fellow of the Econometric Society and of the American Academy of Arts and Sciences. “Rethinking Capitalism: The Power of Creative Destruction.” <https://knowledge.insead.edu/economics-finance/rethinking-capitalism-the-power-of-creative-destruction-16821>.

Let’s face it: Capitalism has a bad reputation these days. While it is still seen as the “least awful” of alternatives, many accuse it of having led to exploding inequality, disastrous climate change and fractured societies. For some, these consequences are enough to advocate abandoning it altogether.

In The Power of Creative Destruction, economists Philippe Aghion, Céline Antonin and Simon Bunel argue that abolishing capitalism is not the solution. Historically, a market economy has proved to be a formidable engine of prosperity, enabling societies to develop in ways that were unimaginable even two centuries ago. However, market forces cannot be given free rein. The state and civil society both have a role to play in guiding the forces of disruptive innovation that underpin growth.

Creative destruction refers to the process by which innovations continually displace existing technologies and ways of doing things. New firms continually step up to the plate and new jobs replace obsoleted ones. In sum, the new destroys the old. This constant innovation is the driving force of capitalism and the catalyst of long-term growth. However, feats of innovation aren’t heaven-sent. They are achieved by entrepreneurs motivated by the prospect of dominating over a given market. The problem is that once they manage that, they often use their might to maintain the status quo and block the natural Darwinian process.

The originator of the notion of creative destruction, Joseph Schumpeter (1883-1950), was pessimistic about the future of capitalism. He believed that powerful incumbents – think conglomerates – would eventually dominate every sector. By stifling competition, they would kill innovation and growth softly. On the strength of about 30 years of global research that yielded the body of theory and empirical evidence that Schumpeter lacked, Aghion and his co-authors are unquestionably more upbeat. Advocating a fighting optimism, their book shows there are ways to reward growth-creating innovators and, at the same time, prevent them from entrenching themselves.

Revisiting the main enigmas of economic history

History has left us with some enigmas about economic growth. Among them: Why did economic growth suddenly pick up from 1820, after being negligible for close to 2000 years? Why do some countries start to converge to the standards of living of developed countries but sputter mid-way? And why have technological revolutions so far not brought about the mass unemployment feared by the Luddites in 19th-century England and by John Maynard Keynes in 1930? The body of knowledge accumulated around creative destruction helps us solve all these enigmas and more, as shown by the following three vignettes.

The 1820 starting point of growth: The world per capita GDP was the same in the year 1000 as in the year 1 CE. From there, the average rate of yearly growth barely reached one twentieth of 1 percent. But in 1820, in the United Kingdom and then in France, economic growth suddenly picked up, reaching about 0.5 percent per year for 50 years. Why? Because of the convergence of four factors: greater transfer of knowledge (e.g. the Encyclopaedists, the weakening of overprotective guilds), effective protection of property rights, healthy competition between European nations (inventors not welcome in one country could take their brilliance elsewhere) and the development of financial instruments that dynamised innovation and risk taking.

The middle-income trap: Developing countries must implement investment-focused policies to catch up initially, but at some point, they must switch to innovation-promoting policies to compete within the world of developed economies. A crisis can help with that painful transition to a more Darwinian setting. If not, the nation’s growth stalls as the well-fed incumbents guard their turf and block new competition.

Technology as the end of jobs: The fear that machines will destroy human jobs began long ago. When William Lee presented a stocking-knitting machine to Queen Elizabeth I in 1589 (in order to get a patent), she refused, declaring: “Consider what thy invention could do to my poor subjects. It would assuredly bring them ruin by depriving them of employment, thus making them beggars.” However, we now have data to show that the impact of automation on jobs is not only positive, but it also increases over time. A 1 percent increase in automation in a plant today increases employment by 0.25 percent after two years and by 0.4 percent after ten years. This effect holds even for unskilled manufacturing workers. Automation generates productivity gains that benefit employees, consumers (via lower prices) and firms (via increased sales).

Questioning some common bits of wisdom

Creative destruction also gives us a useful lens through which to assess policy prescriptions. For instance, some believe that taxation is the sole method of making growth more inclusive. Along the same line of thinking, some insist we should tax robots, especially since they will (allegedly) create mass unemployment. Others view a complete ban on growth as the best way to fight climate change.

Aghion and his co-authors believe these policies are misguided and explain why in the book. Taxation is but one economic tool; it is just as important for the state to promote innovation to boost social mobility and raise standards of living. The focus should be on investing in education and science. More recently, the state has emerged as an investor in innovation. This is a smart move.

Taxing robots, or any new technology for that matter, goes against innovation. The state should always preserve the free entry of goods and services in the market. Will some jobs be displaced in the process? Of course, and that is why creative destruction has an important caveat, or perhaps corollary: The state must insure employees against the potentially adverse consequences of job loss.

Zero or negative growth is not the best response to climate change. Green innovation is. However, a laissez-faire economy doesn’t move spontaneously towards green innovation. On the contrary, polluting firms will naturally prefer to innovate in the same polluting technologies. So, the state must provide incentives to redirect innovation efforts. Several levers can achieve this: a carbon tax, subsidies for green innovation, technology transfers to developing countries and carbon tariffs to discourage pollution havens. Civil society also has an important role to play to persuade firms to pursue green technologies.

Rethinking the future of capitalism

Lastly, the creative destruction paradigm helps us rethink capitalism. The Covid crisis has revealed the pitfalls of capitalism, which turn out to be very different across countries. The United States has a great model of innovation, but its social model is broken. Europe (broadly) offers social welfare, but its innovation model is inadequate. The book explains how we should work towards a model of capitalism that combines the dynamism of the US innovation with the social protections afforded by a country like Denmark.

Despite Schumpeter’s initial gloom, capitalism isn’t doomed. There are ways to overcome its apparent curse. But just like innovation isn’t heaven-sent, fixing capitalism will require coordinated action, based on a solid understanding of the determinants of economic growth and prosperity.

States should pursue two types of policies simultaneously: protecting intellectual property rights on innovation on the one hand and safeguarding competition on the other. Merger and acquisition policies should also take into account the impact on innovation. The entry of smaller, potentially more innovative players, cannot be left to the good will (or distraction) of the incumbents.

Optimal innovation policies will never please the firms that have already achieved market dominance. Proper separation of power, supported and enforced by a strong civil society, is required to ensure minimal collusion between behemoth firms and the executive power. Think of it as a “magic triangle” that includes the state, the market and civil society acting as a watchdog.

Does fixing capitalism somehow involve getting rid of the 1%? The short answer is no. While innovation does help the top 1% get richer, it doesn’t impact the Gini coefficient (an index of wealth inequality within a nation). This is because innovation lifts society as a whole through promoting social mobility. This contrasts with lobbying, which also helps the rich get richer, but does nothing for innovation on top of increasing the Gini coefficient. In sum, society can reward innovators, but should never leave them in charge of policymaking.

## 1AR

### Adv---Economy

#### COVID didn’t change a thing

Rainer Zitelmann 6/14/21. Doctorates in history and sociology. “Did the coronavirus crisis signal the end of capitalism?” https://www.washingtonexaminer.com/opinion/did-the-coronavirus-crisis-signal-the-end-of-capitalism

Since the dawn of anti-capitalism, the free market’s opponents have been waiting for the great crisis that will bring about its final collapse.

Karl Marx thought he had discovered various economic “laws,” such as the “tendential fall in the rate of profit” and the “relative impoverishment of the proletariat.” For anti-capitalists, the prospect of crisis has always been, above all, a sign of hope — that capitalism would finally (and forever) collapse. But such hopes have been dashed again and again. In many ways, anti-capitalists are like a doomsday cult, undauntedly announcing new dates for the final apocalypse.

In the global financial crisis of 2008, anti-capitalists saw the long-awaited end of capitalism coming, but when this too failed to materialize, they were forced to wait until the coronavirus crisis as a source of new hope. Even in the earliest days of the pandemic, many left-wing intellectuals proclaimed that this crisis marked the final nail in the coffin of capitalism and would finally deliver what they had been hoping for from the 2008 financial crisis, namely a fundamental reorganization of society and the end of capitalism.

An article from William Davies, a British sociologist, appeared in the left-wing Guardian under the headline “The last global crisis didn't change the world. But this one could.” The article continued:

The degree of devastation it will spread is due to very basic features of global capitalism that almost no economist questions — high levels of international connectivity and the reliance of most people on the labour market. These are not features of a particular economic policy paradigm, in the way that fixed exchange rates and collective bargaining were fundamental to Keynesianism. They are features of capitalism as such.

He hoped: “But we can be sure that, as an authentically global crisis, it is also a global turning point. There is a great deal of emotional, physical and financial pain in the immediate future. But a crisis of this scale will never be truly resolved until many of the fundamentals of our social and economic life have been remade.”

Ulrike Herrmann, a well-known German anti-capitalist, wrote an article under the headline “Corona Sunset for Neoliberalism. End of a Theory.” In her article, she proclaimed that “the corona crisis certainly has its advantages” and would, she hoped, “bury the neoliberal ideology” that she alleges has dominated the Western world since 1980. The coronavirus crisis, she argues, shows that there is “no alternative to solidarity … that is, to the state.” For anti-capitalists, the terms “solidarity” and “state” are interchangeable.

“This lesson,” Herrmann continues, “could have been learned after the 2008 financial crisis, but at that time, the neoliberals once again managed to salvage their hackneyed theories. ... It’s different with corona. It’s obvious to everyone that the ‘market’ can’t ward off the economic impacts of a virus. That’s why everyone is calling for government intervention.”

The French economist Thomas Piketty, speaking at the launch of a new book in which he once again calls for the radical redistribution of wealth, said that the coronavirus crisis has proven that governments can make drastic changes to their economic policies and that this could trigger a change in consciousness. The crisis is demonstrating to governments how much they mobilize to regulate the economy, Piketty said.

Canadian globalization critic and anti-capitalist Naomi Klein saw the coronavirus crisis as an opportunity for an “evolutionary leap.” She explained : “In fact, it’s possible for crisis to catalyze a kind of evolutionary leap. ... We either lose a whole lot of ground, get fleeced by elites, and pay the price for decades, or we win progressive victories that seemed impossible just a few weeks earlier. This is no time to lose our nerve. The future will be determined by whoever is willing to fight harder for the ideas they have lying around.”

In the case of the coronavirus crisis, it is obvious that this is an exogenous event that has nothing to do with the structure of the capitalist economic system. The economist Joseph Schumpeter distinguished between two types of crises, namely those whose causes lie outside the sphere of economic activity and those whose causes arise within this sphere itself.

There have always been epidemics and pandemics. And although globalization meant that the COVID-19 pandemic was able to spread rapidly, it was ultimately capitalism that ensured that, so soon after the crisis started, countermeasures would be ready to deal with and overcome it — from protective masks and coronavirus tests to vaccines developed by the despised capitalist pharmaceutical companies.

#### Financialization args are wrong

Agne Setikiene and Mindaugas Butkus 21. Institute of Regional Development, Vilnius University Siauliai Academy. Associated Professor / Senior Researcher at the Institute of Regional Development. “The Heterogeneous Impact of Financialisation on Economic Growth in the Long Run” *Journal of Risk and Financial Management*, 14(5), 209. https://www.mdpi.com/1911-8074/14/5/209/htm

The study results show that more developed countries, regardless of their institutional quality, most likely experience a negative effect of financialisation on long-run economic growth. However, in countries with a lower level of development, we, in the majority of cases, find a statistically significant positive effect. The fact that the effect of financialisation, mediated by institutional quality, level of development, and interaction using the same proxies, differs across countries, shows that the effect on long-run growth is heterogeneous and depends on variables used to proxy the country’s development level and institutional quality. This finding, to some extent, explains the ambiguous conclusions of previous research.

4. Conclusions

Though there have been many attempts to study the relationship between financialisation and economic growth, this study contributes to the literature by examining the heterogeneous impact of financialisation on long-run economic growth. To the best of our knowledge, there is no other study in which the effect of financialisation on economic growth is examined by considering two simultaneous mediators and their interaction.

This study contributes to the methodological approaches used to estimate the effect of financialisation by augmenting a traditional model with a three-way multiplicative term. Contrary to previous research, which only allowed to estimate the effect of the financialisation on growth directly in different groups of countries, this study contributes to the direct estimation of the variability of the financialisation, which depends on the factors that could mediate the effect of financialisation. The suggested specification of the model and the computation of conditional standard errors could contribute to the analysis of any mediating factor.

Aiming to evaluate the heterogeneous effect of financialisation on long-run economic growth and by computing the conditional marginal effects and their standard errors, we showed that it is possible to find the positive and negative as well as significant and insignificant effect of financialisation in different countries.

The findings of the research support the view that the impact of financialisation on long-run economic growth is heterogeneous. In addition, we find evidence that the source of heterogeneity is the country’s development level and institutional quality, which work simultaneously. Using different combinations of proxies for institutional quality and level of development, we found that more developed countries, regardless of their institutional quality, experience a negative effect of financialisation on long-run economic growth. If investments are directed to stock markets to profit and create shareholder value, resources are shifted from the manufacturing sector to the financial sector, which has a negative impact on economic growth. Contrary, in countries with a lower development level, a positive and statistically significant effect was found. Since credit is channelled to investment in the service sector or the real sector to improve productivity and quality, the financial sector, by providing new opportunities for savers and investors, stimulates economic growth. In many cases, in relatively less-developed countries, the effect of financialisation, mediated by the interaction between secondary school enrollment or tertiary school enrollment and institutional quality indicators, is insignificant. The country’s level of development likely has a stronger impact on the effect of financialisation on economic growth than institutional quality. However, this study did not intend to investigate which factor has a stronger mediating effect on the financialisation-growth nexus. Moreover, including other variables of financialisation and other mediating factors could be considered as the scope for further research.

The results of this paper point out some policy recommendations. For developing countries, financialisation can be a driving force for economic growth. It is more common in countries with a lower development level to find a positive and statistically significant effect of financialisation, which is mediated by the interaction between the size of the service sector and institutional quality. Thus, it is important to allocate financial resources properly and direct investment to the service sector to stimulate its growth. In developed countries, financialisation has a positive effect on long-run economic growth only when it is driven by the interaction of secondary school enrollment and voice and accountability. Thus, for developed countries, other sources of heterogeneity that could reduce the negative effects of financialisation on economic growth should be sought.