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**1AC**

**Inequality---1AC**

**Advantage 1 is Inequality.**

#### Labor market power through monopsony causes inequality and wage stagnation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Soft power solves global existential risks.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Modeling---1AC**

**Advantage 2 is Modeling.**

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

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

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

**Replacing the federal consumer welfare standard prevents global fascism.**

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After World War II, the United States engaged in a historic effort to rebuild Europe and Japan through the Marshall Plan. While the story of the Marshall Plan is well known, what is less commonly understood is that the United States exported aggressive antitrust laws to Europe during those post-war years. The Marshall Plan antitrust advisors believed that the **massive consolidation in the German economy facilitated** and sustained **fascism**, and they argued that a **democratic society required a democratic economy**.26 Today, in the context of increasing concentration, rising authoritarianism, and foreign governments commingling state and markets through state-owned enterprises and state capitalism, **promoting economic democracy** abroad should be an **essential foreign policy objective**. And yet, the text of the Trans-Pacific Partnership, a trade agreement designed by the Obama Administration, established the objectives of competition policy as “economic **efficiency and consumer welfare**,” a narrowly drawn and ideological conception of the purposes of **antitrust** law that has no basis in U.S. statutory law.27 Presidents and their administrations should **abandon these cramped views of antitrust** and instead encourage the adoption of more aggressive antitrust laws **abroad**.

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

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

**Populism causes extinction.**

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

#### Specifically, Japan models US antitrust trust policy via the consumer welfare standard but must adopt a new standard to address the expansion of the digital economy.

Marek D. Mueller 20. University of Vienna. “Antitrust Regulation in Japan and South Korea – What Influence Does Chicago School of Antitrust Exercise on Competition Policy and Digital Economy” SSRN Electronic Journal. January 2020.

One has to judge the quality of any theory by its practical applicability, and the Chicago School of antitrust has **not shown any significant advantages in this respect in relation to the digital sector.** From the preceding, Chicagoans have premised Chicago School on the fact that government intervention limits competition and subsequently economic growth. From the very beginning of its discourse in post-war America, Chicago School of antitrust sought to build a bridge between economic models and legal norms. While the Chicago School played in influence in **creating national law in South Korea and Japan** and contributed to shaping their legal system, current legal developments, in order to keep up with the speed of technology and the global, border-less force of major companies, are influenced less by the School’s traditional thought and more by national need. Further, the initial thought of the School was the cartels are naturally unstable, the few entry barriers exist, that monopoly attracts disruptive entry, and that mergers almost never produce anything except reduced costs. Based on the information presented it becomes clear that this isn’t the case, especially looking at the **cultural influence of cartels in Japan and South Korea** and the many infringement cases brought against market leaders. **Digital economy is challenging for existing antitrust enforcement** as boundaries of competition constantly redefine. South Korea and Japan have strong, well- established **antitrust laws that protect consumer welfare** on the one hand, and assure that there is competition for the market without any exclusionary conduct by firms on the other hand. However, although adapting legal provisions due to the technical innovation in digital economy are existent gradually; both **countries might not have yet enforced these to the extent of their capabilities**. It seems difficult because legal amendments are taking time in a parliamentary process while digital technology is developing fast. Therefore, one can say that self-correction of the digital market, the mindset of the School, seems very unlikely to happen if one considers the development of some firms’ market power during the last years. Moreover, the current debate of scholars in law and economics, and not only among Chicagoans, illustrates that competition regulators in any free market economy experience a challenge through **antitrust probes of digital platforms run by digital companies**. They are not occurring exclusively within the digital sector but largely, as it is through the internet and digital data, where firms try to abuse their market position. Questions therefore arise if a concentration of market power and, in consequence, **a lack of competition can be addressed with antitrust** or other public policies alone, and what are the costs and benefits of public attempts to shape the future of the digital economy as a whole. Furthermore, clever tax avoidance strategies that bolster these firms to big ‘barons’ are still one of the major problems of all economies that rely on fair competition. In Japan, authorities have so far shown themselves to be in a leading position in the field of competition protection, especially with regard to their willingness to clarify competition cases, and they are also taking this to the front, for example in exchange with the EU. Moreover, the Japanese competition authorities are keen to oppose a superior power of multinational corporations that do not want to pay taxes under national tax law. However, due to the lack of a consensus among the international community, it has not yet been possible to pass cross-national laws. South Korea’s antitrust law demonstrates the crucial importance of two aspects in the effectiveness of antitrust regulations: proactive legislation and strict compliance. The expansion of their economies affects South Korea and Japan. A lenient implementation of their monopoly regulations is a means to achieve its aims based on the way competition laws are applied in these nations. Initially, both countries **modeled their antitrust laws on those of the United States.** Regardless of criticism of the Chicago antitrust theory, it is still regarded as an useful antitrust approach in contemporary science and quite challenged in relation to the digital sector. Of course, the theoretical framework of the School comes from a time when digital platforms were future scenarios. Nevertheless, its central approach to consumer protection is an important asset, and research (by a reassessed theory) should continue to be guided by. To conclude, **digital technologies** challenge deeply the way governments regulate through competition policies. In digital economy, the traditional definition of markets becomes blurred, enforcement is challenged, and administrative boundaries both, in Japan, Korea and internationally, transcend. Because of this, antitrust enforcement for the sake of consumers **rests a crucial challenge for 21st century antitrust policies.**

#### Japanese law doesn’t go far to address the rise of digital platforms.

Daniel Leussink 21. “Japan must toughen regulation if 'joint approach' e-commerce law falls short: lawmaker” Reuters. 02-18-21. <https://www.reuters.com/article/us-japan-tech-regulations/japan-must-toughen-regulation-if-joint-approach-e-commerce-law-falls-short-lawmaker-idUSKBN2AI0U6>

TOKYO (Reuters) - Japanese policymakers must **keep open the option of toughening regulations on technology giants** if an e-commerce law introduced this month **does not work as expected**, said a lawmaker overseeing the ruling party’s deliberations on competition policy. Japan on Feb. 1 joined a global trend towards increased scrutiny of possible antitrust activity by big tech names with legislation requiring disclosure of information such as terms of contracts with business partners, how search rankings operate and reasons for suspending or refusing vendors. The law, which offers leeway in how much information companies must submit, comes as authorities in Europe, Australia and elsewhere confront the clout of global e-commerce and social media firms, concerned of their significant market dominance. “If this joint regulatory approach isn’t sufficient, **we have to make rules going a step further**,” Tatsuya Ito, a ruling Liberal Democratic Party (LDP) lawmaker, told Reuters in an interview on Wednesday. Ito, who oversees competition policy in the LDP’s powerful policy research council, described the **law as “light-touch”,** saying policymakers must assess how it is working before taking any further steps or expanding its scope. Japan’s e-commerce market was worth 19 trillion yen ($180 billion) in 2019. Its app store market reached $20.2 billion in 2020, showed data from App Annie. Amazon Inc and Rakuten Inc were the largest e-commerce operators in 2018, while the app store market was split between Apple Inc and Alphabet Inc’s Google, showed a 2019 report from the Japan Fair Trade Commission (JFTC). Under the new law, operators of shopping sites and app stores with annual Japan revenue of at least 300 billion yen and 200 billion yen respectively must submit annual reports to the Ministry of Economy, Trade and Industry. The ministry can then issue improvement orders if operators do not follow its recommendations, or refer operators to the JFTC if it suspects antitrust activity. Critics, however, said **the law lacks teeth** when compared with those planned by the European Union, under which regulators can impose fines and even break up firms. Antitrust expert Yosuke Okada, a professor at Hitotsubashi University, said the law is more of a cooperation type of regulation aimed at **gathering information on firms’ operations.** “**It isn’t a framework in which businesses are regulated in great detail**,” he said. Moreover, any imposition of fines would likely **require large-scale reform of anti-monopoly law**, Ito said.

#### Competition between digital platforms increases innovation and productivity.

Kazuhiko Fuchikawa 20. Associate Professor at Osaka City University; was a Research Associate at Keio University as well as Assistant Professor and Associate Professor at Yamaguchi University. “Regulations of Digital Platform Markets Under the Japanese Antimonopoly Act: Does the Regulation of Unfair Trade Practices Solve the Gordian Knot of Digital Markets?”. The Antitrust Bulletin Vol 65, Issue 1, 2020. 2-28-20. https://journals.sagepub.com/doi/full/10.1177/0003603X19898905

The Internet of Things and Artificial Intelligence rely on big data to drive technological innovation. The improvement of industrial productivity through such technological innovation is considered as the Fourth Industrial Revolution.[1](javascript:popRef('fn1-0003603X19898905')) In recent years, digital platform businesses, such as online malls and hotel reservation sites, are growing rapidly worldwide. A digital platform refers to a common foundation or technological base that enables transactions, information dissemination, and access among members of distinct customer groups.[2](javascript:popRef('fn2-0003603X19898905')) The tremendous amount of data obtained from the use of products exchanged via digital platforms results in the improvement of the products and leads to further data collection, as well as additional upgrading. A two-sided or multifaceted market forms a vital attribute of this virtuous circle. A two-sided or multisided market features more than two different groups of users and an indirect network effect.[3](javascript:popRef('fn3-0003603X19898905')) An indirect network effect means an impact on one side of the market affects the other sides. For instance, the greater the number of consumers who gather in one market, the greater is the number of companies that sell products on the platform being attracted to the other sides. Although the two-sided market is not a new model but has long been recognized in various industries, such as for magazines and newspapers, it connects readers and advertisers. The two-sided and multisided markets are attracting more attention currently because of the rapid expansion of businesses that employ digital platforms via the Internet, and it is considered that the indirect network effects of such a model may give rise to oligopolies.[4](javascript:popRef('fn4-0003603X19898905')) We must clarify the pros and cons of the indirect network effects in two-sided and multisided markets even as we encourage the utilization of data and promote the Fourth Industrial Revolution by addressing the following questions: Is it still sufficient to apply traditional regulations to a single-sided market? How and when does an adverse effect on competition occur? Under what circumstances does the indirect network effect in two-sided and multisided markets amplify foreclosure, may hamper new entry, and cause exclusionary outcomes against existing firms? What differences can be observed between Japan and other regions, such as the US and the EU, in terms of the regulation of digital platform markets? This article discusses these issues. In Section II, this article clarifies the characteristics of a digital platform and explains how digital platform markets are regulated by competition law. Section III examines the current framework to define markets and assess market power with respect to digital platform markets. Section IV discusses the manner in which a digital platform is regulated in Japan, both as Private Monopolization and Unfair Trade Practices (UTPs), while regulations of the latter are one of the unique characteristics of the Japanese Antimonopoly Act (AMA).[5](javascript:popRef('fn5-0003603X19898905')) The analysis in the section focuses the UTP regulation’s function to regulate digital platform markets from the standpoint of lessening competition in the relevant market. Section V examines what lessons can be learnt from the past AMA cases and offers a comparative analysis with EU and U.S. laws. Section VI summarizes the paper. As there are not many instances of anticompetitive collusion in Japanese digital platform markets, the article does not delve into this topic.[6](javascript:popRef('fn6-0003603X19898905')) II. Digital Platform Markets and Competition Laws The digital platform industry is developing rapidly with Google, Amazon, Facebook, and Apple’s (collectively known as GAFA) having emerged as the forerunners. Baidu, Alibaba, and Tencent (BAT) are also gaining power in China. GAFA and BAT compile big data by using platforms, which are becoming increasingly oligopolistic. In Japan, the digital platform industry is prevalent, which prompted the Japan Fair Trade Commission (JFTC), the Ministry of Economy, Trade and Industry (METI), and the Ministry of Internal Affairs and Communications (MIC) to establish a set of policies and rules as well as release reports such as the one of the Study Group on the Improvement of the Trade Environment Involving Digital Platform Businesses.[7](javascript:popRef('fn7-0003603X19898905')) These platforms have the potential to enhance innovation and productivity, which results in increased efficiency and benefits to consumers. Therefore, collecting big data in a two-sided or multisided market does not necessarily contravene competition law. However, indirect network effects could amplify foreclosure effects.[8](javascript:popRef('fn8-0003603X19898905')) When the users of a digital platform are locked in, it is difficult for them to switch to other service providers, too.[9](javascript:popRef('fn9-0003603X19898905')) These aspects of digital platforms necessitate the oversight of competition authorities. Unlike in the traditional business model, it is common for the digital platforms to provide free services, such as a Social Network Service (SNS) or a search engine, for consumers in one space while receiving advertisement fees from brands in another market are prevalent. In relation to the free service, the price competition is not the mode of competition; instead, a competition over quality rather than price occurs, and thus, regulators more often need to probe the impact of this phenomenon of competition over quality, as well as of price competition. Collecting varied information is not illicit in itself. However, conduct such as employing unreasonable means to collect big data or facilitating collusion could be illegal under competition law.[10](javascript:popRef('fn10-0003603X19898905')) According to the JFTC report, “Data and Competition Policy,” unreasonable means are practices such as unreasonable data collection, unreasonable data hoarding by monopolistic or oligopolistic enterprises, and the tying of data provision and analysis, as well as demanding not to trade with competitors on the condition of providing data or analysis techniques.[11](javascript:popRef('fn11-0003603X19898905')) In Germany, the Bundeskartellamt has recently prohibited Facebook from combining user data from different sources.[12](javascript:popRef('fn12-0003603X19898905')) III. Market Definition and Market Power in Digital Platform Markets We must apply special considerations to transactions of data and offers of free services in digital platform markets as follows. First, data may be transacted separately from products and services, and thus, practices related to transaction of data can be subjected to the AMA as in case of transaction of goods and services.[13](javascript:popRef('fn13-0003603X19898905')) Second, geographical markets could extend not only within Japan but also to foreign countries, as there are barely any costs incurred for the transfer of data. Note that the collection and utilization of big data are also subject to the AMA regardless of whether the business address is located in Japan as long as the effect of a company’s conduct extends to the Japanese market.[14](javascript:popRef('fn14-0003603X19898905')) Third, a two-sided market in a digital platform market often comprises a free service bouquet for users in one market and a cluster of paid services for advertisers in the other market. In such instances, market definition requires identifying two or more different target groups. Defining relevant markets by applying the Small but Significant and Non-transitory Increase in Price (SSNIP) test to two-sided and multisided markets entails difficulties where it is not realistic to turn a free market into a paid market by charging for goods and services or to where a monopolist can optimize the price structure.[15](javascript:popRef('fn15-0003603X19898905')) As pointed out in a report presented by the Competition Policy Research Centre to the JFTC, it is difficult to apply the SSNIP test to a free market to judge the substitution between products by their price increases, although it may be possible to evaluate demand substitutability according to the recognition and behavior of consumers.[16](javascript:popRef('fn16-0003603X19898905')) Alternative assessment tools include the Small but Significant and Non-transitory Decrease in Quality (SSNDQ) test, which assumes a change in quality instead of price and the Small but Significant and Non-transitory Increase in Costs (SSNIC) test, which assumes a hypothetical change in costs instead of prices. However, these yardsticks also have difficulties because the measurement of quality and cost necessarily involves substantial degree of ambiguity.[17](javascript:popRef('fn17-0003603X19898905')) IV. Regulation of Monopolies and UTPs in Digital Platform Markets in Japan It is not always easy to clearly judge anticompetitive effects and pro-competitive outcomes in uncharted waters, such as digital platform markets, which are becoming oligopolistic through foreclosure by big data while the barriers to entry are becoming significant. In this section, this paper examines the regulation of digital platforms’ monopolies by exemplifying some Japanese cases. First, merger law may operate as ex-ante regulation of monopolies. Second, the study covers moderation and control of market domination, which concerns the ex-post management of monopolies.

#### Digital competition overcomes Japan’s aging population and increases productivity and growth.

Samuel Arnold-Parra 21. Researcher for CoronaNet Research Project and analyst for Global Risks Insights. “Japan’s Tech Competitiveness: Why the Decline?”. Global Risks Insight. 3-7-21. https://globalriskinsights.com/2021/03/japans-tech-competitiveness-why-the-decline/

Declining Competitiveness The International Institute for Management Development (IMD) released its [2020 World Digital Competitiveness Ranking](https://www.imd.org/wcc/world-competitiveness-center-rankings/world-digital-competitiveness-rankings-2020/) that ranks the capacity of countries to utilise digital technologies for government, business and society at large. These results show that Japan lags behind other countries, dropping to 27th place from 23rd in 2019. In the Asia-Pacific region, it ranked below countries like Singapore and Malaysia. In contrast, Japan’s economic near-peers have drastically improved: South Korea went from 14th in 2018 to 8th, whereas China went from 30th to 16th. Digital competitiveness particularly matters for Japan given their ageing population. IMF statistics suggest that Japan’s labour force is set to [drop by around 24 million people between 2018 and 2050](https://www.imf.org/external/pubs/ft/fandd/2018/06/japan-labor-force-artificial-intelligence-and-robots/schneider.htm). To compensate, Japan will need to better leverage innovative technologies and further encourage digitalisation to keep up current levels of production and productivity. Boosting tech competitiveness is also likely to be important for Japan so that it can remain competitive with digitalising economies like China, India and South Korea. Why the Decline? Japan’s tech innovation efforts are hindered by its underdeveloped startup company ecosystem. Tech startups have the potential to bolster innovation and motivate the development of new technologies. Startups often have advantages over larger firms for innovation in the form of entrepreneurial flexibility, less rigid business cultures and closer team communication. Illustrating Japan’s underdeveloped ecosystem, Japan only has 3 ‘unicorn’ startups (privately held startups valued at over $1 billion) whereas the USA and China have approximately [242 and 119 respectively](https://asia.nikkei.com/Business/Startups/Unicorns-surge-to-500-in-number-as-US-and-China-account-for-70), including established companies like ByteDance and SpaceX. South Korea [has more than 10](https://seoulz.com/list-of-the-top-10-korean-startup-unicorns-as-of-2020/) unicorn startups. These figures suggest that Japan is not reaching its potential in the creation of a favourable startup ecosystem. One contributing factor is the unwillingness of Japanese investors to make large investments in young startups. In 2019, startups between 1-3 years old received on average $91,000USD in funding, while 5-7 years old startups [received over $2.5 million USD on average](https://initial.inc/articles/jpf2019-en). For young startup companies, the difficulty in securing valuable funding in their early years poses a barrier to a robust startup ecosystem in Japan. This lack of investment may be the result of a high degree of risk aversion on the part of Japanese investors; older startups, due to clearer track records, may appear to be safer investments. Moreover, the attitude of large Japanese companies to research and development (R&D) poses an obstacle to the country’s competitiveness. Japanese R&D has been described as occurring in an isolated ‘[in house](https://beaconreports.net/en/kickstarting-japanese-startups/)’ manner. This approach slows the capacity of Japanese firms to respond to emerging technologies and industries in comparison to companies like Google or Amazon that have collaborated with or acquired various startup companies. A 2018 Bank of Japan white paper substantiates this R&D attitude, which identified that Japanese R&D [focuses more on incremental improvements](https://www.boj.or.jp/en/research/wps_rev/wps_2018/data/wp18e10.pdf) as opposed to the creation of innovative products.

#### Revitalizing Japan’s economy promotes diplomacy---that solves US-China war.

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Japan, as both a US ally and a neighbor with deep historical and cultural connections to China, can play an important role in helping facilitate deeper communication between the United States and China to ensure that tensions in the region do not escalate. In recent decades, Japan has perhaps lost some of its diplomatic confidence. A quarter of a century ago, Japan’s economy was eight times bigger than the South Korean economy and four times bigger than that of China, but today Japan’s economy is three times bigger than South Korea’s and one-third the size of China’s. This change in relative strength has given rise to nationalistic tendencies in Japan. Although there are a number of domestic challenges that Japan must address—including an aging population, high debt, and low productivity—Japan’s ability to harness its creative and diplomatic power to ease the US-China confrontation and promote shared regional peace and prosperity could go a long way in restoring national confidence. As China continues to grow in influence and to pose a number of security challenges, it is also driving global growth as a major economic partner to almost every country around the region. As the Indo-Pacific concept continues to be solidified, it is imperative from a Japanese perspective that deterrence measures to prevent unlawful behavior and aggression are coupled with an inclusive approach to regionalism, one that is grounded in engagement, diplomacy, and cooperation. Deterrence and engagement should be pursued simultaneously as two sides of the same coin, rather than as competing concepts. Attempts at decoupling, cutting off ties with China, and entrenching bloc-to-bloc rivalry are a lose-lose exercise. In managing the relationship between China and the international community, we must not lose sight of the fact that our objective should be to deny China opportunities to be an aggressor while also maintaining diplomacy and forging cooperation on areas of shared common interest.

#### US-China war goes nuclear---no constraints.

Joshua Rovner 17. John Goodwin Tower Distinguished Chair in International Politics and National Security, Southern Methodist University. “Two kinds of catastrophe: nuclear escalation and protracted war in Asia.” Journal of Strategic Studies 40(5): 696-730. Emory Libraries.

But suppose that leaders have no intention of using nuclear weapons. It is one thing to develop impressive technologies, but quite another to use them, and policymakers may blanch at the real prospect of authorizing first use. Even in these cases, there are several theoretical pathways to escalation.

The first is psychological. Cognitive biases may cause leaders to misperceive rival intentions, mistaking signals of restraint for signs of danger. Prewar expectations strongly influence how individuals interpret new information, and they will ignore or reframe dissonant information so it fits into their existing beliefs. Misperceptions intensify after the shooting starts, when information is ambiguous and incomplete. Carl von Clausewitz dwelt on the problem in the aftermath of the Napoleonic Wars, noting that intelligence reports were often contradictory and unreliable “in the thick of fighting.” Despite advances in intelligence and communications, the fog of war remains an enduring problem. Organized violence is an iterative process, and each side has incentives to hide its actions and deceive its adversary. Violence also unleashes intense emotions that obscure the material effects of battle. Commanders may not understand whether they are winning or losing, and in lieu of reliable intelligence they are likely to let passion overtake good judgment. “In short,” Clausewitz concluded, “most intelligence is false, and the effect of fear is to multiply lies and inaccuracies.” 9

Wartime leaders are prone to attribution bias, or the belief that their counterparts are inherently evil. Leaders in conflict are likely to assume the worst about their rivals or else they would not have picked a fight in the first place. Attribution bias causes them disregard the notion that their enemies have limited goals and are willing to accept partial victories. They are also prone to reject peace overtures as meaningless gestures at best, or as efforts to lull them into passivity before escalating the conflict.10 Finally, prospect theory tells us that individuals will fight harder to avoid losing a possession than they will to gain something new. If leaders equate settling with losing, then they will be tempted to risk escalation. All of these psychological pressures are exacerbated under stress and tight time constraints.11

Domestic pressures might lead to escalation if one or both governments fear that regime change will be the political penalty for battlefield failure. Escalation is also possible if the issues at stake are wrapped up in nationalism or ideologies that inflate the value of the object. Leaders will be hard pressed to accept defeat in such cases, especially if military outcome is particularly lopsided and humiliating. Leaders who depend on particularly hawkish constituencies to remain in power are especially likely to take new risks even against long odds. Rather than negotiating an end to the war, they might gamble for resurrection by escalating to the nuclear level.12 Such a move would not necessarily be irrational. Instead, resurrection succeeds by shifting the war towards the balance of interests rather than the balance of capabilities. A retreating combatant, battered in the early stages of a conflict, may still affect the enemy’s calculation by taking extraordinary risks. Escalation signals a willingness to fight to the finish and a reminder that it has powerful interests at stake. Such a strategy is admittedly risky, but it may be effective, especially if the escalating state is fighting to defend its own territory against a distant rival. Transforming a conflict into a test of resolve makes sense when a state is failing the test of arms.13

Finally, inadvertent escalation may occur when conventional attacks put the adversary’s nuclear force at risk. Under these conditions, the target state might reasonably worry that the attack is only the first phase of a larger war. There may be no way to offer credible reassurances that it is not. Fearing the destruction or incapacitation of its nuclear deterrent, the target state might face a “use it or lose it” dilemma. Inadvertent escalation is especially likely if key command and control nodes are vulnerable or if conventional and nuclear target sets are indistinguishable. The danger also increases if military organizations indulge organizational preferences for offensive action. This encourages planners to err on the side of attacking all available targets. While it might sense to allow the adversary to retain some capabilities in order to reduce the incentives for escalation, planners may bridle at the thought of consciously allowing the enemy to retain the capacity for attack.14

In recent years, China has invested heavily in capabilities that will complicate US maritime operations and threaten US bases in Japan and Guam. Equipped with a range of anti-access capabilities, China may be able to deter the United States from intervening in the case of a regional war. If it does intervene, China may attempt to damage or destroy US assets or force carrier groups to operate at prohibitively long distances from the mainland.

Chinese doctrine for using these weapons has lagged behind acquisition.15 Nonetheless, the appearance of its new “anti-access/area denial” (A2AD) systems caused concern in Washington. US officials subsequently unveiled Air–Sea Battle (ASB), an operational concept for integrating naval and air assets in order to overcome the entire range of anti-access capabilities. The concept was announced in spring 2011 by the then Secretary of Defense Robert Gates, and responsibility for developing the concept fell to the Air–Sea Battle Office in the Pentagon. In January 2015, the Department of Defense changed the name of ASB to the Joint Concept for Access and Maneuver in the Global Commons, but there is no indication that the substance has changed.16 And because ASB has influenced the debate about a hypothetical US–China conflict, I will continue to use the term here.

The Air–Sea Battle Office released some information about the concept, and leaders from the Navy and Air Force wrote about it in service publications. The most comprehensive treatment, however, came in the form of a monograph from the Center for Strategic and Budgetary Assessments (CSBA). Although it may be ahead of the Department of Defense (DOD) concept, the CSBA analysis is broadly consistent with official descriptions.17

ASB envisions two broad phases in a war against countries like China with advanced anti-access capabilities. The first is a blinding attack on key facilities, including long-range weapons that could target US bases and carrier groups, as well as the radar systems needed to cue them. Kinetic and electronic attacks would also target Chinese satellites and anti-satellite weapons. According to the CSBA report, attacks on Chinese space assets, along with land-based radars and other intelligence, surveillance, and reconnaissance (ISR) and communications platforms, would “severely limit China’s space-based situational awareness.” 18 China would struggle to organize forces after such an attack. Prompt strikes on Chinese missile launchers and C2 nodes would be equally important. “Countering or thinning the PLA offensive missile threat is a principle AirSea Battle line of operation,” the report continues. Not only would the United States regain the advantage, but ASB would also deny China any chance of a rapid and decisive victory. “Success is critical in preventing China from achieving a quick ‘knock-out blow.’”19 The second phase would seek to deny a Chinese naval breakout. Because of the vast distances involved in moving forces across the Indian and Pacific Oceans, these attacks would be required to allow time for US forces to arrive in theater.20

This is an appealing conventional approach, but it has never been tested against a great power with nuclear weapons. The danger is that ASB increases the risk that China will use them.

In fact, it opens all three pathways to escalation. ASB deliberately seeks to create confusion at the start of the war, making it very hard for the adversary to understand signals of restraint and declarations of limited intent. Coercion requires not only threats but also credible assurances that the target will not be punished if it complies. There is little reason to comply absent such promises.21 In addition, all of the psychological problems described above would be activated if the United States implemented ASB. In addition to the danger of misperceptions in the confusing aftermath of a blinding attack, attribution bias would almost surely cause the Chinese leadership to suspect the worst about the United States. Prospect theory would also likely kick in because China would suddenly fear losing an object of great national value, especially if the war is fought over Taiwan and the result is independence and permanent separation from the mainland.

ASB would exacerbate the domestic problem for the Chinese Communist Party, creating political incentives to use nuclear weapons. The Communist Party of China (CCP) long ago gave up its ideological mandate, replacing communism with a combination of nationalism and economic growth. In the event of an economic slowdown, the CCP will only have nationalism to fall back on. In these circumstances, the party might become more risk-acceptant, especially if it is fighting over a core national interest like Taiwan.22 If it stands on the edge of a monumentally humiliating loss, the CCP might well escalate the war rather than risking the end of its regime. ASB promises such a loss. It is hard to imagine a more humiliating outcome than being blinded and befuddled, forced to wait as the United States slowly husbands naval power offshore.

Finally, ASB runs the risk of inadvertent escalation. China has been steadily moving towards a posture of assured retaliation. It seems to believe it can deter other powers with a relatively small number of nuclear weapons, but only if it can assure the survivability of its arsenal.23 ASB may remove that sense of security. The targets in the hypothetical first strike would include China’s ballistic missiles and launchers, as well as space- and ground-based facilities for targeting and guidance. This means that the United States would target elements of the People’s Liberation Army Rocket Force (PLARF), which oversees both nuclear armed and conventional missiles. It also means targeting China’s intelligence and C2 networks, making it harder for leaders to determine whether their nuclear force is at risk.

China has not published a detailed and authoritative statement on its nuclear doctrine, though its defense white papers offer clues. Historically, it has chosen to enhance deterrence through ambiguity and mobile launchers in place of high numbers of warheads, obscuring its capabilities to guard what it calls a “lean and effective” force. While this might plant a seed of doubt in potential attackers, it also increases the danger of mistaken targeting, and some analysts believe the line between conventional and nuclear capabilities is getting fuzzier.24 Moreover, different variants of China’s land-based DF-21 are equipped with both conventional and nuclear warheads. In the words of a recent open-source assessment of China’s arsenal, “This potentially dangerous mix of nuclear and conventional missiles increases the risk of misunderstanding, miscalculation, and mistaken nuclear escalation in a crisis.” 25

Analysts disagree about the level of overlap, however, and there is evidence that China has taken steps to separate nuclear and conventional missiles while protecting its retaliatory force from preemptive attack. A recent survey of Chinese open sources finds that the majority of missiles are not co-located. Conventional and nuclear brigades answer to separate commands, and China has invested in more secure and redundant command and control. That said, both kinds of brigades may utilize the same C2 infrastructure, and the Central Military Commission, which commands nuclear forces, can take command of conventional forces “under special circumstances.” Finally, Chinese officials may view an attack on conventional missile brigades as proof that the United States has the capacity to destroy nuclear ones.26

The expansion of US missile defense capabilities may also affect China’s beliefs about the security of its deterrent force. The United States currently fields a modest national missile defense capability, with 30 interceptors deployed against intercontinental ballistic missile attacks. This offers some protection against small nuclear powers like North Korea but not against larger ones like Russia and China. Adding more advanced interceptors might make it harder to make this distinction. China has expressed particular concern about advances that blur the line between national and theater missile defenses, thus creating additional doubt about its second-strike capability.27

Despite these concerns, some US planners might have faith that China will continue to honor its long-standing no-first-use (NFU) nuclear declaratory policy, especially if they can conspicuously avoid certain targets as a way of reassuring Chinese leaders.28 Some launch brigades only fire nuclear missiles, and US leaders could make it clear that these are off-limits.29 Avoiding China’s emerging class of ballistic missile submarines might also signal US restraint.30

The problem is that Chinese officials might not understand the signal or believe US promises. They might not have the time to assess whether the United States is carefully discriminating conventional from nuclear forces, given its stated preference for rapid strikes against key enemy installations. Moreover, because initial strikes would also deliberately target China’s C4ISR networks, Beijing would not be able to do a quick damage assessment or communicate the results to deployed forces. Under these conditions, the US emphasis on blinding attacks, which are designed to slow down enemy operations, would actually speed up the decision to go nuclear.31

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

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

**Democracy---1AC**

**Advantage 3 is Democracy.**

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

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

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

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

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

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

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

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

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

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

**Judicial activism collapses democracy.**

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

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

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3. Implications for Interpretation

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

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

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

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

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

**Democracy solves every impact by being comparatively more stable than autocracies.**

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National-security analysts see China as one of the greatest threats facing the United States and its allies. According to an emerging conventional wisdom, China has the leg up on the U.S. in part because its authoritarian government can strategically plan for the long term, unencumbered by competing branches of government, regular elections, and public opinion. **Yet this faith in autocratic ascendance and democratic decline is contrary to historical fact. China may be able to put forth big, bold plans**—the kinds of projects that analysts think of as long term—**but the visionary projects of autocrats don’t usually pan out**. Watch White Noise, the inside story of the alt-right The Atlantic’s first feature documentary ventures into the underbelly of the far-right movement to explore the seductive power of extremism. Stream Now Yes, democratic governments are obligated to answer to their citizens on regular intervals and are sensitive to public opinion—t**hat’s actually democracies’ greatest source of strength. Democratic leaders have a harder time advancing big, bold agendas, but the upside of that difficulty is that the plans that do make it through the system have been carefully considered and enjoy domestic support**. Historically speaking, **once a democracy comes up with a successful strategy, it sticks with the plan**, even through a succession of leadership. Washington has arguably followed the same basic, three-step geopolitical plan since 1945. First, the United States built the current, rules-based international system by providing security in important geopolitical regions, constructing international institutions, and promoting free markets and democratic politics within its sphere of influence. Second, it welcomed into the club any country that played by the rules, even former adversaries, like Germany and Japan. And, third, the U.S. worked with its allies to defend the system from those countries or groups that would challenge it, including competitors such as Russia and China, rogue states such as Iran and North Korea, and terrorist networks. **America can pursue long-term strategy in part because it enjoys domestic political stability**. While new politicians seek to improve on their predecessor’s policies, the United States is unlikely to see the drastic shifts in strategy that come from the fall of one political system and the rise of another. Democratic elections may be messy, but they’re not as messy as coups or civil wars. Daniel Blumenthal: The Unpredictable Rise of China **Open societies** have many other advantages as well. They **facilitate innovation**, **trust in financial markets**, and economic growth. Because **democracies** tend to be more reliable partners, they **are typically skillful alliance builders**, and they can accumulate resources without frightening their neighbors. **They tend to make thoughtful, informed decisions on matters of war and peace, and to focus their security forces on external enemies, not their own populations. Autocratic systems simply cannot match this impressive array of economic, diplomatic, and military attributes.** David Leonhardt recently wrote in The New York Times, “Chinese leaders stretching back to Deng Xiaoping have often thought in terms of decades.” Commonly cited examples of that long-term thinking include the Belt and Road Initiative, a program that invests in infrastructure overseas; Made in China 2025, an effort to subsidize China’s giant tech companies to become world leaders in 21st-century technologies, such as artificial intelligence; and Beijing’s promise to be a global superpower by 2049. Since putting in place sound economic reforms in the 1970s, China has seen its economy expand at eye-popping rates, to become the world’s second largest. Many economists predict that China could even surpass the United States within the decade, and some have suggested that China’s model of state-led capitalism will prove more successful, in terms of economic growth, than the U.S. template of free markets and open politics. I doubt these predictions. Because autocratic leaders are unconstrained and do not have to contend with a legislature or courts, they have an easier time taking their countries in new and radically different directions. Then, when the dictator changes his mind, he can do it again. Mao’s autocratic China ricocheted from one failed policy to another: the Great Leap Forward, then the Hundred Flowers Campaign, then the Cultural Revolution. Mao aligned with the Soviet Union in 1950 only to nearly fight a nuclear war with Moscow in the next decade. Beginning in the time of Deng Xiaoping, China pursued a fairly constant strategy of liberalizing its economy at home and “hiding its capabilities and biding its time” abroad. But President Xi Jinping abandoned these dictums when he took over. As the most powerful leader since Mao—he has changed China’s constitution to set himself up as dictator for life—he could once again jerk China in several new directions, according to his whims, and back again. According to the Asia Society, he has stalled or reversed course on eight of 10 categories of economic reform promised by the Chinese Communist Party (CCP) itself. Moreover, Xi is baring China’s teeth militarily, taking contested territory from neighbors in the South China Sea and conducting military exercises with Russia in Europe. The problem for Beijing is that stalled reforms will stymie its economic potential and its confrontational policies are provoking an international coalition to contain them. The 2017 U.S. National Security Strategy declared great-power competition with China the foremost security threat to the U.S.; the European Union labeled China a “systemic rival”; and Japan, Australia, India, and the United States have formed a new “quad” of powers to balance China in the Pacific. Furthermore, the plans often cited as evidence of China’s farsighted vision, the Belt and Road Initiative and Made in China 2025, were announced by Xi only in 2013 and 2015, respectively. Both are way too recent to be celebrated as brilliant examples of successful, long-term strategic planning. A certain level of domestic political stability is a prerequisite for charting a steady strategic course in foreign and domestic affairs. **But autocratic regimes are notoriously brittle. While institutionalized political successions in democracies typically lead to changes of policy, political successions in autocracies are likely to result in regime collapse and war**. China’s “5,000 years of history” were pockmarked by rebellion, revolution, and new dynasties. Fearing internal threats to domestic political stability—consider the protests this year in Hong Kong and Xinjiang—the CCP spends more on domestic security than on its national defense**. If you follow the money, the CCP is demonstrating that the government is more afraid of its own people than of the Pentagon. This domestic fragility will frustrate China’s efforts to design and execute farsighted plans. If threats to Chinese domestic stability were to materialize and the CCP were to collapse tomorrow**, for example, Chinese grand strategy could undergo another seismic shift, including possibly opting out of competition with the United States altogether. Shadi Hamid: China Is Avoiding Blame by Trolling the World Autocracies have other vulnerabilities as **well. State-led planning has never produced high rates of economic growth over the long term. Autocrats are poor alliance builders** who fight with their supposed allies more than with their enemies. And the highest priority of autocratic security forces is repressing their own people, not defending the country. The world has undergone drastic changes in just the past few years, but these enduring patterns of international affairs have not. Some fear that Trump’s nationalist tendencies will erode the U.S. position, but the momentum of America’s successful grand strategy has kept the country on a fairly steady course. Despite Trump’s criticism of NATO, for example, two new countries have joined the alliance on his watch, including North Macedonia this week. The coronavirus has upended a sense of security in the U.S., leading many people into the familiar trap of lauding autocratic China’s firm response in contrast to the halting and patchwork measures in the United States. But there is good reason to believe that this assessment will be updated in America’s favor with the benefit of hindsight. Already we are seeing evidence that conditions are much worse in China than CCP officials are letting on and that China’s attempts at international “disaster diplomacy” are backfiring. It has been revealed that the CCP has continually misrepresented the numbers of COVID-19 infections and deaths in China, and European nations have rejected and returned faulty Chinese coronavirus testing kits.

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

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

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

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

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

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

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

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

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

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

**Plan---1AC**

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

**Solvency---1AC**

**Contention 4 is Solvency.**

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

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Introduction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# 2AC---NU---R6

### Inequality---OV

**UBI doesn’t solve inequality.**

Anna **Coote 19**. Principal fellow at the New Economics Foundation and and co-author of Universal Basic Income: A Union Perspective. “Universal basic income doesn’t work. Let’s boost the public realm instead” The Guardian. 05-06-19. https://www.theguardian.com/commentisfree/2019/may/06/universal-basic-income-public-realm-poverty-inequality

A study published this week **sheds doubt on ambitious claims made for universal basic income** (UBI), the scheme that would give everyone regular, unconditional cash payments that are enough to live on. Its advocates claim it would help to reduce poverty, narrow inequalities and tackle the effects of automation on jobs and income. Research conducted for Public Services International, a global trade union federation, reviewed for the first time **16 practical projects** that have tested different ways of distributing regular cash payments to individuals across a range of poor, middle-income and rich countries, as well as copious literature on the topic. It could find **no evidence** to suggest that such a scheme could be **sustained for all individuals** in **any country** in the short, medium or longer term – or that this approach could achieve lasting improvements in wellbeing or equality. The research confirms the importance of generous, non-stigmatising income support, but everything turns on how much money is paid, under what conditions and with what consequences for the welfare system as a whole. From Kenya and southern India to Alaska and Finland, cash payment schemes have been claimed to show that UBI “works”. In fact, what’s been tested in practice is almost infinitely varied, with cash paid at different levels and intervals, usually well below the poverty line and mainly to individuals selected because they are severely disadvantaged, with funds provided by charities, corporations and development agencies more often than by governments. Experiments in India and Kenya have been funded, respectively, by Unicef and Give Directly, a US charity supported by Google. They give money to people on very low incomes in selected villages for fixed periods of time. Giving small amounts of cash to people who have next to nothing is **bound to make a difference** – and indeed, these schemes have helped to improve recipients’ health and livelihoods. But nothing is revealed about their **longer-term viability**, or how they could be **scaled up to serve whole populations.** And there is a democratic deficit: people who get their basic income from charities or aid agencies have no control over how payments are made, to whom, at what level or over what period of time. The Alaska Permanent Fund, built from the state’s oil revenues, pays all adults and children a dividend each year – in 2018, it was $1,600 (£1,230). The scheme is popular and enduring; it has been found to produce some positive impacts on rural indigenous groups, but it makes no claim to sufficiency and **has done nothing to reduce child poverty or to prevent widening income inequalities.** Helsinki city centre Finland undertook a two-year trial, from January 2017 to December 2018, of modest monthly payments of €560 (£477) to 2,000 unemployed people – but the government has refused to fund further expansion. It told us little about UBI except that, when push comes to shove, elected politicians may balk at paying for a universal scheme. The cost of a sufficient UBI scheme would be **extremely high** according to the International Labour Office, which estimates average costs equivalent to 20-30% of GDP in most countries. Costs can be reduced – and have been in most trials – by paying smaller amounts to fewer individuals. But there is no evidence to suggest that a partial or conditional UBI scheme could do anything to mitigate, let alone reverse, current trends towards worsening poverty, inequality and labour insecurity. **Costs may be offset by raising taxes** or shifting expenditure from other kinds of public expenditure, but either way there are huge and risky trade-offs. Money spent on cash payments cannot be invested elsewhere. The more generous the payments, the wider the range of recipients, the longer the scheme continues, the less money will be left to build the structures and systems that are needed to realise UBI’s progressive goals. As this week’s report observes, “If cash payments are allowed to take precedence, there’s a serious risk of **crowding out efforts** to build collaborative, sustainable services and infrastructure – and setting a pattern for future development that promotes commodification rather than emancipation.” This may help to explain why UBI has attracted support from Silicon Valley tycoons, who are more interested in **defending consumer capitalism than in tackling poverty and inequality.**

### Modeling---OV

### Democracy---OV

### 2AC---AI CP

#### 1---Congress controlling antitrust policy is key to keep democracy in hands of the people.

Harry **First &** Spencer Weber **Waller 13**. Harry First; New York University School of Law. Spencer Weber Waller; Loyola University Chicago School of Law. “Antitrust’s Democracy Deficit” Fordham Law School. Volume 81, Issue 5, 2013. https://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=4890&context=flr

The recommendation that Congress shift its focus to major issues is particularly critical to **reinvigorating Congress’s role in antitrust policy.** It is simply more important to probe whether merger enforcement has now been virtually limited to mergers to monopoly than to hold hearings into whether a particular merger in a particular industry is a good idea. Similarly, reasonable people can differ over whether a particular antitrust provision should be enforced more vigorously, less vigorously, or simply repealed, but we doubt any Congress since the passage of the Sherman Act would simply say, “We don’t care, do whatever you want.” We may not like the results of what **Congress** says on any particular issue, but it **remains the only directly democratically accountable branch of government** and the one most **clearly charged with setting the broad parameters** of fundamental public policy. It should speak, as it does in most other areas of our complex economy, and not have its **silence used as an** **excuse for self-interested actors to shift power in their favor** when the legislature chooses to turn to other pressing issues of the day.

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

Counterplan: The United States Federal Government should turn over the decision to increase its prohibitions on anticompetitive business practices by expanding the extraterritorial scope of its antitrust laws to an artificial intelligence trained on case law and market data and designed to automate optimal antitrust policies.

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#### 6---Ambiguity causes judicial circumvention.

Daniel **Hanley 21**. Reporter-Policy Analyst with the Open Markets Institute. “Slate - How Antitrust Lost Its Bite” Open Markets Institute. 04-06-21. <https://www.openmarketsinstitute.org/publications/slate-how-antitrust-lost-its-bite>

Importantly, rules-based laws would also **ensure the judiciary is adhering to Congress’ directive to keep markets deconcentrated** and acknowledge that the judiciary is not a reliable safeguard for smaller independent firms and workers who often do not have access to significant amounts of capital to litigate an antitrust lawsuit. In fact, in commonly applied rules for how judges interpret Congress’ laws, the **judiciary views ambiguity as an opportunity to fill any legal gaps with its interpretation and ideology.** History has consistently shown that **only bright-line rules will lead to an effective and vigorous enforcement environment**, as they do in other areas of law, and **prevent the judiciary from favoring dominant economic enterprises and distorting the antitrust laws** to preference increased concentration. The Supreme Court’s original development of the rule of reason and its subsequent gutting of the enforcement of the Clayton Act in the 1930s is particularly illustrative of why bright-line rules are necessary.

#### 7---Now is key---there’s an opening for US leadership on antitrust.

Ryan **Heath 21**. The author of Global Translations, POLITICO’s global newsletter and podcast, and previously authored POLITICO’s U.N. Playbook, Brussels Playbook, and Davos Playbook. "The coming antitrust revolution." POLITICO. 6-28-2021. https://www.politico.com/newsletters/global-translations/2021/06/28/the-coming-antitrust-revolution-493398

If tech’s effects are global — doesn’t the policy response need to be? **Do we need global antitrust adjudication and enforcement** via a reformed World Trade Organization? That’s the proposition on the table Wednesday at a Information Technology and Innovation Foundation webinar.

A global system would be difficult to implement: competition enforcement today is based on national law (or in Europe’s case, EU law) not a global treaty or even bilateral treaties. The U.S. has a highly developed system for private lawsuits, many other jurisdictions do not.

But **the U.S. opportunity to at least reassert global leadership is increasingly clear**. The EU’s competition commissioner Margrethe Vestager has suffered a string of recent court defeats, after the bloc led the global antitrust charge for two decades. Johannes Caspar, Germany’s feared privacy regulator, steps down today, after a decade of blunting Big Tech’s power, including by delivering Germans the right to opt out of appearing on Google Street View and limiting data-sharing between WhatsApp and Facebook.

U.S. enforcers have catching up to do: the George W. Bush administration eased up on enforcement in general, the tech-optimist Obama administration eased up on tech, and the Trump administration exacerbated those trends, despite the president’s occasional rants against Silicon Valley.

The Lina Khan-led Federal Trade Commission and Congress are moving quickly. Khan said she will hold open public hearings on key cases, **and the FTC is in line for a 20 percent budget increase**. Meanwhile, **the Department of Justice antitrust budget may rise by 33 percent**; those changes were contained in six antitrust bills the Judiciary Committee passed last week.

The real proof of change will be in blocked mergers, broken-up companies and new lawsuits — not in appointments and bills, but **we haven’t seen this much antitrust action anywhere in a generation**.

#### 9---No catastrophic cyberattacks---25 years of empirics prove they stay low-level and non-escalatory.

Lewis 20---senior vice president and director of the Technology Policy Program at the Center for Strategic and International Studies). Lewis, James. 2020. “Dismissing Cyber Catastrophe.” Center for Strategic & International Studies. August 17, 2020. https://www.csis.org/analysis/dismissing-cyber-catastrophe.

A catastrophic cyberattack was first predicted in the mid-1990s. Since then, predictions of a catastrophe have appeared regularly and have entered the popular consciousness. As a trope, a cyber catastrophe captures our imagination, but as analysis, it remains entirely imaginary and is of dubious value as a basis for policymaking. There has never been a catastrophic cyberattack. To qualify as a catastrophe, an event must produce damaging mass effect, including casualties and destruction. The fires that swept across California last summer were a catastrophe. Covid-19 has been a catastrophe, especially in countries with inadequate responses. With man-made actions, however, a catastrophe is harder to produce than it may seem, and for cyberattacks a catastrophe requires organizational and technical skills most actors still do not possess. It requires planning, reconnaissance to find vulnerabilities, and then acquiring or building attack tools—things that require resources and experience. To achieve mass effect, either a few central targets (like an electrical grid) need to be hit or multiple targets would have to be hit simultaneously (as is the case with urban water systems), something that is itself an operational challenge. It is easier to imagine a catastrophe than to produce it. The 2003 East Coast blackout is the archetype for an attack on the U.S. electrical grid. No one died in this blackout, and services were restored in a few days. As electric production is digitized, vulnerability increases, but many electrical companies have made cybersecurity a priority. Similarly, at water treatment plants, the chemicals used to purify water are controlled in ways that make mass releases difficult. In any case, it would take a massive amount of chemicals to poison large rivers or lakes, more than most companies keep on hand, and any release would quickly be diluted. More importantly, there are powerful strategic constraints on those who have the ability to launch catastrophe attacks. We have more than two decades of experience with the use of cyber techniques and operations for coercive and criminal purposes and have a clear understanding of motives, capabilities, and intentions. We can be guided by the methods of the Strategic Bombing Survey, which used interviews and observation (rather than hypotheses) to determine effect. These methods apply equally to cyberattacks. The conclusions we can draw from this are: Nonstate actors and most states lack the capability to launch attacks that cause physical damage at any level, much less a catastrophe. There have been regular predictions every year for over a decade that nonstate actors will acquire these high-end cyber capabilities in two or three years in what has become a cycle of repetition. The monetary return is negligible, which dissuades the skilled cybercriminals (mostly Russian speaking) who might have the necessary skills. One mystery is why these groups have not been used as mercenaries, and this may reflect either a degree of control by the Russian state (if it has forbidden mercenary acts) or a degree of caution by criminals. There is enough uncertainty among potential attackers about the United States’ ability to attribute that they are unwilling to risk massive retaliation in response to a catastrophic attack. (They are perfectly willing to take the risk of attribution for espionage and coercive cyber actions.) No one has ever died from a cyberattack, and only a handful of these attacks have produced physical damage. A cyberattack is not a nuclear weapon, and it is intellectually lazy to equate them to nuclear weapons. Using a tactical nuclear weapon against an urban center would produce several hundred thousand casualties, while a strategic nuclear exchange would cause tens of millions of casualties and immense physical destruction. These are catastrophes that some hack cannot duplicate. The shadow of nuclear war distorts discussion of cyber warfare. State use of cyber operations is consistent with their broad national strategies and interests. Their primary emphasis is on espionage and political coercion. The United States has opponents and is in conflict with them, but they have no interest in launching a catastrophic cyberattack since it would certainly produce an equally catastrophic retal

iation. Their goal is to stay below the “use-of-force” threshold and undertake damaging cyber actions against the United States, not start a war. This has implications for the discussion of inadvertent escalation, something that has also never occurred. The concern over escalation deserves a longer discussion, as there are both technological and strategic constraints that shape and limit risk in cyber operations, and the absence of inadvertent escalation suggests a high degree of control for cyber capabilities by advanced states. Attackers, particularly among the United States’ major opponents for whom cyber is just one of the tools for confrontation, seek to avoid actions that could trigger escalation. The United States has two opponents (China and Russia) who are capable of damaging cyberattacks. Russia has demonstrated its attack skills on the Ukrainian power grid, but neither Russia nor China would be well served by a similar attack on the United States. Iran is improving and may reach the point where it could use cyberattacks to cause major damage, but it would only do so when it has decided to engage in a major armed conflict with the United States. Iran might attack targets outside the United States and its allies with less risk and continues to experiment with cyberattacks against Israeli critical infrastructure. North Korea has not yet developed this kind of capability. One major failing of catastrophe scenarios is that they discount the robustness and resilience of modern economies. These economies present multiple targets and configurations; they are harder to damage through cyberattack than they look, given the growing (albeit incomplete) attention to cybersecurity; and experience shows that people compensate for damage and quickly repair or rebuild. This was one of the counterintuitive lessons of the Strategic Bombing Survey. Pre-war planning assumed that civilian morale and production would crumple under aerial bombardment. In fact, the opposite occurred. Resistance hardened and production was restored.1 This is a short overview of why catastrophe is unlikely. Several longer CSIS reports go into the reasons in some detail. Past performance may not necessarily predict the future, but after 25 years without a single catastrophic cyberattack, we should invoke the concept cautiously, if at all. Why then, it is raised so often? Some of the explanation for the emphasis on cyber catastrophe is hortatory. When the author of one of the first reports (in the 1990s) to sound the alarm over cyber catastrophe was asked later why he had warned of a cyber Pearl Harbor when it was clear this was not going to happen, his reply was that he hoped to scare people into action. "Catastrophe is nigh; we must act" was possibly a reasonable strategy 22 years ago, but no longer. The resilience of historical events to remain culturally significant must be taken into account for an objective assessment of cyber warfare, and this will require the United States to discard some hypothetical scenarios. The long experience of living under the shadow of nuclear annihilation still shapes American thinking and conditions the United States to expect extreme outcomes. American thinking is also shaped by the experience of 9/11, a wrenching attack that caught the United States by surprise. Fears of another 9/11 reinforce the memory of nuclear war in driving the catastrophe trope, but when applied to cyberattack, these scenarios do not track with operational requirements or the nature of opponent strategy and planning. The contours of cyber warfare are emerging, but they are not always what we discuss. Better policy will require greater objectivity.

#### 10---No cyber impact---non state actors lack capability, Russia and China don’t have an incentive.

Lewis 20 – (James A., PhD, a senior vice president and director of the Technology Policy Program at the Center for Strategic and International Studies (CSIS), Before joining CSIS, Lewis worked at the Departments of State and Commerce as a foreign service officer and as a member of the Senior Executive Service, a political advisor to the U.S. Southern Command for Operation Just Cause, the U.S. Central Command for Operation Desert Shield, and the Central American Task Force. Lewis served on the U.S. delegations to the Cambodian peace process and the Permanent Five talks on arms transfers and nonproliferation, and he negotiated bilateral agreements on transfers of military technology to Asia and the Middle East. He led the U.S. delegation to the Wassenaar Arrangement Experts Group on advanced civilian and military technologies. Lewis led a long-running Track 2 dialogue on cybersecurity with the China Institutes of Contemporary International Relations. He has served as a member of the Commerce Spectrum Management Advisory Committee, the Advisory Committee on International Communications and Information Policy, and the Advisory Committee on Commercial Remote Sensing and as an advisor to government agencies on the security and intelligence implications of foreign investment in the United States, 2020, “Dismissing Cyber Catastrophe,” [accessed 8/30/20], <https://www.csis.org/analysis/dismissing-cyber-catastrophe>, see)

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There have been regular predictions every year for over a decade that nonstate actors will acquire these high-end cyber capabilities in two or three years in what has become a cycle of repetition. **The monetary return is negligible, which dissuades the skilled cybercriminals** (mostly Russian speaking) **who might have the necessary skills.** One mystery is why these groups have not been used as mercenaries, and this may reflect either a degree of control by the Russian state (if it has forbidden mercenary acts) or a degree of caution by criminals. **There is enough uncertainty among potential attackers about the United States’ ability to attribute that they are unwilling to risk massive retaliation in response to a catastrophic attack.** (They are perfectly willing to take the risk of attribution for espionage and coercive cyber actions.) **No one has ever died from a cyberattack, and only a handful of these attacks have produced physical damage. 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#### 12---AI application in governance destroys democracy

Karl Manheim\* and Lyric Kaplan\*\*, 19 – \*Professor of Law, Loyola Law School, and \*\*Associate in Privacy & Data Security Group, Frankfurt Kurnit Klein & Selz. “Artificial Intelligence: Risks to Privacy and Democracy.” 21 Yale J.L. & Tech. 106. https://yjolt.org/sites/default/files/21\_yale\_j.l.\_tech.\_106\_0.pdf

This article explores present and predicted dangers that AI poses to core democratic principles of privacy, autonomy, equality, the po- litical process, and the rule of law. Some of these dangers predate the advent of AI, such as covert manipulation of consumer and voter preferences, but are made all the more effective with the vast pro- cessing power that AI provides. More concerning, however, are AI’s sui generis risks. These include, for instance, AI’s ability to generate comprehensive behavioral profiles from diverse datasets and to re- identify anonymized data. These expose our most intimate personal details to advertisers, governments, and strangers. The biggest dan- gers here are from social media, which rely on AI to fuel their growth and revenue models. Other novel features that have gener- ated controversy include “algorithmic bias” and “unexplained AI.” The former describes AI’s tendency to amplify social biases, but covertly and with the pretense of objectivity. The latter describes AI’s lack of transparency. AI results are often based on reasoning and processing that are unknown and unknowable to humans. The opacity of AI “black box” decision-making14 is the antithesis of democratic self-governance and due process in that they preclude AI outputs from being tested against constitutional norms.

We do not underestimate the productive benefits of AI, and its inev- itable trajectory, but feel it necessary to highlight its risks as well. This is not a vision of a dystopian future, as found in many dire warnings about artificial intelligence. Humans may not be at risk as a species, but we are surely at risk in terms of our democratic institutions and values.

### 2AC---States---TL

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

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

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

#### 4---

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

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

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

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

The ICN and OECD **have promulgated “best practices”** on merger reviews and cartel investigations and **continue to work on convergence of substantive and procedural law**.36 For example, the ICN is currently undertaking a study of unilateral conduct standards with the goal of developing a consensus on the objectives and legal and economic bases of enforcement regarding unilateral conduct.37 The ICN in the past has developed principles of best practices regarding merger notification regimes, with the objective of highlighting the importance of transparency and clarity in each jurisdiction’s rules regarding filing requirements and review.38 Overall, through their efforts, **these institutions have had a meaningful influence in “promoting convergence in antitrust enforcement**

”39 **and have contributed to the “significant recent progress in reducing conflicts by increasing cooperation, information sharing, and networking**.”40 Indeed, their successes are reflected at least in part by the fact that the vast majority of international investigations are conducted without incident.41

### 2AC---DOJ DA

#### No risk of nuke terror.

John Mueller 17. Professor of Political Science at The Ohio State University & Senior Fellow at the Cato Institute & Senior Research Scientist with the Mershon Center for International Security Studies at Ohio State University. “76. Nuclear Weapons: Proliferation and Terrorism.” Cato Institute. https://object.cato.org/sites/cato.org/files/serials/files/cato-handbook-policymakers/2017/2/cato-handbook-for-policymakers-8th-edition-76\_0.pdf

The possibility that small groups could set off nuclear weapons is an alarm that has been raised repeatedly over the decades. However, terrorist groups thus far seem to have exhibited only limited desire and even less progress in going atomic. Perhaps, after a brief exploration of the possible routes, they have discovered that the tremendous effort required is scarcely likely to succeed. One route a would-be atomic terrorist might take would be to receive or buy a bomb from a generous, like-minded nuclear state for delivery abroad. That route, however, is highly improbable. The risk would be too great—even for a country led by extremists—that the source of the weapon would ultimately be discovered. Here, the rapidly developing science (and art) of “nuclear forensics”—connecting nuclear materials to their sources even after a bomb has been detonated—provides an important deterrent. Moreover, the weapon could explode in a manner or on a target the donor would not approve—including, potentially, the donor itself. Almost no one, for example, is likely to trust al Qaeda: its explicit enemies list includes all Middle Eastern regimes, as well as the governments of Afghanistan, India, Pakistan, and Russia. And the Islamic State, or ISIS, which burst onto the international scene in 2014, has alienated just about every state on the planet. Nuclear-armed states are unlikely to give or sell their precious weapons to nonstate actors. Some observers, though, worry about “loose nukes,” especially in post-Communist Russia—meaning weapons, “suitcase bombs” in particular, that can be stolen or bought illicitly. However, as a former director at the Los Alamos National Laboratory notes, “Regardless of what is reported in the news, all nuclear nations take the security of their weapons very seriously.” Careful assessments have concluded that it is unlikely that any nuclear devices have been lost and that, regardless, their effectiveness would be very low or even nonexistent because nuclear weapons require continual maintenance. Moreover, finished bombs are outfitted with devices designed to trigger a nonnuclear explosion

n that will destroy the bomb if it is tampered with. Bombs can also be kept disassembled with the component parts stored in separate high-security vaults (a common practice in Pakistan). Two or more people and multiple codes may be required not only to use the bomb, but also to store, maintain, and deploy it. There could be dangers in the chaos that would emerge if a nuclear state were to fail, collapsing in full disarray. However, even under those conditions, nuclear weapons would still have locks or be disassembled and would likely remain under heavy guard by people who know that a purloined bomb would most likely end up going off in their own territory. Most analysts believe that a terrorist group’s most promising route would be to attempt to make a bomb using purloined fissile material— plutonium or highly enriched uranium. However, as the Gilmore Commission—the advisory panel on terrorism and weapons of mass destruction—stressed, building and deploying a nuclear device presents “Herculean challenges.” The process requires a lengthy sequence of steps; if each is not fully met, the result is not simply a less powerful weapon, but one that can’t produce any significant nuclear yield at all or can’t be delivered. First, the terrorists would need to steal or illicitly purchase the crucial plutonium or highly enriched uranium. This would most likely require the corruption of a host of greedy confederates, including brokers and money transmitters, any one of whom could turn on the terrorists or, out of either guile or incompetence, furnish them with material that is useless. Any theft would also likely trigger an intense international policing effort. Second, to manufacture a bomb, the terrorists would need to set up a large and well-equipped machine shop and populate it with a team of highly skilled and extremely devoted scientists, technicians, machinists, and managers. These people would have to be assembled and retained for the monumental task while generating no consequential suspicions among friends, family, or police about their sudden and lengthy absence from normal pursuits back home. Throughout, the process of fabricating a nuclear weapon would require that international and local security services be kept perpetually in the dark, and that no curious locals, including criminal gangs, get wind of the project as they observe the constant coming and going of outside technicians over the months or even years it would take to pull off. Physicists who have studied the issue conclude that fabricating a nuclear weapon “could hardly be accomplished by a subnational group” because of “the difficulty of acquiring the necessary expertise, the technical requirements (which in several fields verge on the unfeasible), the lack of available materials and the lack of experience in working with these.” Others stress the “daunting problems associated with material purity, machining, and a host of other issues,” and conclude that the notion that a terrorist group could fabricate an atomic bomb or device “is far-fetched at best.” Finally, the resulting weapon, likely weighing a ton or more, would have to be moved to a target site in a manner that did not arouse suspicion. Then a skilled crew would have to set off the improvised and untested nuclear device, hoping that the machine shop work has been perfect, that there were no significant shakeups in the treacherous process of transportation, and that the device, after all the effort, isn’t a dud. The financial costs of such an extensive operation could easily become monumental: expensive equipment to buy, smuggle, and set up and people to pay—or pay off. Any criminals competent and capable enough to be effective allies in the project would likely discover boundless opportunities for extortion and be psychologically equipped by their profession to exploit them. Khalid Sheikh Mohammed, the designated “mastermind” behind the 9/11 attacks, reportedly said that al Qaeda’s atom bomb efforts never went beyond searching the Internet. Even so, that raises the popular notion that the Internet can be effective in providing operational information. However, that belief seems to be severely flawed. Researcher Anne Stenersen finds that the Internet is filled with misinformation and error and with materials hastily assembled and “randomly put together,” containing information that is often “far-fetched” or “utter nonsense.” Some members of al Qaeda may have dreamed about getting nuclear weapons. The only terrorist group to actually indulge in such dreams has been the Japanese millennial group Aum Shinrikyo. However, its experience can scarcely be much of an inspiration to other terrorist groups. Aum Shinrikyo was not under siege or even under close watch, and it had some 300 scientists in its employ, an estimated budget of $1 billion, and a remote and secluded haven in which to set up shop. After making dozens of mistakes in judgment, planning, and execution in a quest for nuclear weapons, it abandoned its efforts. The rise of ISIS in 2014 does not alter these conclusions. The vicious group is certainly a danger to the people under its control and to fellow Muslims and neighboring Christians. It is actually more visible—that is, easier to find—than al Qaeda in that it seeks to hold and govern physical territory, a task that is increasingly difficult in a hostile world. In the process, it is unlikely to be able to amass the finances, the skills, and the serenity to go atomic. The notion that terrorists could come up with a nuclear weapon seems remote. As with nuclear proliferation to countries, there may be reason for concern, or at least for interest and watchfulness. But alarm and hysteria are hardly called for.

No internal link—white collar crime is too large

#### FTC has primary decisionmaking authority.

Christian Carlson 14 – Vanderbilt University, J.D.; University of Oxford, M.Sc. (forthcoming). “ARTICLE: Antitrusting the Federal Trade Commission: Why Courts Should Defer to Federal Trade Commission Antitrust Decision Making,” 12 DePaul Bus. & Comm. L.J. 361, Nexis.

Twenty-four years after the Sherman Act was passed in 1890, Congress acted to correct the haphazard way that antitrust law was being enforced and created the FTC. 8 Congress found judges insufficient as both experts and as policy makers. 9 Legislators created an administrative agency that has grown to include rulemaking authority and a mature technocratic structure.

A. FTC Founding Principles

In 1911, one Senator remarked before the Senate that "trusts are more powerful to-day than when the antitrust act was passed, and that evils have grown [] so interwoven with the general business of the country as to make men tremble at the consequence of their disruption." 10 The Sherman Act had failed to free the market and some lawmakers found the problem to be institutional. 11 Legislators were concerned that "the opinion of any given man in any given case … whether he be judge or not, must depend largely, not upon his learning in the law but upon his training and bent in the economy of commerce." 12 A commission of "trained, skillful, men" was needed for [\*364] "the better administration of the law and to aid in its enforcement." 13 Enforcing the Sherman Act required more than general knowledge. 14

Antitrust's expertise problem was further compounded by legal ambiguities that gave an unmoored judiciary free rein to determine economic policy. 15 The Sherman Act § 1 prohibited "every contract, combination … or conspiracy in restraint of trade." 16 Read literally, the statute's sweeping language could prohibit fundamental business relationships and the establishment of business hours. But the Supreme Court found in Sinclair Oil that Congress could not have intended such a result and read a reasonableness exemption into § 1. 17 While this was no doubt the correct result, what restraints were reasonable and what restraints were not? 18

The rule of reason left the antitrust landscape uncertain. 19 Worse in Congressional eyes, unaccountable courts were wielding an ambiguous reasonableness standard to determine antitrust legality. 20 Courts were "employing the functions of the legislator rather than the lawyer." 21 Whenever the rule of reason was "invoked, the court did not administer the law, but made the law." 22 Courts not versed in commerce's niceties were left to make policy decisions based on their own political bent.

B. FTC Powers and Structure

Thus, the need for an independent expert agency forced Congressional hands. Congress and President Woodrow Wilson took action in 1914 to pass the Federal Trade Commission Act and establish the Federal Trade Commission. Today, the Act empowers the Commission to prohibit "unfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices." 23 The FTC Act's broad language [\*365] permits the FTC to enforce the Sherman Act and condemn "conduct that violates 'the spirit' of the Sherman [Act] … and even conduct that is otherwise 'unfair.'" 24

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

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

The Justice Department filed a long-expected antitrust lawsuit alleging that Google uses anticompetitive tactics to preserve a monopoly for its flagship search engine and related advertising business, the most aggressive U.S. legal challenge to a company’s dominance in the tech sector in more than two decades. The case, filed Tuesday in federal court in Washington, D.C., alleged that the Alphabet Inc. unit maintains its status as gatekeeper to the internet through an unlawful web of exclusionary and interlocking business agreements that shut out competitors. The government alleged that Google uses billions of dollars collected from advertisements on its platform to pay for mobile-phone manufacturers, carriers and browsers, like Apple Inc.’s Safari, to maintain Google as their preset, default search engine, creating a self-reinforcing cycle of dominance. The upshot is that Google has pole position in search on hundreds of millions of devices in the U.S., with little opportunity for any other company to make inroads, the government said. “Google achieved some success in its early years, and no one begrudges that,” Deputy U.S. Attorney General Jeffrey Rosen said. “If the government does not enforce its antitrust laws to enable competition, we could lose the next wave of innovation. If that happens, Americans may never get to see the next Google.” Kent Walker, Google’s chief legal officer, said in a statement that the lawsuit was deeply flawed. “People use Google because they choose to—not because they’re forced to or because they can’t find alternatives,” he said. “Like countless other businesses, we pay to promote our services, just like a cereal brand might pay a supermarket to stock its products at the end of a row or on a shelf at eye level.” Justice Department to Sue Google for Alleged Anticompetitive Conduct Mr. Walker said that, if successful, the lawsuit would result in higher prices for consumers

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

### 2AC---Trade DA

#### No trade war impact.

Joel **Einstein 17**. Australian National University. 01-17-17. “Economic Interdependence and Conflict – The Case of the US and China.” E-International Relations. <http://www.e-ir.info/2017/01/17/economic-interdependence-and-conflict-the-case-of-the-us-and-china/>

In 1913, Norman Angell declared that the use of military force was now economically futile as international finance and trade had become so interconnected that harming the enemy’s property would equate to harming your own.[1] A year later Europe’s economically interconnected states were embroiled in what would later become known as the First World War. Almost a century later Steven Pinker made a similar claim. Pinker argues, “Though the relationship between America and China is far from warm, we are unlikely to declare war on them or vice versa. Morality aside, they make too much of our stuff and we owe them too much money.”[2] His argument rests upon the liberal assumption that high levels of trade and investment between two states, in this case the US and China, will make war unlikely, if not impossible. It is this assumption that this essay seeks to evaluate. This essay is divided into three sections. The first briefly outlines the theory that economic interdependence results in a reduced likelihood of conflict, breaking the theory down into smaller components that can be examined. In the second section, this essay suggests that the premise ‘more trade equals less conflict’ is simplistic. It does not take into account many of the variables that can influence the strength of economic interdependence’s conflict reducing attributes. Within this section, the essay considers: the extent to which conflict cuts off trade, theories arguing that how and what a state trades matters, Copeland’s theory of trade expectations and the differences between status quo and revisionist states. The final section deals with the realist perspective, concentrating on arguments pertaining to the primacy of strategic interests and arguments that economic interdependence will increase the likelihood of conflict owing to a reduction of deterrence credibility. Each section will be related back to the US-China relationship with a view to assessing Pinker’s claim. The essay will conclude that economic interdependence does reduce the likelihood of conflict but is insufficient on its own to completely prevent it. To calculate the likelihood of conflict correctly one would need to factor in the nature of the economic interdependence alongside the strength of the strategic interests at stake. Economic Interdependence and Conflict The theory that increased economic interdependence reduces conflict rests on three observations: trade benefits states in a manner that decision-makers value; conflict will reduce or completely cut-off trade; and that decision-makers will take the previous two observations into account before choosing to go to war. Based on these observations, one should expect that the higher the benefit of trade, the higher the cost of a potential conflict. After a certain point, the value of trade may become so high that the state in question has become economically dependent on another. Proponents of this theory argue that if two states have reached this point of mutual dependence (interdependence), their decision-makers will value the continuation of trade relations higher than any potential gains to be made through war.[3] It is on this argument that Pinker rests his statement that the economic relationship between the US and China precludes war. One can see evidence of this when analysing US views on China as trade rises. A 2014 Chicago Council on Global Affairs survey indicates that only a minority of Americans see China as a critical threat, compared to a majority in the mid-1990s. This number is even higher when analysing Americans who directly benefit from trade with China.[4] As compelling as this argument may be, high levels of economic interdependence have not always resulted in peace. The decades preceding WW1 saw an unprecedented growth in international trade, communication, and interconnectivity but needless to say, war broke out.[5] This instance alone is not enough to disprove Pinker’s logic. War may become very unlikely but began nonetheless.[6] Let us take two hypothetical scenarios, one in which the chances of war is 80% and the other in which trade has reduced the likelihood of war to 10%. Just knowing that war did indeed take place does not tell us which scenario was in play. Similarly, the fact that WW1 took place gives us no information about whether economic interdependence made war unlikely or not. In fact, evidence even exists to suggest that economic linkages prevented a war from breaking out during the sequence of crises that led up to WW1.[7] However, the fact that a war as detrimental as WW1 could break out despite a supposed reduction of the likelihood of conflict gives us an impetus to examine whether this reduction does take place. Additionally, if this is the case, what variables can weaken this pacifying effect? Does Conflict Cut off Trade? Economic interdependence theory makes the assumption that conflict will reduce or cut-off trade. This assumption appears to be logical, as one would expect that the moment two states are officially adversaries, fear of relative gains would ensure that policy makers want to completely cut-off trade. However, there are many historical examples of trade between warring states carrying on during wartime, including strategic goods that directly affect the ability of the enemy to carry out the war.[8] For example, in the Anglo-Dutch Wars, British insurance companies continued to insure enemy ships and paid to replace ships that were being destroyed by their own army.[9] Even during WW2, there are numerous examples of American firms continuing to trade strategic goods with Nazi Germany.[10] Barbieri and Levy argue that these examples and their own statistical analysis suggest that the outbreak of war does not radically reduce trade between enemies, and when it does, it often quickly returns to pre-war levels after the war has concluded.[11] In response to this result, Anderton and Carter conducted an interrupted time-series study on the effect war has on trade in which they analysed 14 major power wars and 13 non-major power wars. Seven of the non-major power wars negatively impacted trade (although only four of these reductions were significant), but in the major war category, all results bar one showed a reduction of trade during wartime and a quick return to pre-war levels at its conclusion.[12] Accompanying this contradictory finding one must take into account that even if war does not radically reduce trade, if a state believes that it does then potential opportunity cost would still figure in their calculations. Variables that Impact the Pacifying Effect of Economic Interdependence The purpose of this section is to demonstrate that the pacifying effect of economic interdependence is not constant. It achieves this via a discussion of the effect of changes in a number of variables pertaining to how and what a state trades. Once it is established that changes in such variables may alter the effect of economic interdependence on the likelihood of conflict, Pinker’s statement (that the level of trade between the US and China makes conflict unlikely) can be considered to be an over-simplification. One variable is the relative levels of economic dependence. Some argue that asymmetry of trade can increase the chances of conflict if the trade is more important to one state than it is to the other

; their resolve would not be reduced by the same degree. The less dependent state would be far more willing than its adversary to initiate a conflict.[13] An example is the possibility of the prevalent idea in China that ‘Japan needs China more than China needs Japan’ leading to China becoming more assertive in Senkaku/Diaoyu islands dispute.[14] It is important to recognize that all trade is asymmetric in one fashion or another. It is radical asymmetry that one has to fear, which at the moment does not appear to be the case in the China-Japan or US-China case. Another variable is the specifics of what is being traded. A study by Dorussen suggests that the pacifying effect of trade is less evident if the trade consists of raw materials and agriculture but stronger if the trade consists of manufactured goods. Even within the category of manufactured goods there are differences in effect. Mass consumer goods yield the strongest pacifying results whilst high-technology sectors such as electronics and highly capital-intensive sectors such as transport and metal industries tend to have a relatively weak effect.[15] If it is a sector with alternative trade avenues then embargos and boycotts as a result of conflict will have far less effect.[16] The rule is that the more inelastic the import demand, the higher the opportunity cost and the smaller the probability of conflict.[17] According to these studies, trade still generally reduces the likelihood of conflict however it is by no means homogeneous in its effects. Additionally, the opportunity costs are not the same for importers and exporters. Dorussen’s study suggests that increased trade in oil tends to make the exporters more hostile and the importers friendlier in relations to their foreign policy.[18] Taking this framework into account, in 2014 China’s top five exports to the US (computers, broadcasting equipment, telephones and office machine parts) all fell under the category of electronics,[19] whilst the US’s top five exports to China (air and/or spacecraft, soybeans, cars, integrated circuits and scrap copper) were all either high-capital intensive sectors or raw materials and agriculture.[20] According to Dorussen’s study, these exports should not yield the strongest possible conflict reducing results, which could impact the validity of Pinker’s statement. Copeland presents another variable, namely expectations of trade. Copeland argues that if a highly dependent state expects future trade to be high, decision makers will behave as many liberals predict and treat war as a less appealing option. However if there are low expectations of future trade, then a highly dependent state will attach a low or even negative value to continued peaceful relations and war would become more likely.[21] As an example, he points out that despite high levels of trade in 1914 German leaders believed that rival great powers would attempt to undermine this trade in the future, so a war to secure control over raw materials was in the interests of German long-term security.[22] Via this framework, if the US began to believe that in future years they would be less dependent on China’s economy, or if it became apparent that a US-China trade war was about to take place, there would be a sharp rise in the probability of conflict. The final variable this essay will discuss relates to the differences between status quo and revisionist states. Most empirical analyses of economic interdependence tend to group together states as different as the United States, Pakistan, Australia, Germany and China and assume that variations in their behaviour would be the same.[23] Papayoanou on the other hand, argues that when analysing the effects of economic interdependence it is useful to differentiate the effects on great power states and states with revisionist aspirations.[24] If a status quo power has strong economic ties with revisionist state there will be interest groups who advocate engagement and who believe that confrontational stances will threaten the political foundation of economic links. This will constrain the response of the status quo state.[25] One can see evidence of such an interest group in the US, a group Friedberg describes as the Shanghai coalition, who he argues advocate engagement with China at the expense of balancing.[26] A study by Fordham and Kleinberg backs up this argument as they find that US business elites who benefit from trade with China tend to see little benefit in limiting the growth of Chinese power.[27] A 21st Century revisionist power is far less likely to be a democracy, and therefore, interest groups will influence the leadership far less. This means an authoritarian revisionist power will be working under fewer constraints and will be able to take a more aggressive stance.[28] This appears to be the case in China where rather than having domestic constraints on taking an aggressive stance against Japan, one of their biggest trading partners, grassroots nationalism has made explicit cooperation a domestically risky option.[29] There are many indicators to suggest that China is a revisionist power willing to wage war. Lemke and Werner argue that an extraordinary growth of military expenditures’ reveals when a state is dissatisfied with the status quo.[30] Data provided by the Stockholm International Peace Research Institute certainly indicates that China qualifies as its military expenditure has nominally increased by 1270% between 1995 and 2015.[31] Additionally, the military modernization appears to be aimed at capabilities to contest US primacy in East Asia.[32] Much like German strategists recognized that Britain was operating under significant domestic constraints, China could realize the same of the US.[33] This is not to say that Chinese decision-makers would be cavalier about making a decision that would be to the detriment its economy. A crash in the Chinese economy due to the loss of exports to the US could potentially undermine the legitimacy of the Chinese Communist party and endanger the regime. However, the view that China is a revisionist power indicates that good trade relations alone will not result in a low probability of conflict. Realist Arguments Pertaining to Dominance of Strategic Interests Having established that if the pacifying effect of trade does exist, it can rise or fall depending on changes in a series of variables this essay proceeds to deal with realist theories arguing that trade has a negligible or even negative effect on the likelihood of conflict. Buzan argues that noneconomic factors contribute far more to major phenomena than liberal theorists usually cite to support their theory.[34] There is evidence of the primacy of strategic interests in Masterson’s 2012 study on the relationship between China’s economic interdependence and political relations with its neighbours. The study concluded that as economic interdependence with neighbouring states increased the likelihood of conflict did indeed decrease, but that the impact was minimal when compared to the impact of relative power capabilities. In other words, political and military issues dominated interstate relations. Growth in power disparities were associated with decreases in dyadic political relations that were greater than the increase caused by economic interdependence.[35] If the pacifying effect of trade can rise and fall so can the provocative effect of strategic interests. It is important to distinguish between the existence of a strategic interest and a situation of unbearable strategic vulnerability. China and the US have many opposing strategic interests, but neither is in a strategically vulnerable position. For example, China shares many borders, but none present the same threat of invasion that Tsarist Russia did to Imperial Germany as none of the current maritime tensions between China, Japan, and the US equate to a matter of national survival.[36] This is crucial as some believe that for a crisis to escalate to a major war an actor who is isolated and believes that history is conspiring against them is needed. Only this actor would take an existential risk to try and offset their strategic vulnerability.[37] Imperial Germany fit this description, but neither China nor the US does. This is largely due to the geography of the region. The tension between the US, China and Japan are over maritime regions. Maritime issues still relate to national interests but, as Krause points out, “Land armies are still the only forces that can conquer and hold territory.”[38] Taking this into account one can argue that the benefits of US-China trade are, for each state, currently greater than the benefits of pursing strategic benefits via force, but this situation will only remain as long as the situation does not become one of unbearable strategic vulnerability. Realist Arguments Pertaining to the Undermining of Deterrence Having established that scenarios exist where strategic interests and vulnerabilities have a greater effect on the likelihood of war than economic interdependence, this essay will now evaluate arguments that economic interdependence can increase the likelihood of conflict through the undermining of deterrence. The argument proceeds as follows: if economic interdependence constrains the ability or willingness of a state to use its military, security is lowered as the state now has a weakened ability to engage in deterrence and defensive alliances. Deterrence relies on the ability of a state to make credible threats and defensive alliances rely on credible promises to protect one’s allies.[39] Credibility is defined as the product of the operational capability to follow through with a threat and the communication of resolve to use force.[40] What is at risk here is that if economic interconnectivity interferes with the communication of resolve to use force then states may end up with a way that neither side expected or wanted. Some argue that it was such a failure to communicate resolve that resulted in the beginning of WW1. Indeed, Jolly claims that: “The Austrians had believed that vigorous actions against Serbia and a promise of German support would deter Russia: the Russians had believed that a show of strength against Austria would both check the Austrians and deter Germany. In both cases, the bluff had been called and the three countries were faced with the military consequences of their actions.”[41] The risk in the US-China case would be that the interest groups described earlier would prevent the US from effectively communicating its resolve to use force if China were to cross a redline. The flaw in this argument lies in the fact that whilst interest groups might push back against public statements outlining redlines; the US has many less overt options available to it to communicate resolve. Modern technology and the forms of interconnectivity have resulted in many more lines of communication between China and the US than adversaries had access to in 1914. Private meetings, electronic communication and numerous other methods of communication have the capability to be candid without being visible to interest groups. It is for this reason that this essay discounts the theory that Sino-American economic interdependence results in a reduction of deterrence and therefore increases the likelihood of conflict. Conclusion This essay has shown that the strength of the pacifying effect of economic interdependence is subject to change depending on a series of dynamic variables. It has also demonstrated that the strength of the conflict provoking effects of strategic interests can change depending on whether the strategic interest amounts to a situation of unbearable strategic vulnerability. It has discounted the theory that interdependence leads to a higher chance of conflict through an erosion of credibility. To sum up, trade does seem to reduce the likelihood of conflict but should not be seen as a deterministic factor as strategic interests, and vulnerabilities also have a large effect. There is no hard rule as to what will be the driving factor as the nature of economic interdependence and of strategic factors impact their relative values. Accordingly, Pinker’s statement that the trade between the US and China makes war exceptionally unlikely is simplistic and misleading because it fails to account for a wide array of variables that can radically change the likelihood of a Sino-American war. An intellectually honest thesis would insist upon a comprehensive approach in which the level of economic activity is simply one of many variables that is required.

**Antitrust laws rarely apply extraterritorially AND when they do its cooperative!**

**OECD 17**. OECD Directorate For Financial And Enterprise Affairs Competition Committee. “Roundtable on the Extraterritorial Reach of Competition Remedies - Note by the United States”. FTC. 4-5 December 2017. https://www.ftc.gov/system/files/attachments/us-submissions-oecd-2010-present-other-international-competition-fora/et\_remedies\_united\_states.pdf

4. The U.S. Agencies require relief sufficient to eliminate identified anticompetitive harm that has the requisite connection to U.S. commerce and consumers, even if this means reaching assets or conduct in a foreign jurisdiction.7 For example, in the merger context, a company may be required to divest a manufacturing plant outside of the U.S. in order to help preserve competition in the U.S. At the same time, Section 5.1.5 of the International Guidelines sets out a balanced standard for the Agencies’ reliance on extraterritorial remedies that “limits overly broad extraterritorial reach, while recognizing and allowing for effective enforcement.” 8 To this end, the International Guidelines provide that: The Agencies seek remedies that effectively address harm or threatened harm to U.S. commerce and consumers, while attempting to avoid conflicts with remedies contemplated by their foreign counterparts. An Agency will seek a remedy that includes conduct or assets outside the United States only to the extent that including them is needed to effectively redress harm or threatened harm to U.S. commerce and consumers and is consistent with the Agency’s international comity analysis.9 5. This statement sets out a number of important guiding principles. First, the Agencies always look first to resolve anticompetitive concerns through domestic remedies. 6. Second, the Agencies will seek an extraterritorial remedy only when: (1) the extraterritorial remedy is needed to address harm or threatened harm to U.S. commerce and consumers, and (2) such a remedy is consistent with the Agency’s comity analysis. Thus, the Agencies’ general practice is to seek an effective remedy that is restricted to the United States, which the Agencies believe is the best approach. Only when a domestic remedy cannot effectively redress the harm or threatened harm to U.S. commerce or consumers will the Agencies consider broader remedies that have extraterritorial effect. 7. The International Guidelines explain that comity can be a consideration in the Agencies’ remedy determinations. Comity “reflects the broad concept of respect among co-equal sovereign nations and plays a role in determining ‘the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation.’

”10 The U.S. Supreme Court has held that no conflict exists for purposes of international comity analysis if a person subject to regulation by two nations can comply with the laws of both.11 In addition, even where there is no direct conflict, “the Agencies will assess the articulated interests and policies of a foreign sovereign beyond whether there is a conflict with foreign law.” 12 Comity has not been a significant factor in the Agencies’ remedy determinations involving more than one sovereign because of the high degree of international convergence in competition law and policy. Convergence has reduced the number of direct conflicts, including on remedies. 8. Third, the Agencies seek to avoid conflicts with remedies contemplated by their foreign counterparts, notably through cooperation. The International Guidelines specifically provide that the Agencies “may cooperate with other authorities, to the extent permitted under U.S. law, to facilitate obtaining effective and non-conflicting remedies.”13 Cooperation “can improve substantive analyses and ensure that investigations and remedies are as consistent and predictable as possible, which improves outcomes, and reduces uncertainty and expense to firms doing business across borders.”14 Divergent remedies have the potential to impair firms’ abilities to compete globally and can undermine competition enforcement efforts. In many cases, particularly those involving extraterritorial remedies, cooperation and coordination are important to an effective outcome and improve understanding of each of the cooperating authorities’ needs and proposed decisions. 15 Information exchange among enforcers investigating the same conduct enables the Agencies to understand each other’s decisions in a case and any impact on U.S. commerce. 16 Cooperation has also facilitated informal and practical approaches to limiting duplication, including by one authority’s closing of its investigation without remedies after taking another authority’s remedy into account. 17 9. Consequently, if an extraterritorial remedy is contemplated in a particular case, these principles, as provided in the International Guidelines, allow the Agencies to ensure that the remedy is appropriately tailored to address the identified competitive harm to U.S. commerce and consumers without unnecessarily conflicting with the laws, policies, or remedies of foreign jurisdictions. 10. Specific examples of Agency cooperation on remedies are discussed at Part VI.

### 2AC---Infrastructure

#### 2---Reconciliation blocks infrastructure- won’t be ready in time

Sahil Kapur, 9-13-2021, "Senate back to jampacked to-do list in key stretch for Biden agenda," NBC News, https://www.nbcnews.com/politics/congress/senate-returns-jampacked-do-list-biden-s-agenda-faces-crucial-n1279000

House Democrats have set a soft deadline of Sept. 27 to vote on the Senate-passed infrastructure bill, but its prospects of passage may hinge on the larger bill's readiness, because progressives have threatened to vote it down otherwise.

House committees are racing to mark up their parts of the bill. But they may not be done in time.

"There's no way we can get this done by the 27th if we do our job. There's so much differences that we have here," Sen. Joe Manchin, D-W.Va., a vital swing vote on the multitrillion-dollar bill, said Sunday on CNN's "State of the Union."

#### 3---September thumps

Jordain Carney, 9-7-2021, "Democrats stare down nightmare September," TheHill, https://thehill.com/homenews/senate/570825-democrats-stare-down-nightmare-september

Democrats are staring down a nightmare September, a month jam-packed with deadlines and bruising fights over their top priorities.

The numerous legislative challenges in a condensed timeline will test Democratic unity and provide plenty of opportunities for Republicans to lay political traps just a year out from the 2022 midterm elections, where they are feeling increasingly bullish about their chances.

When lawmakers return to Washington, they’ll have to juggle averting a government shutdown in a matter of days with Democrats' self-imposed deadline for advancing an infrastructure and spending package that is at the center of President Biden’s economic and legislative agenda and sparking high-profile divisions.

That’s on top of a looming decision about the debt ceiling, a voting rights clash set to come to the Senate floor in mid-September, lingering Afghanistan fallout and, in the wake of a controversial Supreme Court decision, a heated fight over abortion.

#### 4---Biden has no PC

Jennifer Oliver O'Connell, 9-10-2021, "Joe Biden Has Zero Political Capital, so Grandpa Stompy Foot Has to Work," redstate, https://redstate.com/jenniferoo/2021/09/10/joe-biden-has-zero-political-capital-so-grandpa-stompy-foot-has-to-work-n440971

You see, Joe Biden has no political capital left. Absolutely none. Zero, Zip, Nada.

Depending upon what poll you look at, his approval rating is hovering between 36 and 45 percent. After this stink bomb thrown into the manhole of the sewer that is Afghanistan, it’s doubtful it will improve.

#### 5---BUT passing tough bills expands his political capital

Stankiewicz 1/20/21 (Kevin - associate reporter for *CNBC.com*, “Sen. Chris Coons says Biden has ‘practical’ bent, hopes for cooperation in Congress,” https://www.cnbc.com/2021/01/20/biden-inauguration-day-live-updates-stream.html)

Democratic Sen. Chris Coons told CNBC he is hopeful President Joe Biden’s plans to address the Covid-19 crisis could set the tone for bipartisan cooperation in Washington. “I think it’s possible for Joe Biden, by responding to this pandemic in a competent and caring way, to actually build his political capital

, to surprise the American people by showing that he and [GOP Sen.] Mitch McConnell, that the leaders in the House and the Senate, can actually work together to solve problems,” said Coons, a close ally to Biden and his fellow Delawarean. In an interview on “Power Lunch,” Coons said most Americans are fed up by inaction and partisan bickering from Congress. “Joe is someone who has never forgotten where he’s from, who has a practical, common-sense bent and who sees the suffering of the American people.” “He’s going to give us a chance to move forward, boldly, together, and I pray that the Congress takes him up on it,” Coons said.

# 1AR

## States

**State action is preempted.**

Sanjukta M. **Paul 20**. Assistant Professor of Law and Romano Stancroff Research Scholar at Wayne State University, fellow of the Thurman Arnold Project at Yale, David J. Epstein Fellow at UCLA School of Law. “The Enduring Ambiguities of Antitrust Liability for Worker Collective Action”. 47 Loy. U. Chi. L. J. 969 (2020). https://lawecommons.luc.edu/luclj/vol47/iss3/8/

Part I.B, supra, discussed antitrust liability for unilateral worker collective action. In addition, any regulatory scheme that aims to address collective action by such workers in anything but a purely punitive manner, or aims to provide for minimum working standards, will also come up against the outer limits imposed by antitrust. As the organizing efforts of freelancers, independent contractors, and gig economy workers continue to gain momentum, we can expect to see such proposed schemes. Members of the New York City Council have recently stated that they are currently developing this type of regulatory scheme, prompted by the efforts of the Freelancers Union and other organizing groups.72 The City of Seattle recently enacted an ordinance granting collective bargaining rights to drivers for taxicab, limo, and “transportation network companies” (encompassing Uber, Lyft and other companies in the on-demand sector) who are classified as independent contractors rather than employees.73 Local regulation, as such schemes are likely to be, will probably face federal preemption lawsuits not only under the “NLRA,”74 but also under antitrust.75

## PTX

### Impact Defense

#### No econ decline impact.

**Walt 20** [Stephen M. Walt is the Robert and Renée Belfer professor of international relations at Harvard University. “Will a Global Depression Trigger Another World War?”, May 13th, https://foreignpolicy.com/2020/05/13/coronavirus-pandemic-depression-economy-world-war/]

On balance, however, I do not think that even the extraordinary economic conditions we are witnessing today are going to have much impact on the likelihood of war. Why? First of all, if depressions were a powerful cause of war, there would be a lot more of the latter. To take one example, the United States has suffered 40 or more recessions since the country was founded, yet it has fought perhaps 20 interstate wars, most of them unrelated to the state of the economy. To paraphrase the economist Paul Samuelson’s famous quip about the stock market, if recessions were a powerful cause of war, they would have predicted “nine out of the last five (or fewer).”

Second, states do not start wars unless they believe they will win a quick and relatively cheap victory. As John Mearsheimer showed in his classic book Conventional Deterrence, national leaders avoid war when they are convinced it will be long, bloody, costly, and uncertain. To choose war, political leaders have to convince themselves they can either win a quick, cheap, and decisive victory or achieve some limited objective at low cost. Europe went to war in 1914 with each side believing it would win a rapid and easy victory, and Nazi Germany developed the strategy of blitzkrieg in order to subdue its foes as quickly and cheaply as possible. Iraq attacked Iran in 1980 because Saddam believed the Islamic Republic was in disarray and would be easy to defeat, and George W. Bush invaded Iraq in 2003 convinced the war would be short, successful, and pay for itself.

The fact that each of these leaders miscalculated badly does not alter the main point: No matter what a country’s economic condition might be, its leaders will not go to war unless they think they can do so quickly, cheaply, and with a reasonable probability of success.

Third, and most important, the primary motivation for most wars is the desire for security, not economic gain. For this reason, the odds of war increase when states believe the long-term balance of power may be shifting against them, when they are convinced that adversaries are unalterably hostile and cannot be accommodated, and when they are confident they can reverse the unfavorable trends and establish a secure position if they act now. The historian A.J.P. Taylor once observed that “every war between Great Powers [between 1848 and 1918] … started as a preventive war, not as a war of conquest,” and that remains true of most wars fought since then.

The bottom line: Economic conditions (i.e., a depression) may affect the broader political environment in which decisions for war or peace are made, but they are only one factor among many and rarely the most significant. Even if the COVID-19 pandemic has large, lasting, and negative effects on the world economy—as seems quite likely—it is not likely to affect the probability of war very much, especially in the short term.

### UQ

#### Could take months- time for things to be derailed or bounce back from the plan

Frankie Taggart, 9-18-2021, "US Congress back for frantic autumn with Biden agenda at stake," No Publication, https://news.yahoo.com/us-congress-back-frantic-autumn-013930420.html

A $1.2 trillion infrastructure bill passed the Senate in August with the support of one-third of the 50 Republicans in addition to all 50 Democrats.

Democratic Speaker Nancy Pelosi promised a vote by September 27 in the House of Representatives, where her party holds a razor-thin majority.

But here too, the real fight is internal, with Democratic progressives saying they won't vote for it until the larger reconciliation package is squared away.

Moderates won't vote for reconciliation without infrastructure, which they say would be an easy win demonstrating Biden's self-professed talent in bringing all sides together.

It is not clear how the debate will play out, but Hill watchers warn the process could take weeks or even months to complete.