# Wiki Doc – Gonzaga MR v Wake BS

## 1AC – Navy

#### Plan: The United States federal government should prohibit anti-competitive business practices by the private sector that artificially centralize public blockchain infrastructure.

### Adv – Innovation

#### Blockchain will massively undermine status quo antitrust enforcement

Schrepel 19 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, “Is Blockchain the Death of Antitrust Law? The Blockchain Antitrust Paradox,” *Georgetown Law Technology Review* 3.2, heinonline, JCR] \*edited for ableist language

Because the future evolution of blockchain is unknown, it is difficult to evaluate the scope of the practices that will develop along with it. This article has identified several unilateral anticompetitive practices. They are most likely to occur on private blockchains. However, most of the usual mechanisms of antitrust law will be ineffective in the face of blockchain. 2 3 8 Even with the "regulatory infiltration" proposed using a "law is code" approach, some of the instruments which are used today, such as emergency measures or commitments, will be ineffective in their current form. 239 In the face of blockchain, current antitrust law may well be eliminated. In fact, three factor corroborate this hypothesis. First, antitrust law will probably become ineffective without regulatory infiltration. For the first time in its history, antitrust law will have to be greatly supplemented by regulations taking the form of a "law is code" approach. Indeed, antitrust law will not have complete answers to three issues: how to detect the anticompetitive practices committed on the blockchain, how to identify the actor responsible for these practices, and finally, how to remedy them for the future. While the author of an anticompetitive blockchain can sometimes be identified, the effectiveness of sanctions and remedies may be ~~crippled~~ [undermined] by blockchain's immutability. Presciently, the home page of the Ethereum Project reads: "Build unstoppable applications."240 Thus, even where antitrust law finds a way to regulate blockchains, it may die because it is no longer a creator of welfare on its own. Think of it as the unfortunate death of jazz: the music still exists and has listeners, but jazz no longer creates debate or leads to any movement that ventures beyond its own framework. Second, public blockchains will limit monopolization even when new governance mechanisms are implemented. In particular, predatory pricing and refusal to deal appear to be exceedingly unrealistic, while tying, margin squeezing, exclusionary dealing, loyalty rebates, and exploitative and discriminatory abuses are unlikely to occur. Furthermore, because the transactions implemented on public blockchains are visible to all, the incentive to engage in anticompetitive practices is reduced since market surveillance and industry monitoring can easily root out illegal activity. However, some perpetrators will be protected by the "opacity effect" created by the characteristics of the technology. This is particularly true for private blockchains where entering it, absent regulation infiltration, is technically impossible. In short, anticompetitive practices are expected to be rare on public blockchains, but these practices could be plentiful on private blockchains that operate below authorities' radar. The same issues arise outside the scope of unilateral practices, namely, for collusive agreements where the identification of colluders and the unsuitability of existing mechanisms to stop and punish such practices is equally problematic.241 The third and final reason to expect the death of antitrust law is tied to its foundations. Without a doubt, regulators will find ways to submit blockchains to the law, whether it is by way of regulatory infiltration-which is recommended-or other ways that place the technology at risk, such as the regulation of end users, transportation layers, information intermediaries, blockchain intermediaries, transaction processors or code, architecture or hardware manufacturers-which is not recommended.m But even if antitrust law remains as a body of positive law,24 3 the regulator may end up protecting the existence of antitrust law even though its initial goals are no longer fulfilled. After all, modern antitrust law is built on the premise that the Sherman Act is concerned with trusts.2 44 Without trusts, are antitrust laws needed? This is the "blockchain antitrust paradox": antitrust laws' potential lack of legitimacy (and efficacity) on the one hand and the need to stop anti-competitive practices on the other. Furthermore, the death of antitrust law might not be solely linked to blockchain technicalities. The fate of antitrust law might also be determined by the inherent conflict between the logic of blockchain technology and the logic of antitrust law. Recall that there is no trustee in the sense of a third-party fiduciary within the framework of blockchain. In other words, the target of antitrust laws is absent.245 Blockchain challenges the raison d'etre of antitrust law. Conversely, antitrust law was created for, and is applied by, centralized regulatory agencies, such as the FTC, the DOJ, and the European Commission. Enforcing antitrust law amounts to imposing vertically designed rules and concepts on a technology built around the desire for decentralization.246 But blockchain is used not only for "philosophical" reasons related to its decentralized nature but also because it is practical, and in fact, blockchain's practicability results from its decentralization.247 In short, this opposition between the vertical nature of antitrust law and the horizontal or decentralized nature of blockchain raises a legitimacy concern. The cultural and sociological factors that led to the development of blockchain technology cannot be ignored by the law. As a consequence, on top of all the challenges related to blockchain technicalities, another concern is the legitimacy of antitrust law with respect to this technology. To address this concern, a way must be found to decentralize antitrust law and antitrust authorities.248 This will require a minima to design and implement new governance models using blockchain.250 Antitrust authorities can no longer rely on pyramidal structures nor continue to operate in a closed circle on the model of nation-state-led government. Antitrust law as we know it must die and be reborn. If not, it soon will be illegitimate.

#### Leads to a confrontational regulatory approach, which gets circumvented and guarantees dominance of centralized ecosystems

Schrepel 21 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, *Blockchain + Antitrust: The Decentralization Formula*, p.238-9, JCR]

Opting for a confrontational approach will put blockchain ecosystems at risk. Let me generalize my findings and return to the MOAF approach to explain why that is. First, a confrontational approach would not be desirable from the regulators' point of view. Aggressive law enforcement would indeed threaten the fundamental principles of encryption and immutability. While that might deter some illegal behaviors, it would also threaten all sorts of beneficial practices that rely on either of these two principles. Thus, the accuracy level would remain low because it would entail numerous false positives and eventually deprive regulators of blockchain's contribution to the common good. In terms of manageability, a confrontational approach would put blockchains under the regulator's control. Enforcing and monitoring costs would be extremely high. This approach would require costly deanonymization services and expansive practices altering the registers, stopping smart contracts and carrying out forks. Second, this approach would also be detrimental to blockchain communities. In terms of objectivity, regulations of this sort could be relatively predictable for private actors, but objectivity would suffer from the resistance of certain blockchain communities. Technical innovations would rapidly emerge to escape regulation, forcing the regulator to continually adapt its regulations and apply them inconsistently. In terms of flexibility, this confrontational regulation would open the blockchain fortress with a tank. It would be highly coercive. New regulations would forcibly impose enforcement mechanisms on all blockchain communities — or, at the very least, on a (large) part of them — by eliminating some of the technology core characteristics. In other words, implementing regulations of this sort would be like using a sledgehammer to crack a nut. This is not a pretty picture." Blockchain is still a burgeoning technology and adopting a confrontational approach would end up removing some essential features for its survival against other species (i.e., centralized ecosystems). Alternatively, these regulations would be ineffective, as communities would work to escape the rule of law. If confrontational law lags behind the technology, its enforcement will partially be held in check for the reasons I have discussed. If, on the contrary, confrontational law is ahead of technology, the latter will circumvent and escape it by eliminating control mechanisms and changing governance and incentives (not always for the better). This will be limited, as only the most advanced part of the community would succeed; but that fraction would take a chunk of the users with it. The rule of law would not regain its full primacy. In fact, we have seen this already. When the New York State Department of Financial Services imposed a requirement to obtain a "BitLicense" before engaging in Bitcoin activities?' several startups moved to New Jersey. If developers cannot vote with their computers, they vote with their feet by relocating their operations. This affects all users. In a nutshell, one must reject the confrontational approach because it allows neither the law (here, antitrust) nor the technology (here, blockchain) to fully achieve its objective. One must find another way to enter blockchain ecosystems. I offer an alternative option in that regard.

#### US failure to adapt to blockchain tech is causing a massive soft-power shift to the Indo-Pacific – wrecks leadership and crushes growth for decades. Leads to walled gardens that disrupt international trade.

Wintermeyer 21 [Lawrence, co-founder of Global Digital Finance, a non-profit promoting fair and transparent markets, former CEO of Innovate Finance, the UK FinTech members association, “Will The Revolution Be Tokenized: Governments, Blockchain, And The Digital Space Race,” 10/06/21, <https://www.forbes.com/sites/lawrencewintermeyer/2021/10/06/will-the-revolution-be-tokenized-governments-blockchain-and-the-digital-space-race/?sh=337f9b7e5170>, accessed 10/29/21, JCR]

In 2015 The Economist magazine hailed blockchain as “the trust machine”, capable of replacing governance structures, displacing institutions, and bringing a new level of transparency to transactions and information, with implications across public life. In the years since, the technology has produced trillion-dollar decentralized financial markets and a slew of innovation over blockchains especially in financial services, with the rise of bitcoin, stabelcoins, decentralized finance or DeFi, Central Bank Digital Currencies (CBDCs), and other industries such as shipping, logistics and supply chains are starting to scale use cases. OECD research, however, shows little breakthrough in blockchain innovation in government and minimal impact in the public sector - the technology is often described as a solution in search of a problem. While the technology is rapidly maturing, we are starting to see governments take an interest in blockchain and distributed ledger technology (DLT) in areas such as tax, standards and certification, digital identity, and data privacy. For governments, assessing blockchain’s disruptive potential is both a practical challenge and a philosophical one. The raison d’etre of many public institutions is the provision of public goods, and the underwriting of rights and the social contract – functions that blockchain’s pioneers sought to replace with cryptography, networks, and protocols. Whether this technology will be used to displace or complement traditional governance models is an open question, as is its ability to deliver such transformation. This year’s opening discussion at the OECD’s 4th Annual Blockchain Policy Forum addressed several the main opportunities and challenges at the intersection of technology and governance to disentangle blockchain’s promise from reality and explored the extent to which the technology can and should be guided by governments towards better models of social and economic connection. “In global trade, the leaders in blockchain technologies are the Indo-Pacific based governments like China and Singapore. Trade is the lifeblood of this region which is considered the global trading hub. China and Singapore have been early to understand the benefits of the blockchain for supply chain management, not just for the provenance and tracking of goods, but for tax, customs, and digital rights. “Blockchain has dramatically scaled the 14th century Venetian innovation of the double-ledger into a theoretically infinite multidimensional ledger which is public, open, transparent, and immutable, and secures access using cryptography. It’s like another layer of the Internet, with greater resilience against cybercrime, and integrates multiple stakeholders in much better management of the economy,” says Alex Sandy Pentland, MIT professor and director of MIT Connection Science. In a world with geo-political turbulence and trade headwinds, digital leadership in sectors like central bank digital currencies and supply chains using new digital technologies really matter – welcome to the digital space race. The intellectual property, technologies, and standards in blockchain are now being used to gain a global foothold in trade. Importantly, this is helping to drive rapid adoption with low friction use cases and easy to access services. Blockchain is helping counties that are early movers and leaders in this space to position themselves to generate decades of industrial, societal, and economic growth. “Governments need to learn how to adopt and adapt to polycentric governance models to better engage the broad range of actors and stakeholders required to compete in the digital world without having to create new overarching bureaucratic institutions,” says Primavera De Filippi, permanent researcher at the National Center of Scientific Research in Paris (CNRS) and faculty associate at the Berkman Klein Center for Internet & Society at Harvard University. Most of the blockchain DLT technologies are developed in open source with large pools of developers participating by voting through digital protocol governance models which extend in many protocols to other entities becoming governance nodes. This is akin to a large mutual society and is risk adjusted both by the volume of experienced participants and stakeholders and its polycentric nature. “There are two big benefits for governments building out their programs on the blockchain; the first is COLLABORATION – governments can attract a larger and more diverse range of stakeholders to build out and adopt the digital infrastructure for trade, tax, identity, financial services, etc., and use the power of the crowd – this is markedly different to large enterprise software projects which have significant concentration risks including the number of commercial stakeholders that can engage. The second is CERTIFICATION – governments can move away from using “sticks” by offering “carrots” to stakeholders that exhibit measurable compliant behaviors – this could dramatically change the way we look at regulation and compliance. “This is all achievable through smart contracts on the blockchain and can be accomplished now without new contract law if we adopt “functional equivalence” for smart contracts, just as we adopted it moving from paper to electronic contracts. The only big decision that governments need to make upfront is whether to use public or private blockchains, or a mix, and this decision merits significant consideration of the specific use case,” says De Filippi. Adds Pentland, “there is a great transfer of “soft power” taking place with blockchain technologies, and when it comes to trade, it is Indo-Pacific led. It is important as the systems grow that they focus on a level of interoperability with each other through standards, to ultimately deliver the benefits that distributed ledger technologies offer – multi-dimensional participation. If countries seek to go down the “walled garden” route, interoperability will go down the drain and the global trade system will be open to further arbitrage opportunities by those that seek to exploit this situation.” Governments and industry must recognize that blockchain is now mature, here to stay, and ready to use, today. The technology is more than a decade old and the underlying technologies of distributed databases, cryptography, and peer to peer networking have been with us since the dawn of computing. Software developers are delivering blockchain use cases to market quicker than most industries, governments, and regulators can keep up with – that is the power of the polycentric networked crowd. There is more innovation going on outside your four walls than inside, and you need to know how to plug into it. As is often the case, it is the systematic factors coupled with institutional bias that are barriers to governments and managers understanding how and when to mobilize new innovative technologies and methods for society, and in many instances, few are really incentivized to make it happen. The blockchain revolution provides “the platform” to engage large numbers and dimensions of stakeholders in the economy through shared mutual governance – the major incentive is already there, it is baked into the governance model – greater and more efficient economic participation in the economy. Governments would be wise to be serious about prioritizing the digital space race. If the revolution is tokenized, it will be because large public blockchain consensus protocols are tokenizing it, and large swathes of global business and consumers are using it.

#### Kills interdependence – conflicts escalate to war.

Dr. Asma Iqbal & Muhammad Rafi Khan 21, Assistant Professor of Political Science, Government Graduate College for Women Samanabad; Lecturer/Research Officer at Minhaj University Lahore, “Power and Interdependence with Internet,” Pakistan Social Sciences Review, Vol. 5, No. 1, pgs. 1142-1153, 3/30/21, https://pssr.org.pk/issues/v5/1/power-and-interdependence-with-internet.pdf

Interdependence

Reflecting a softer image of power and extending its domains to global social structures, interdependence is a multidimensional term, that gained traction with the emergence of the concept of globalization. It refers to a state, or a condition, that compels two or more actors to seek cooperation. For such cooperation, the absence of enmity is not a requirement. There are many examples of interdependence between fierce enemies, like Pakistan and India, China and India, and Russia and the US. The goals of this interdependence are to fulfill domestic and international deficiencies for national interest, and sometimes, international interest. The presence of Russia and the US in the Security Council, where both take decisions together in international interest, and can also veto any move for their own or their ally’s national interest.

The world today has mostly been eradicating the threats of war and becoming increasingly interdependent. Their actions are mostly based on the cost- benefit ratio. For instance, if a state must choose between war and trade and applying the statistical models for a complete understanding of both before deciding, the trade will supersede in choice over the war in most cases. That is why even enemies are doing trade, while the war of words also gains traction. This is because the cost of war is higher, and the benefit of trade is higher. The democratic peace theory and the McDonald Peace theory exist in almost the same domains, where political relationship and economic connectivity, both are eradicating scenarios of a possible war.

As an effective tool of soft power, the interdependence has shattered the isolation of introverted peoples and merged them with vibrant, dynamic, and socially linked societies. It relies on multidimensional mediums to avoid conflicts, increase connectivity, and inculcates multilateralism. Among these, the Internet is the most obvious, effective and resourceful medium that “frees us from geographic fetters and brings us together in topic-based communities that are not tied down to any specific place. Ours is a networked, globalized society connected by new technologies” (Dentzel, 2014).

The internet, coinciding with matters related to power, is a world of unknown depth. It is the most effective tool of connectivity in this modern world. It can also be designated as a doorway between traditional unilaterality and a multilateral world. It boosted interdependence and opened new horizons of connectivity and cooperation. Therefore, the virtual age has cut the distances short and challenged the hardships of the physical world with a counterbalance, depicted in the figure below.

#### This decks digital readiness – we’re getting passed up by countries with mature infrastructure.

Andriole 21 (Steve Andriole, Thomas G. Labrecque Professor of Business Technology in the Villanova School of Business at Villanova University, 12-13-2021, The US-China Technology Arms Race. It’s Not A Two-Country Race Anymore., Forbes, <https://www.forbes.com/sites/steveandriole/2021/12/13/the-us-china-technology-arms-race-its-not-a-two-country-race-anymore/>) MAM

The race for global leadership in artificial intelligence (AI), machine learning (ML), blockchain, cryptocurrency and digital infrastructure – among many other technologies – is well underway. But now, instead of the proverbial two-country races we’re so familiar with, the race has expanded. It’s now **any country’s race**. How could this be when the US and China are spending so much money? The metrics have changed. Today it’s about patents and adoption.

There are lots of technologies that attract attention. The world is obsessed with AI/ML, blockchain, cryptocurrency, IOT, big data analytics, cybersecurity, 3-D printing and drones. It’s excited about virtual reality, augmented reality and mixed reality. Everyone loves talking about driverless cars, ships and planes. While we’re growing increasingly worried about social media and privacy (as we should), we’re still addicted to our ever-more-powerful smartphones. And then there’s The Metaverse.

AI/ML is a huge family of technologies with enormous professional levels. Lest everyone believe the US and China are the only countries investing in AI/ML, there are many countries that have unveiled substantial AI/ML research and development (R&D) strategies including the United Kingdom, Russia, Israel, Japan and France. Singapore, South Korea, Sweden, Taiwan, the UAE and Mexico are also strategically focused on AI/ML. The world is well aware of the application potential of AI/ML. In fact, the global field’s getting crowded.

While blockchain enables cryptocurrency transactions, it’s by no means limited to currency exchanges: blockchain is **transactionally agnostic**. When we look at the adoption of blockchain, more and more local, regional and national governments are adopting blockchain or approving blockchain investments. Blockchain is already widely adopted in China and Asia across multiple vertical industries, such as insurance and agriculture. Australia’s “CSIRO’s Data61 has formed a consortium with law firm Herbert Smith Freehills and IBM to build Australia’s first cross-industry, large-scale, digital platform to enable Australian businesses to collaborate using blockchain-based smart legal contracts.” The European Union (EU) has made blockchain a priority. Other countries are making similar commitments to blockchain, including Dubai, Estonia and Gibraltar, among other government offices

As of now, governments cannot control cryptocurrency – though they can – and will – regulate and tax it. More and more businesses are accepting it; many have no choice since competitors are accepting it. Crypto also provides a safer and cheaper way to transact. Payment system incumbents will eventually champion cryptocurrency. Some countries are “open” to the use of stable-coin cryptocurrencies. The US is “open” (with some yet-to-be-precisely-defined requirements) to the possibilities of cryptocurrency, as are Canada, Australia, the European Union (EU), Finland, Belgium, Switzerland, Malta, Cyprus, Bulgaria, the UK and Germany. Some countries, like China, Russia, Vietnam, Bolivia, Ecuador and Columbia, have essentially banned Bitcoin and cryptocurrency, though several of these countries have a lot of blockchain and cryptocurrency start-up activity. In short, crypto is almost everywhere. The real race here is about acceptance.

In addition to AI/ML, blockchain and cryptocurrency, is a country’s ability to participate in the technology arms race through the readiness of its digital infrastructure. Digital readiness describes the condition of a country’s overall digital infrastructure and its ability to adopt AI/ML, blockchain, cryptocurrency and other emerging digital technologies. Countries that have well-developed digital infrastructures – such as Sweden and Norway – are able to leverage technologies as long as, of course, they’re inclined to do so. In order for countries to leverage technology they must possess basic and always-improving digital infrastructure capabilities (broadband, cloud, big data, cybersecurity, etc.) because adoption and scalability require a modern digital infrastructure. The mature countries here include Estonia, Finland, Norway, Denmark, New Zealand, Israel, Canada, Sweden, South Korea, the Netherlands and Singapore. Surprised by the list? (The comparison of this list with the list of military powers is fascinating, and clearly differentiates the military and technology arms races.)

#### Leadership on digital trade reinvigorates partnerships in the Indo-Pacific.

Bera and Cutler 10/8 (Ami Bera, Congressman for Sacramento/California District 7, and Wendy Cutler, Vice President at the Asia Society Policy Institute (ASPI), 10-8-21, Bring Washington Back to the Table, The Diplomat, <https://thediplomat.com/2021/10/indo-pacific-trade-bring-washington-back-to-the-table/>) MAM

If there is one major tenet that sets apart the foreign policy approaches of U.S. President Joe Biden and former President Donald Trump, it is this: Abandoning American leadership in the international community cedes the power to set international norms, rules, and values to other nations. Rejoining various multilateral organizations and agreements and reinvigorating our global partnerships, in areas like COVID-19 response and climate change, are welcome steps by the Biden administration. However, international engagement should not stop there. Rather, the Biden administration should build on this model and prioritize a forward-looking and impactful economic and trade agenda with the Indo-Pacific region, particularly in working with like-minded regional partners to **set the rules of the road on digital trade.** We were both involved in boosting our economic engagement with the Indo-Pacific region during the Obama administration, one as a senior official at the Office of the U.S. Trade Representative (USTR), the other as a member of Congress working to build support for and provide oversight of the president’s agenda. What we experienced during that time was the United States taking the lead in developing policies to open markets for U.S. exporters, workers, and farmers, while also using the United States’ prestige and leadership to foster more pro-worker, pro-democracy, and pro-consumer policies in the region. Make no mistake — the effort to remove trade barriers and expand economic opportunity in the Indo-Pacific has continued, with countries in the region actively working on agreements among themselves and with nations in other regions. The countries of the region are talking, debating, and negotiating over trade policies to help promote growth, create jobs, and improve livelihoods for their citizens. While taking place far from Washington, these discussions are impacting our economy, given global supply chains and future agreements the U.S. may want to develop. But right now, we’re not at the table. Biden and USTR Ambassador Katherine Tai have made it clear that they want to take a thoughtful approach on U.S. trade policy, particularly to ensure it continues to be pro-worker and pro-environment. We don’t disagree, having seen both the policy and political benefits when forces aligned during the re-negotiation of NAFTA that resulted in USMCA. There were improvements, compromises, and tough decisions made all around, and the agreement is better for it. That’s why we strongly believe the United States must continue that work and look for opportunities elsewhere to expand economic opportunity, lead with our values, and develop policies that benefit the U.S. and like-minded partners. One important way the U.S. can do this is by working on a regional digital trade agreement with our friends in the Indo-Pacific region. Digital trade touches all sectors of our economy, including manufacturing and agriculture, and involves rules around access to the internet, digital inclusiveness, trade facilitation, sharing and storage of data, and others — all critical issues for which rules and norms and policies are still being developed and decided, and which grow in importance every single day. As other countries are far along in this work with each other, we risk losing the opportunity to shape policies that directly affect American citizens and businesses here at home. We’re also losing the opportunity to ensure the policies that ultimately get enshrined are ones that prioritize democratic values, such as a free sharing of ideas and information, individual privacy, and business and consumer protections. We remain optimistic that the Biden administration will succeed in repositioning the United States as a force for good and a force for international cooperation after four tumultuous years under the previous administration. There is no better way to do that than by advancing economic opportunity and freedom of choice in one of the most economically important and dynamic regions in the world – the Indo-Pacific. The Biden administration has a unique window of opportunity to do so. We hope they seize it before the table is set without us.

#### That solves global existential risks – it’s reverse causal.

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.

#### Effective regulations key to US competitiveness in blockchain – organizations want reliable and stable regulatory environment to build trust

Werbach 18 [Kevin, Professor of Legal Studies & Business Ethics at the Wharton School, FCC Agency Review Co-Lead, “Trust, but Verify: Why the Blockchain Needs the Law,” *Berkeley Technology Law Journal* 33, heinonline, JCR]

One difference between the regulatory debates in the dot-com and distributed ledger eras is that the United States is no longer the dominant source of activity. The Internet today is highly globalized, but in the 1990s, usage and startup creation were heavily centralized in the United States. In contrast, there are concentrations of distributed ledger activity around the world. London, Berlin, Switzerland, and Singapore are major hubs, with significant centers in mainland China, Canada, South Korea, Japan, Estonia, Argentina, and Hong Kong.209 Vitalik Buterin, leader of the Ethereum project, is a Russian who grew up in Canada, heads a foundation headquartered in Switzerland, and now lives in Singapore. If he had created an early Internet startup, he would have likely headed to Silicon Valley. The global distribution of blockchain development activity encourages jurisdictional competition among regions. U.S. dominance of the early Internet industry produced major benefits, both economic and in terms of global soft power. Hoping to be the Silicon Valley of the crypto economy, countries ranging from tiny Gibraltar to Russia are creating new legal frameworks to attract blockchain startups, coin offerings, and other activity. The early leader is the canton of Zug, Switzerland, which combines a stable government, a central location in Europe, a welcoming environment for cryptocurrency companies, and very favorable tax policies. 210 It is bidding to be the cryptocurrency equivalent of Delaware for U.S. incorporation, although the real Delaware, among other locales, seems determined to compete. The U.S. is still a very important driver of blockchain activity. A significant portion of core Bitcoin development occurs in the United States. New York is one of the primary centers for distributed ledger technology in financial services. Many of the most significant investors in blockchain startups are in the United States, including Digital Currency Group, Blockchain Capital, Andreessen Horowitz, and Union Square Ventures. U.S. technology and services firms such as IBM, Microsoft, and PwC are at the forefront of most large-scale enterprise implementations of distributed ledger applications. The technical talent and technology startup ecosystems in the United States remain unmatched. It bears repeating that major Internet companies did not locate in Sealand or island tax havens; they went to where the developers and customers were. Organizations do not just seek the least regulation; they seek the best regulation, among a slate of other factors. A reliable and stable regulatory environment will be important for building trust in blockchain platforms that seek a large user base. Similarly, even jurisdictions keen to attract entrepreneurial businesses in fields such as cryptocurrency do not simply engage in a race to the bottom. Singapore is a hotbed of blockchain activity, due in part to its permissive regulatory attitude. However, the Monetary Authority of Singapore made clear in an August 2017 announcement that initial coin offerings there would be subject to money laundering and terrorist financing restrictions.' They would also be regulated as securities offerings when they "represent ownership or a security interest over an issuer's assets or property. "212 Some small territories focused on generating revenues may take an "anything goes" attitude, but ICOs based there will eventually be less trusted and therefore less successful in attracting capital. Moreover, the countries where that capital comes from will not be shy about exercising jurisdiction. These are the same reasons why all companies today do not domicile in offshore tax havens. While the BitLicense may have given the United States a poor regulatory reputation in some cryptocurrency circles, more recent initiatives were more thoughtfully drawn. The Uniform Law Commission, which creates model codes that are widely adopted by state legislatures, adopted a model cryptocurrency law in 2017 that limits the scope of regulation.213 The CFTC created a LabCFTC group to study cryptocurrencies and engage with the nascent industry.214 The SEC's investigative report on initial coin offerings and The DAO was widely praised as measured and technically knowledgeable.21 s There is no certainty that the United States, or any jurisdiction, will strike the appropriate balance between flexibility and protection in its regulatory approaches to blockchain-based systems. The debates have just begun. Overall, though, regulators who do nothing will be a greater threat to the development of the market than those who engage in thoughtful and evolving efforts to address public policy considerations.

#### Focusing antitrust law on practices that artificial centralize blockchain creates synergy that assures cooperative relationship between blockchain & antitrust – solves regulatory certainty and innovation

Schrepel 21 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, *Blockchain + Antitrust: The Decentralization Formula*, p.75-8, JCR]

In fact, antitrust law and blockchain ecosystems seek decentralization at two different levels. Antitrust law prohibits certain categories of conduct, creating tensions with tech communities without focusing much on digital architectures. Blockchain, on the contrary, seeks to decentralize by providing its users with a specific digital architecture. It does not prohibit (anticompetitive) practices where code allows. This creates tensions between them, as I show in Part 2 of this book. Their cooperation will require the identification of ways to deal with these mutual provocations, as I will explain in Part 3. As things stand, both of these communities exhibit what Veblen called "trained incapacity" — the difficulty to think beyond a set of constraints and assumptions. Policymakers tend to believe that the law should be the most important constraint organizing our lives. For that reason, legal rules are often applied without looking for ways to coordinate with other constraints, including digital architectures." In the meantime, blockchain communities tend to view legal enforcement as an adversary, and not as an ally, As John Perry Barlow stated in 1996: "I ask you of the past to leave us alone. You are not welcome among us. You have no sovereignty where we gather." After all, the law liberates, but it also implies illegality, lawsuits, liability assignment and sanctions. The antitrust and blockchain communities will gain from over-coming these biases. If we want antitrust and blockchain to collaborate on a long-term basis, we need to talk about the problems that their cooperation will encounter along the way. The challenge before us is intricate." On the one hand, it is a matter of getting legal minds to recognize that technology can help achieve objectives that the law cannot achieve on its own. There are three reasons for this. First, blockchain provides a technical approach to the subject. It serves as a framework for decentralizing the economy by default, while antitrust mostly applies ex post by correcting past behaviors." Second, antitrust agencies' detection rate remains low, meaning that illegal behavior often goes unpunished." And enforcement is costly, which makes it impossible to pursue all potentially illegal practices. This is particularly prob-lematic in a world where illegal practices can be implemented through coding that quietly and immediately affects billions of users. Also, the rule of law is (unfortunately) inapplicable in some places. This is the case when the state bypasses legal constraints,'" and when jurisdictions are mutually unfriendly and do not enforce foreign laws." For example, enforcement of U.S. court judgments abroad can prove especially difficult in light of divergent rules on jurisdiction, requirements for special service of process, reciprocity and some foreign countries' public policy concerns," including in Europe." Finally, antitrust law is complex and cannot be fully mastered by all companies — the compliance costs are high and many firms unwittingly infringe the law. Blockchains could therefore supplement antitrust by creating an architecture that leads to fewer anticompetitive practices. On the other hand, blockchain communities would gain from working with (not against) antitrust law enforcers. That is because antitrust would eliminate practices that artificially centralize blockchain ecosystems and that blockchain architecture cannot stop or prevent. I will analyze them in Part 2. Doing so would also provide legal certainty, thus fostering investments and benefiting all the actors involved in commercial activities that rely on blockchain. For these reasons, one should think of antitrust and blockchain as allies —not enemies — as they both seek the same objective, while presenting complementary strengths and defects. Doing so would lead policymakers to promote and implement a new "law + technology" approach that recognizes that the benefits of cooperation outweigh those of one-off confrontations. A game theorist would represent that approach as illustrated in Figure 5.1. That bigger picture should guide every one of our actions in the field, including how we deal with mutual aggressions. After all, no great player has ever won a game of Go without conceding a few territories. In this chapter, I first discussed decentralization in the context of antitrust law. I showed that antitrust law's objective has always been to free markets from economic coercion. In other words, it protects consumers by ensuring the decentralization of market players' decision making. The Sherman Act translates that objective, and so does the TFEU. Despite having a similar objective, I explained that blockchain and antitrust do not automatically benefit from one another — their cooperation must be willingly enacted. Mainly, there are situations in which the law cannot be (fully) enforced. That is true when technology (such as blockchain) prevents legal enforcement and when the rule of law is not actionable (because one country is disregarding it, or because two jurisdictions are unfriendly). In other situations, the law interferes with technology developments; it creates a different type of tension. That absence of mutual assistance between blockchain and the law would be problematic at two levels. First, it would be troublesome because blockchain could achieve decentralization in areas where the law does not apply. And second, by increasing the number of transactions executed, blockchain will simultaneously increase the number of anticompetitive practices that take place. Antitrust will thus be needed to eliminate these practices. This latter point — how blockchain may (be used to) violate antitrust — is the subject of Part 2 of this book. When entering it, let us keep in mind that the "big picture" (the mutually beneficial nature of the cooperation between antitrust and blockchain) must inform how we deal with the "small one" (areas of tension between them). Failure to do so would lead to a lose-lose situation.

#### Antitrust action against artificial centralization is key to collaborative relationship between antitrust agencies and blockchain communities. Necessary for long term economic stability

Schrepel 21 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, *Blockchain + Antitrust: The Decentralization Formula*, p.247-9, JCR]

1.2.1 Not this... Enforcement is the second pillar of a collaborative approach between law and tech, antitrust and blockchain. I realize that this may seem counterintuitive; enforcement is, by definition, confrontational. In reality, distinct types of enforcement can lead to varying degrees of confrontation: some harm the entire blockchain, while others target the sole perpetrators of illegal practices. One should avoid the former, as it would reduce blockchain's usefulness and thus deprive policymakers and regulators of an important ally. It is in the interests of both communities to encourage the latter. I concluded the first part of this book by underlining that making law and tech work toward the same objective implied bearing with some assaults by each on the other. This means that blockchain communities should not only tolerate antitrust sanctions, but also facilitate them, because they ultimately lead to further decentralization. It also means that antitrust agencies and courts should direct their enforcement activities in a specific way. Overall, they should seek to preserve blockchain. This will be challenging, as agencies generally conduct their enforcement activities one case after the other, without such a long-term objective. That being said, agencies could still achieve the overall goal of enabling blockchain technology to flourish while ensuring case-by-case enforcement. For that, agencies should avoid enforcement activities against practices that directly arise from the intrinsic characteristics of a blockchain. For example, public permissionless blockchains distribute information throughout the marketplace, including the number of transactions implemented by specific users, the fees being paid and so on. This transparency could lead to antitrust concerns, especially when it comes to tacit collusion.'" Nevertheless, because this essential feature makes markets more fluid and mitigates information asymmetry," enforcement activities should not be directed at it. The same goes for the opacity that blockchains create. As we have seen together, the identity of a blockchain's participants and the content of their transactions are protected by encryption. Yet one should not consider this a relevant element in European competition law for presuming the intention to collude (moral component), for systematically making cartelization on block-chain a restriction "by object" rather than "by effect," or for easing the burden of proof on antitrust agencies. Doing so would deter legal uses of blockchain. More generally, it is important to underline that all blockchain participants agree to the same set of rules. That should not be seen as an illegal agreement between them, even though it affects their economic behavior. Agreeing to the same rules is, in fact, necessary for blockchain's survival, as it creates consistency in the blockchain ledger in the absence of central coordination. It solves the Byzantine Generals Problem, according to which a central power is always needed to coordinate actions and maximize outcomes. That applies to forks, which should only rarely be seen as illegal (as I discussed in Chapter 8), because they create checks and balances within each blockchain. Let me reiterate that without consensus regarding the rules and their modification, the whole system would collapse, as the ledger integrity could not be maintained. All practices engaged by the blockchain nucleus to ensure survival, such as their forks and modifications of the core client, should thus be presumptively legal as far as antitrust enforcement is concerned. 1.2.2 ...but that! I recommend that antitrust agencies focus their enforcement activities on practices that affect the "real space", and on practices that defeat blockchain's purpose. As I discussed in Chapters 9 and I1, the first type of practice covers the use of blockchains to support firms' efforts to collude or monopolize markets. These practices have a strong and direct impact on consumers. Detecting this type of behavior will require proactive actions by antitrust agencies. If they engage in such actions, enforcement in the field will increase consumer welfare. The second category concerns practices that centralize blockchain eco-systems artificially. More specifically, agencies should target practices that centralize the infrastructure level of a blockchain. As I have explained, that level has a critical influence on the decentralization of other levels. Prohibiting artificial forms of centralization at that layer will free most of the ecosystem from coercive forms of power. In doing so, it will make blockchain a more potent ally to antitrust law. Furthermore, this type of enforcement will prove increasingly important over time. If blockchain adoption continues to increase, it could very well become a key infrastructure for the world economy. At that point in time, the artificial centralization of blockchain will become antitrust agencies' top enforcement priority. Overall, directing enforcement activities toward these two types of practices would free blockchain, and its economic ramifications, from the most restrictive practices without diminishing its usefulness or creating resentment within blockchain communities. Antitrust would thus become the ally of blockchain ecosystems and would start being perceived as such.

#### Antitrust oversight keeping blockchain open & decentralized is key to innovation

Massarotto 20 [Giovanna, Academic Fellow at the Center for Technology Innovation and Competition (CTIC) at UPenn, “Antitrust in the Blockchain Era,” *Notre Dame Journal on Emerging Technologies*, <https://ndlsjet.com/wp-content/uploads/2020/04/Antitrust-in-the-Blockchain-Era.pdf>, JCR]

Thus, someone might be led to question the future role of antitrust to tackle monopolizing conduct and regulate data. Although the main goal of antitrust law could be achieved through open and decentralized networks, such as public blockchains, antitrust enforcers still need to play a fundamental role as gatekeepers of the economic democracy in markets. As the Supreme Court recognized, the Sherman Act is the “Magna Carta of free enterprise”105 which needs to be enforced to be effective. The railroads and the Internet network created potential open platforms and infrastructures, which required an antitrust intervention to guarantee equal access to all market participants and prevent possible abusive practices.106 In order for open platforms to function, antitrust agencies are irreplaceable neutral bodies to oversee that no one engages in anticompetitive conduct to profit beyond that attainable in open and free markets. Standard Oil, 107 AT&T108 and more recently U.S. and EU Microsoft109 have shown that the temptation for companies that have the most to lose in a totally open market to engage in illegal anticompetitive behavior is often compelling.110 Antitrust agencies are responsible to ensure that there is a level playing field to compete in the evolution of existing technologies or the creation of new ones. Through the support of antitrust law, the largest companies can continue in the development of competitive technologies, creating alternative platforms or advancing the existing ones in open democratic (socially scalable) markets. As a football match needs both rules and referees, markets need rules and neutral bodies to oversee the compliance of those rules. Otherwise it is hard to tell who wins the competition or to even have a competition at all. Initially, markets based on the blockchain technology might not need a complex set of rules—an antitrust supervision and regulation might be sufficient. Greater forms of oversight might be desirable if such markets become increasingly high-traffic areas and a crucial component of our economic system.111 In a perfect world, self-regulation would be ideal.112 But as the financial crisis of 2008 revealed, specific forms of regulation are often necessary when antitrust alone is insufficient to regulate high-traffic industries.113 As one looks back on the Internet regulatory framework, it is true that the “Internet is the least regulated part of the telecommunications world today[,]”114 and it is also true that the fundamental compatibility rule is enforced.115 Although it is the least regulated, the Internet is still public in nature and governed by public rules enforced by public bodies.116 The following section explores some regulatory issues related to blockchain. Antitrust law originated in the United States as the first arm of government regulation117 on the booming oil market to limit the risks linked to the monopoly power of Standard Oil. Data represent the ‘new oil’ and instead of being traded in physical platforms (like the railroad) are being traded in online digital platforms based on the Internet. As a consequence, data have attracted even more and varied businesses, creating new, digital, online platforms. Such platforms based on the Internet network became increasingly high-traffic marketplaces and a crucial part of today’s economy, thereby requiring sophisticated regulations.118 Similar to the Internet through the Web, as above outlined, we might consider having a single universal blockchain that includes a variety of different markets. Blockchain markets built on a single universal blockchain infrastructure might become a fundamental component of our economy and require government intervention to regulate competition and possible legal issues. Markets require trust in order to attract business. The blockchain is not an exception to this fundamental economic principle. As learned from the past, self-regulation has often failed to maintain trust in markets from the Great Depression to the cryptocurrency crash of 2018. 119 Antitrust and effective forms of regulation are necessary to build—trust. 120 The blockchain technology is in its infancy and the creation of a universal public blockchain is merely an idea. At this moment, it might be difficult to elaborate specific forms of regulation for new markets that we cannot even envisage, but the Internet and the Web can certainly be used as a useful model of reference both to anticipate and to regulate a future single blockchain network. Similar to the Internet, government agencies might start theorizing rules to guarantee the compatibility in a public blockchain platform and prevent an uncontrolled centralization and private supervisory powers. Sir Tim Berners-Lee suggested the adoption of a Magna Carta or Bill of Rights for the Web to prevent Internet fragmentation into private networks and get everybody on the open and universal Web platform.121 Should we theorize a Magna Carta for the Blockchain to protect users’ rights related, for example, to their data? Perhaps, similar to the Web, we might start from setting some universal open standards to guaranty inter-operability of data122 and a socially scalable platform. The World Wide Web Consortium (W3C) set the open standards principles for the Web—open and free standards for a World Wide Blockchain might be defined in a similar fashion. The blockchain network, as well as the Internet platform, would certainly raise some specific legal and ethical issues, which cannot yet be envisaged. Thus, let us start from what we already know about the Web and the Internet regulations to anticipate and prevent some negative consequences that might also affect the creation of a single blockchain. Regulators are encouraged to envisage rules to protect ethical principles in blockchains123—for example, rules to prevent access by minors or people that might be interested in using a blockchain to commit crimes. This regulation may also cover the uncontrolled exchange or storage of sensitive information,124 or generally illegal and speculative activities. For example, the FBI expressed their concerns about the criminal exploitation of Bitcoins as the parties of bitcoin transactions are unknown.125 As with any tool, blockchain is not immune to abuses. Similar to the Internet, a public universal blockchain might need rules to guarantee non-discrimination among market players. A regulator may choose to adopt a net-neutrality regulation to prevent a paid prioritized blockchain in a single universal blockchain.126 In Europe and in part of the United States, net-neutrality or open internet regulation127 have allowed corporations of all sizes to act without the interference of the big Internet providers companies, creating a ‘neutral’ environment where every company can benefit from the same Internet speed and indiscriminately grow.128 Learning from the Internet, a paid prioritization blockchain network could generate a dual speed blockchain which would require one to pay for the benefits of a high speed blockchain or use a slower speed one for free.129 This duality might be prevented through the creation of developing technologies. The lightning network, for example, has the potential to make blockchain transactions faster and less expensive. It is based on a payment channel that is simple and fast in a decentralized manner. 130 Parties pay a fee only once and can transact back and forth without paying fees to miners. 131 With each transaction, parties sign a balance sheet confirming the new balance and when their transactions are completed, the parties pay to close the channel.132 The lightning network is a technology less developed than blockchain. However, it demonstrates along with the same blockchain ingenuity, how the creation and development of new technologies can provide more organic solutions which can be more ideal than regulation in certain circumstances. If we look back historically, regulation and guidelines are fundamental components in the prevention of forms of inequality, illegal activities, and the abuse of market power in free and open markets. Presently, there are basically no regulations to guide the growth and ensure an environment of trust among blockchain providers and users. Antitrust surveillance is the first step in preventing monopolies and forms of collusion among network participants in addition to overseeing markets until regulations are in place.133 Regulators and antitrust enforcers have a huge responsibility in the development of blockchain markets that we cannot fully envisage presently, although we know it very possibly might include the creation of a universal public blockchain. By its nature, the competitive market process looks for innovative and unanticipated solutions. As outlined above, antitrust, regulation, and innovation are not separate issues.134 The path of innovation largely depends on the action of both regulators and antitrust agencies, the results of which are unpredictable. The creation of a single universal blockchain where new markets run is feasible if such a blockchain can be kept free and open while subject to the supervision of regulatory bodies. History told us that individual market participants cannot be trusted to operate in the public interest in a total laissez-faire market. Markets rely on the trust of users. Market speculation, uncontrolled centralization and private supervisory powers can all promote a lack of trust rather than trust. In the context of antitrust, the likely shifting from closed-centralized platforms to open-decentralized networks, based on blockchain technology, is as compelling, critical, and revolutionary as the Internet has been over the past decades. Today antitrust agencies are concerned with a few powerful hi-tech companies which control most digital markets through their centralized platforms and databases.135 This economic scenario is likely to change soon, not by means of an antitrust intervention, but rather by decentralized networks based on blockchain technology. Antitrust enforcers then need to preserve both economic democracy and innovation to benefit consumers and the economy overall. Antitrust law should encourage competition to increase consumer welfare by improving, for example, social scalability and stimulate the growth of markets—no matter what the harm to a competitor, if the result of such conduct benefits consumers. Antitrust enforcers must endorse and oversee the process of the decentralization phenomena on behalf of free open markets and economic democracy. They will also be crucial in maintaining the delicate balance between over controlling the actions of large players and keeping them incentivized to lead the creation of new technologies.

### Adv – Digital Security

#### Scenario 1 – AI

#### High risk of AI targeting the financial sector now.

Cantos 19 [Michelle, Strategic Intelligence Analyst, former defense contractor and helped develop human-computer symbiosis programs for clients in the federal government, “Breaking the Bank: Weakness in Financial AI Applications,” 03/13/19, <https://www.fireeye.com/blog/threat-research/2019/03/breaking-the-bank-weakness-in-financial-ai-applications.html>, accessed 10/29/21, JCR]

Currently, threat actors possess limited access to the technology required to conduct disruptive operations against financial artificial intelligence (AI) systems and the risk of this targeting type remains low. However, there is a high risk of threat actors leveraging AI as part of disinformation campaigns to cause financial panic. As AI financial tools become more commonplace, adversarial methods to exploit these tools will also become more available, and operations targeting the financial industry will be increasingly likely in the future. Financial entities increasingly rely on AI-enabled applications to streamline daily operations, assess client risk, and detect insider trading. However, researchers have demonstrated how exploiting vulnerabilities in certain AI models can adversely affect the final performance of a system. Cyber threat actors can potentially leverage these weaknesses for financial disruption or economic gain in the future. Recent advances in adversarial AI research highlights the vulnerabilities in some AI techniques used by the financial sector. Data poisoning attacks, or manipulating a model's training data, can affect the end performance of a system by leading the model to generate inaccurate outputs or assessments. Manipulating the data used to train a model can be particularly powerful if it remains undetected, since "finished" models are often trusted implicitly. It should be noted that adversarial AI research demonstrates how anomalies in a model do not necessarily point users toward a wrong answer, but redirect users away from the more correct output. Additionally some cases of compromise require threat actors to obtain a copy of the model itself, through reverse engineering or compromising the machine learning pipeline of the target. The following are some vulnerabilities that assume this white-box knowledge of the models under attack: Classifiers are used for detection and identification, such as object recognition in driverless cars and malware detection in networks. Researchers have demonstrated how these classifiers can be susceptible to evasion, meaning objects can be misclassified due to inherent weaknesses in the mode (Figure 1). Researchers have highlighted how data poisoning can influence the outputs of AI recommendation systems. By changing reward pathways, adversaries can make a model suggest a suboptimal output such as reckless trades resulting in substantial financial losses. Additionally, groups have demonstrated a data-poisoning attack where attackers did not have control over how the training data was labeled. Natural language processing applications can analyze text and generate a basic understanding of the opinions expressed, also known as sentiment analysis. Recent papers highlight how users can input corrupt text training examples into sentiment analysis models to degrade the model's overall performance and guide it to misunderstand a body of text. Compromises can also occur when the threat actor has limited access and understanding of the model’s inner-workings. Researchers have demonstrated how open access to the prediction functions of a model as well as knowledge transfer can also facilitate compromise. AI can process large amounts of information very quickly, and financial institutions are adopting AI-enabled tools to make accurate risk assessments and streamline daily operations. As a result, threat actors likely view financial service AI tools as an attractive target to facilitate economic gain or financial instability (Figure 2). Branding and reputation are variables that help analysts plan future trade activity and examine potential risks associated with a business. News and online discussions offer a wealth of resources to examine public sentiment. AI techniques, such as natural language processing, can help analysts quickly identify public discussions referencing a business and examine the sentiment of these conversations to inform trades or help assess the risks associated with a firm. Threat actors can potentially insert fraudulent data that could generate erroneous analyses regarding a publicly traded firm. For example, threat actors could distribute false negative information about a company that could have adverse effects on a business' future trade activity or lead to a damaging risk assessment. Manipulating the data used to train a model can be particularly powerful if it remains undetected, since "finished" models are often trusted implicitly. FireEye assess with high confidence that there is a high risk of threat actors spreading false information that triggers AI enabled trading and causes financial panic. Additionally, threat actors can leverage AI techniques to generate manipulated multimedia or "deep fakes" to facilitate such disruption. False information can have considerable market-wide effects. Malicious actors have a history of distributing false information to facilitate financial instability. For example, in April 2013, the Syrian Electronic Army (SEA) compromised the Associated Press (AP) Twitter account and announced that the White House was attacked and President Obama sustained injuries. After the false information was posted, stock prices plummeted. Malicious actors distributed false messaging that triggered bank runs in Bulgaria and Kazakhstan in 2014. In two separate incidents, criminals sent emails, text messages, and social media posts suggesting bank deposits were not secure, causing customers to withdraw their savings en masse. Threat actors can use AI to create manipulated multimedia videos or "deep fakes" to spread false information about a firm or market-moving event. Threat actors can also use AI applications to replicate the voice of a company's leadership to conduct fraudulent trades for financial gain. We have observed one example where a manipulated video likely impacted the outcome of a political campaign. Several financial institutions are employing AI applications to select stocks for investment funds, or in the case of AI-based hedge funds, automatically conduct trades to maximize profits. Financial institutions can also leverage AI applications to help customize a client's trade portfolio. AI applications can analyze a client's previous trade activity and propose future trades analogous to those already found in a client's portfolio. Actors could influence recommendation systems to redirect a hedge fund toward irreversible bad trades, causing the company to lose money (e.g., flooding the market with trades that can confuse the recommendation system and cause the system to start trading in a way that damages the company). Moreover, many of the automated trading tools used by hedge funds operate without human supervision and conduct trade activity that directly affects the market. This lack of oversight could leave future automated applications more vulnerable to exploitation as there is no human in the loop to detect anomalous threat activity. We assess with moderate confidence that manipulating trade recommendation systems poses a moderate risk to AI-based portfolio managers. The diminished human involvement with trade recommendation systems coupled with the irreversibility of trade activity suggest that adverse recommendations could quickly escalate to a large-scale impact. Additionally, operators can influence recommendation systems without access to sophisticated AI technologies; instead, using knowledge of the market and mass trades to degrade the application's performance. We have previously observed malicious actors targeting trading platforms and exchanges, as well as compromising bank networks to conduct manipulated trades. Both state-sponsored and financially motivated actors have incentives to exploit automated trading tools to generate profit, destabilize markets, or weaken foreign currencies. Russian hackers reportedly leveraged Corkow malware to place $500M worth of trades at non-market rates, briefly destabilizing the dollar-ruble exchange rate in February 2015. Future criminal operations can leverage vulnerabilities in automatic training algorithms to disrupt the market with a flood of automated bad trades. Financial institutions and regulators are leveraging AI-enabled anomaly detection tools to ensure that traders are not engaging in illegal activity. These tools can examine trade activity, internal communications, and other employee data to ensure that workers are not capitalizing on advanced knowledge of the market to engage in fraud, theft, insider trading, or embezzlement. Sophisticated threat actors can exploit the weaknesses in classifiers to alter an AI-based detection tool and mischaracterize anomalous illegal activity as normal activity. Manipulating the model helps insider threats conduct criminal activity without fear of discovery. Currently threat actors possess limited access to the kind of technology required to evade these fraud detection systems, and therefore with high confidence we assess that the threat of this activity type remains low. However, as AI financial tools become more commonplace, adversarial methods to exploit these tools will also become more available and insider threats leveraging AI to evade detection will likely increase in the future.

#### Financial panic causes World War III – monetary measures that protected us after 2008 no longer work

Sundaram & Popov 19 [Jomo, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought, Vladimir, Research Director at the Dialogue of Civilizations Research Institute in Berlin, “Economic Crisis Can Trigger World War,” 02/12/19, <http://www.ipsnews.net/2019/02/economic-crisis-can-trigger-world-war/>, JCR]

Economic recovery efforts since the 2008-2009 global financial crisis have mainly depended on unconventional monetary policies. As fears rise of yet another international financial crisis, there are growing concerns about the increased possibility of large-scale military conflict. More worryingly, in the current political landscape, prolonged economic crisis, combined with rising economic inequality, chauvinistic ethno-populism as well as aggressive jingoist rhetoric, including threats, could easily spin out of control and ‘morph’ into military conflict, and worse, world war. The 2008-2009 global financial crisis almost ‘bankrupted’ governments and caused systemic collapse. Policymakers managed to pull the world economy from the brink, but soon switched from counter-cyclical fiscal efforts to unconventional monetary measures, primarily ‘quantitative easing’ and very low, if not negative real interest rates. But while these monetary interventions averted realization of the worst fears at the time by turning the US economy around, they did little to address underlying economic weaknesses, largely due to the ascendance of finance in recent decades at the expense of the real economy. Since then, despite promising to do so, policymakers have not seriously pursued, let alone achieved, such needed reforms. Instead, ostensible structural reformers have taken advantage of the crisis to pursue largely irrelevant efforts to further ‘casualize’ labour markets. This lack of structural reform has meant that the unprecedented liquidity central banks injected into economies has not been well allocated to stimulate resurgence of the real economy. Instead, easy credit raised asset prices to levels even higher than those prevailing before 2008. US house prices are now 8% more than at the peak of the property bubble in 2006, while its price-to-earnings ratio in late 2018 was even higher than in 2008 and in 1929, when the Wall Street Crash precipitated the Great Depression. As monetary tightening checks asset price bubbles, another economic crisis — possibly more severe than the last, as the economy has become less responsive to such blunt monetary interventions — is considered likely. A decade of such unconventional monetary policies, with very low interest rates, has greatly depleted their ability to revive the economy. The implications beyond the economy of such developments and policy responses are already being seen. Prolonged economic distress has worsened public antipathy towards the culturally alien — not only abroad, but also within. Thus, another round of economic stress is deemed likely to foment unrest, conflict, even war as it is blamed on the foreign. International trade shrank by two-thirds within half a decade after the US passed the Smoot-Hawley Tariff Act in 1930, at the start of the Great Depression, ostensibly to protect American workers and farmers from foreign competition!

#### Decentralized blockchain prevents AI monopolization and drives AI innovation.

Karger et al. 21(Erik, Research Assistant and Ph.D. Student, Marvin Jagals, Research Assistant and Ph.D. Student, Frederik Ahlemann, chair for Information Systems and Strategic IT Management; all are at the University of Duisburg-Essen, Germany, 2021, Blockchain for AI Data – State of the Art and Open Research, Forthcoming Forty-Second International Conference on Information Systems, <https://www.researchgate.net/profile/Erik-Karger/publication/355174945_Blockchain_for_AI_Data_-_State_of_the_Art_and_Open_Research/links/61697bc8039ba2684441b860/Blockchain-for-AI-Data-State-of-the-Art-and-Open-Research.pdf>) MAM

Artificial intelligence (AI) and blockchain are currently trending terms that become increasingly present in people's everyday lives. Blockchain has been adopted for various other use cases since its first appearance as the Bitcoin’s underlying technology in 2008 (Nakamoto 2008). Blockchain allows the tamper-proof transfer of data or other assets without the involvement of an intermediate third party. As a new computational infrastructure**, blockchain has the potential to change many business, governance, and societal processes** (World Economic Forum 2018). AI is another technology that becomes increasingly influential for both research and practice. Self-learning algorithms are already part of many people’s everyday routines. AI drives many **aspects of modern society**. These aspects range from web searches to content filtering on social networks, to e-commerce website recommendations. This technology is also increasingly present in consumer products, such as cameras and smartphones (LeCun et al. 2015).

Next to the increased amount of available computing power that improved tremendously over the last years, data are another crucial driver behind the current growth and rise of AI systems. The reliability, security, trustworthiness, and credibility of the data sources or platforms from which data are collected and obtained are very relevant (Salah et al. 2019). If the data quality is poor, the quality of the AI models trained with these data suffers as well. Especially smaller companies may find it difficult to obtain sufficient data for training models. In contrast, large companies, such as Facebook and Google, usually find the acquisition or use of a large amount of data easy to implement. This centralization of data causes concerns about the possible **AI monopolization** by a few big companies (Dinh und Thai 2018). This could also negatively affect balanced competition between AI researchers and companies, eventually leading to a **slow down** in the development of AI (Dinh und Thai 2018). Furthermore, centralized data storage via clouds, data centers, and clusters might be obstructive for the development of highly secure and data protection-relevant AI applications. Particularly, centralized data storage is very vulnerable in terms of data protection and security when involving personal and sensitive data on users, locations, activities, or health records (Salah et al. 2019).

Given by its nature, the blockchain can tackle data quality and storage issues. For certain parties, blockchains natively already deliver **quality assurances** regarding the data stored on them: The employment of hashes to connect blocks prevents interfering with data (Cappiello et al. 2019). **Besides, blockchain's main benefit is decentralized trust.** The blockchain establishes a distributed chained data structure by using technologies such as smart contracts. These features enable blockchains to serve as a technical foundation for cryptocurrencies and as a system for data quality improvement and assurance (Wang et al. 2018; An et al. 2020). The blockchain has significant advantages for end users, as it can provide a secure and trusted shared ledger of data and transactions (Salah et al. 2019). The blockchain’s abilities might, therefore, **increase data creators' and owners’ motivation to share their data**. The users of AI systems can benefit directly from these data, as they **can be used as learning data** for the development of AI systems. This can help companies **generate more reliable AI** system results.

#### This is essential to secure AI from devastating attacks

Platz 20 [Brian, member of Forbes Technology Council, Co-CEO and Co-Chairman of Fluree, PBC, an open-source platform for data ecosystems, “Why We Shouldn't Have AI Without Blockchain,” 07/23/20, <https://www.forbes.com/sites/forbestechcouncil/2020/07/23/why-we-shouldnt-have-ai-without-blockchain/?sh=be795394c4eb>, accessed 10/29/21, JCR]

As AI continues to permeate the online world, it opens up a Pandora's box of unintended consequences. That’s because unleashing AI on the current version of the internet and letting it feed on potentially inauthentic data can lead to devastation. Our increasing reliance on machine learning opens the floodgates for hackers and other bad actors to manipulate data and exploit algorithms in dangerous ways. From entering counterfeit products into the supply chain to changing software source code to meddling with voter registration databases, data tampering is already being used as a powerful weapon. Introducing AI into the equation only amplifies the danger. AI is powerful enough to drive autonomous machines, and hackers are powerful enough to get past any firewall. Damage can be done in just a few seconds, and it could be months before anyone notices that something is off. To confidently support the expansion of AI as we move toward the next phase of the internet, the internet itself must adapt — with blockchain serving as the root of the change. The internet is already untrustworthy. Spurred on by game-changing events like the uncovering of AI-generated fake news and deep fake photos, internet users are being forced to rethink their faith in the internet as solely a force for good. Facebook’s Cambridge Analytica scandal and Equifax’s data breach exposed another one of the internet’s major problems: database vulnerability. Here, too, the public is beginning to turn against the internet. For evidence, look no further than the EU's General Data Protection Regulation (GDPR) or the California Consumer Privacy Act (CCPA) — two pieces of legislation both meant to place extreme limitations on the collection and storage of personal data. The underlying problem is that database security never caught up to the raw computer power that allows companies to collect and store more consumer data than ever thought possible. Instead of rethinking databases from the ground up to adjust to this new reality, the growing trend has been to introduce point fixes, further exacerbating the mess of APIs that have bogged down "modern" internet architecture. Yet it is the ability to gather and store data that drives the modern economy. Data is what enables companies to bring about the next generation of services custom-tailored to our preferences and needs. Web 3.0 ups the ante — and it needs a defense mechanism. It is possible to salvage the best of the internet while starting to solve some of its most pressing concerns. That’s because the internet is quickly moving into a new phase known as the Semantic Web, or Web 3.0. Web 3.0 aims to empower machines that are connected to the internet to communicate directly with each other — this is known as machine-to-machine (M2M) communication. Additionally, Web 3.0 will rely on AI to learn more about a user’s preferences from their past interactions, providing a richer and more personalized user experience. Search engines, for example, will be able to provide more accurate and intelligent results based on an individual’s habits and previous activities. On first blush, this may sound like an entrenchment of the problem: If we’re already concerned about our data, why move to a Web 3.0 model that depends on personal data even more? The answer is simple: It’s true that Web 3.0 will be data-driven, but it will no longer rely on centralized and insecure databases. Additionally, Web 3.0 has an essential tool in its toolkit that fundamentally changes the security profile of user data: blockchain. Blockchain can mitigate AI’s risks as a key part of Web 3.0. Blockchain provides the necessary technology to make sure that AI architects can understand and trace the path of machine learning, allowing them to be confident in the integrity of the data that powers AI. That’s because blockchain provides a tamper-proof public record, ensuring each individual piece of data’s end-to-end traceability. Using this digital audit trail, AI decisions and results become easily explainable. That explainability will become increasingly important as machine learning becomes more pervasive in online operations. With more deployments, there will be more adversarial attacks. Strong data integrity along with a provable history that can track the chain of updates over time will be absolutely critical to fighting against foul play. Perhaps one of the best things about blockchain protection is that a tamper-proof record not only helps identify suspicious cases of “data poisoning” in the past, but it also helps prevent them from happening in the future. On the blockchain, AI has access to data that is not only tamper-resistant and secure by design, but comes with a mathematical record that proves it has not been tampered with. This enables more open, decentralized, even permissionless environments, democratizing AI for all. The next generation of the AI-powered internet requires the next generation of defense mechanisms, and blockchain is the perfect match.

#### Scenario 2 – Internet of Things

#### Blockchain will revolutionize IoT security, but artificial centralization wrecks the benefits

Schrepel 21 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, *Blockchain + Antitrust: The Decentralization Formula*, p.269-70, JCR]

1.2.1 Blockchain and the Internet of Things. Technologies tend to accelerate each other," and for that reason, it is useful to analyze how they interact. Blockchain has direct implications for quantum computing, 3D printing, biotech and nanotechnologies, among others." In the subsequent developments, I will limit myself to discussing the loT and Al, as blockchains may serve as an infrastructure for these two technologies, there-fore shaping their use and developments. To put it simply, the loT is all about connecting the analog world to the digital one. Physical products are equipped with sensors or connectors that can send information or be controlled by online applications. There are over 20 billion loT devices in circulation today and this number will likely triple by 2025." Each of these devices generates information that is then turned into data, thus accelerating the already exponential production of data. In fact, the world is expected to produce six times as much data in 2025 as in 2019." Blockchains could boost loT. First, blockchains could be used as the infra-structure layer on top of which loT ecosystems are built. Second, blockchains, combined with algorithms, could help monitoring devices and spot anomalies. Should, for example, a product malfunction, blockchain ledgers could help identifying why—without permitting the constructor to tamper it. Third, smart contracts could allow loT devices to interact with each other on specified terms and ensure that they stick to them. Most of all, blockchain technology provides loT systems with security. By eliminating a single point of failure, blockchains ensure continuity even when a server is down. Not so surprisingly, 86 percent of blockchain adopters are combining the technology with loT solutions and this number will likely grow in the fidure.35 If blockchain technology does indeed become the infrastructure upon which most loT systems are built, it will be necessary to ensure that the technology's internal layers are free from economic coercion. If not, artificial forms of centralization will impact loT markets — for example, notably through anticompetitive practices that affect the validation of transactions or that raise prices. We can find a direct relationship between these external applications and blockchain's fourth and fifth layers.

#### Attacks on critical infrastructure on the rise. IoT attack would ripple across sectors.

Horwitz 21 [Lauren, senior content director at IoT Today, winner of the Silver Award from the American Society of Business Publican Editors, “IIoT Software Vulnerabilities Fuel Critical Infrastructure Attacks—Again,” 08/16/21, <https://www.iotworldtoday.com/2021/08/16/iiot-software-vulnerabilities-fuel-critical-infrastructure-attacks-again/>, accessed 10/21/21, JCR]

In August 2021, Forescout Research Labs and JFrog Security Research identified 14 vulnerabilities affecting the NicheStack TCP/IP stack, which the organizations dubbed INFRA:HALT. TCP/IP stacks enable vendors to implement basic network communications for IP-connected systems, including IT, operational technology (OT) and Industrial Internet of Things (IoT) devices. Indeed, NicheStack is present in myriad OT devices that are commonly used in several critical infrastructure sectors, such as manufacturing plants, water treatment, power generation and more. The new vulnerabilities enable remote code execution, denial of service, information leak, TCP spoofing, or DNS cache poisoning. Critical Infrastructure Attacks Reveal ICS Weak Spots The vulnerabilities discovered illuminate the risk to critical infrastructure systems should they be compromised by malicious actors. These systems are aging and vulnerable, said experts. “It is … an unfortunate example of the huge vulnerability of an aging infrastructure that has been connected, directly or indirectly, to the Internet,” said Curtis Simpson, CISO at Armis in a recent article on increasing attacks on critical infrastructure. Forrester Research’s Brian Kim said that critical infrastructure organizations need to focus on identifying vulnerable OT devices within their estate, then focus on building a zero-trust strategy, using least privilege and network segmentation to prevent malicious actors from gaining access to critical systems. “One of the best ways we can reduce the impact of a breach is a zero-trust strategy by limiting the communications of these ICS [industrial control systems],” Kime said.. “We can create an allow list that only allows communications with control systems that run a process–allowing least privilege for network connections … is a best practice. And ideally, we should have a barrier between IT and OT and segment each facility to have its own network. JFrog and Forescout research teams will present a webinar on August 19 to provide additional information about how these vulnerabilities were identified and how they can be mitigated. Critical Infrastructure Attacks on the Rise. Last year, there were some 65,000 ransomware attacks, according to the Recorded Future, a Boston-based cybersecurity firm. Cyberattacks on critical infrastructure present certain benefits from the attackers’ perspective, even if the objective of attackers is not a payout. First, malicious attackers can gain access to these vulnerable devices with ease, as OT devices may be older and lack the security protocols of newer technologies. Second, once critical operations are affected, it can grind operations to a halt. Affected organizations have great incentive to pay ransomware demands just r resume operations. “The nature of these vulnerabilities could lead to heightened risk and expose national critical infrastructure at a time when the industry is seeing an increase in OT attacks against global utilities, oil and gas pipeline operators as well as healthcare and the supply chain,” wrote Forescout Research Labs in an announcement regarding the vulnerabilities. Third, access to OT devices can always provide entrée to other systems within organizations. “Once accessed, the stack becomes a vulnerable entry point to spread infectious malware across IT networks,” the researchers continued. Kime noted that attacks like the recent one on Colonial Pipeline revealed that critical infrastructure systems are interconnected, creating the opportunity for ripple effects within these systems, then across the chain to IT systems as well. “An event like Colonial Pipeline has revealed that these are more systems of systems rather than independent, isolated sectors that operate within their own little world,” Kime said. Ultimately, Kime noted, critical infrastructure operators need to shift their perspective to enable more thoroughgoing protection of the critical infrastructure they manage. “There should be a strong focus among critical infrastructure on not just security but resilience,” he said.

#### Operational technology attacks are a unique terminal risk – economic and societal collapse.

Murphy 19 (Hannah Murphy, Tech Correspondent at Financial Times, 10-13-2019, Companies urged to bolster infrastructure cyber defences, Financial Times, <https://www.ft.com/content/797e1e5e-ca53-11e9-af46-b09e8bfe60c0>) MAM

Hackers have traditionally focused their attention on computer software, resulting in a mushrooming of cyber security companies that promise protections for office-based clients. But there is another, less well-known hacking threat: cyber attacks on big corporate operations, such as **manufacturing facilities or power plants, as well as other vital infrastructure.** Such attacks are becoming more commonplace, fuelling concerns that companies should ramp up their efforts to guard against them. This is no small challenge. For companies with operational technology — the computerised systems used to control industrial operations — the risks of a breach are plentiful; disruptions to machinery processes could dent revenues or cause an accident. For those involved in “critical infrastructure” — the **dams, energy, oil and gas facilities** required for society to function smoothly — the risks are more dramatic and may attract nation state hackers, not just those seeking financial gain. “Our economy will disappear, society will collapse — and these things are possible,” says Sujeet Shenoi, professor of computer science at the University of Tulsa, who has been involved in multiple government-led critical infrastructure projects. “**There’s never been a war** in human history **where** the **critical infrastructure hasn’t been damaged**.” He notes that some 80 per cent of critical infrastructure in the US is privately run. “These companies are not prepared for [a cyber attack]. You need extremely well trained people,” he says, noting the many former government experts are moving into the sector. Historically, critical infrastructure and operational technology were kept separate from the computer networks typically used in corporate headquarters. However, those worlds are now converging as outdated analogue systems have become increasingly digitised. “Systems that have been developed over 30 or 40 years are having the internet introduced to them,” says Casey Ellis, founder and chief technology officer at Bugcrowd, a cyber security group. But **retrofitting systems** that were never intended to be on the internet **creates new opportunities for hackers**, he says. “The attack surface is expanding rapidly.” As with normal IT systems, ransomware and malware can be used to infect operational technology and critical infrastructure. The most high-profile worm was the 2010 Stuxnet malware, which targeted Iran’s nuclear facilities. Operations at the food company Mondelez and drugmaker Merck were disrupted by the ransomware dubbed NotPetya in 2017. Ukraine has suffered a spate of attacks on its power grid system recently, and earlier this year, Norwegian aluminium maker Norsk Hydro had to freeze operations earlier after it fell victim to ransomware. While the marketplace for cyber security companies offering support to such groups is smaller than the traditional IT security space, experts caution that companies should take action. Moves might include assessing company **systems to ensure staff know what devices are connected to the network,** testing and monitoring those systems, and devising a plan for worst-case scenarios. Above all, companies should isolate the most critical systems to ensure they can keep them operating no matter what, says Pedro Abreu, chief product and strategy officer at online security company Forescout, who dubs the process “containing the blast area”. “If a WannaCry [attack] happens, I want to [be able to] shut down that facility or country” while the rest of the network remains running, he says. Various sectors are equipped differently, experts say. Where deep-pocketed energy, and oil and gas groups have been able to pour investment into bolstering their protections, others, such as the water sector, are thought to be lagging. To their advantage, Michael Fabian, principal consultant at Synopsys, notes that operational technology systems are “very restrictive”, meaning that “some expertise is needed to hack [them]”. By comparison, “**people providing consumer services have a massive attack surface**,” he says, citing the likes of Citibank, Target or Amazon. Nevertheless, operational technology systems have their own nuances. First, testing them for vulnerabilities can be difficult because the systems are too sensitive or essential to pause. “There are things that are ultra critical that we can’t put at risk by testing them, but we are doing just that — putting them at risk — by not testing them,” says Charles Henderson, global head of IBM’s hacking unit X-Force Red. This means cyber security companies may have to test for vulnerabilities against a less reliable reproduction of an actual system. And if a problem is uncovered, it is harder to fix. “The life cycles of those systems in the field is extraordinarily long,” says Eric Cornelius, chief product officer at BlackBerry Cylance, a cyber security group. Moreover, even if cyber security companies offer solutions, it can be many years before a system can be updated. For example, many companies would opt to rebuild an offshore gas plant once it has finally stopped running, rather than upgrade at great cost, Mr Cornelius says.

#### Goes nuclear

Vladimir Orlov 20, Founder & Director of the PIR Center, President of the Trialogue Club International, Head of the Center for Global Trends and International Organizations at the Diplomatic Academy, Ministry of Foreign Affairs of the Russian Federation, Co-Founder and Academic Supervisor of the International Dual Degree MA Program in Nonproliferation and Global Security Studies, MGIMO University, Professor at MGIMO University, author (or coauthor) of more than a dozen books and monographs and more than three hundred research papers, articles, and essays, publishes his views in Russian and foreign periodicals, “‘No Holds Barred’ and the New Vulnerability: Are We in for a Re-Run of the Cuban Missile Crisis in Cyberspace?,” SSRN Scholarly Paper, ID 3538078, Social Science Research Network, 02/14/2020, papers.ssrn.com, doi:10.2139/ssrn.3538078

Not hundred per cent of the dialogue has been frozen, fortunately. Certain informal, mostly offthe-record, meetings of US and Russian experts on cyber agenda continue taking place, both through Track 2 and Track 1.5. One of the most intellectually stimulating meetings, with frank exchanges, took place in Vienna in December 2018. The report produced after the meeting stressed “the significant risk […] that cyber-attacks could conceivably lead to a military escalation that may further trigger a nuclear weapons exchange, a fact that became more explicit with the adoption of the current Nuclear Posture Review. This issue gets complicated given that third parties may have the capabilities to invoke a cyber conflict between Russia and the United States. Whether a country or a non-state actor, they could put the two countries on the verge of an armed conflict by attacking critical infrastructure of either of them and making it look as if the aggressor were the other one”[22]. However, one should have no illusion: such informal meetings may be fully fruitful only when their reports and policy recommendations are utilized by the governments. And for that, a warmer climate in bilateral relations is a must. So far, we see exactly the opposite: mercury falling to freezing levels.

Risk of cyber clashes growing into a chaotic global cyber war has been emphasized by the UN Secretary-General Antonio Guterres in his Agenda for Disarmament: “Malicious acts in cyberspace are contributing to diminishing trust among States… States should implement the recommendations elaborated under the auspices of the General Assembly, which aim at building international confidence and greater responsibility in the use of cyberspace.[23]” However, as the members of the US-Russian Track 1.5 working group on strategic stability recently concluded, “without a constructive dialogue on cyber issues between the United States and Russia, the world would most likely fail to agree on any norms of responsible behavior of states in cyber space”[24].

Do we really have to survive a cyber equivalent of the Cuban Missile Crisis to realize the importance of achieving some kind of agreement on cyber issues, and on the broader agenda of international information security?[25] Or is that kind of talk plain old alarmism?

I don’t want to sound a fatalist, but I am even less keen on sounding like an ostrich that’s buried its head in the sand. We cannot ignore the obvious: whether the world’s most powerful actors like it or not, the world is sliding to another major crisis like the one in 1962. The cyber war is already raging. There are no rules of engagement in that war. The uncertainty is high. The spiral of tension is getting out of control. The cyber arms race is gaining momentum. And there are no guarantees that the next crisis will be controllable, or that it will result in a catharsis as far as international information security regulation is concerned. There’s no telling what will happen once the cyber genie is out of the bottle.

#### A collaborative environment for antitrust & blockchain creates the infrastructure upon which secure IoT and AI can thrive.

Schrepel 21 [Thibault, Assoc Prof of Law at VU Amsterdam Univ, Faculty Affiliate at Stanford Univ CodeX Center, blockchain expert appointed to the World Economic Forum, *Blockchain + Antitrust: The Decentralization Formula*, p.227-8, JCR]

In the third part of this book, I discuss how I think antitrust law should be enforced in the blockchain space. In order to do so without undermining block-chain ecosystems, a shift in legal and technical paradigms is necessary. This notably entails transforming mentalities, legal tools and competition policy. In fact, implementing a collaborative approach will become increasingly necessary. On the one hand, "the cyberspace is no longer some peripheral dimension. It increasingly has become the place where people organize themselves and define what happens in the real world."' On the other hand, the digital space is putting up a strong resistance to legal enforcement by constantly increasing the speed of activities. That resistance is particularly relevant when it comes to blockchain. If law and technology are at odds, both will fail to maximize social welfare. For that reason, West Coast code (pro-gramming) and East Coast code (laws and regulations) can no longer oppose each other; they must collaborate. Against this backdrop, I first detail what it takes to make blockchain and antitrust work together from a conceptual point of view (Chapter 13). I show that this raises unique challenges and offer a solution to them, using the full scope of the so-called "law is code" approach. Second, I discuss what needs to be done to ensure cooperation between blockchain and antitrust from a practical perspective (Chapter 14). To this end, I introduce a proactive agenda for regulating blockchain activities. As I explain, this approach would lead policymakers to establish comfort zones — that is, innovation hubs (allowing firms to raise questions and seek clarifications), regulatory sandboxes (testing grounds for businesses supervised by regulatory bodies) and safe harbors (similar to sandboxes, but with no limit in time or scale). They would also switch the focus of their enforcement activities on certain practices. I then discuss how blockchain can be used to support antitrust agencies' activities. I contend that regulators should use blockchain technology to make regulatory enforcement more horizontal, and 1 discuss the decentralization of decision-making mechanisms. In support of this, I explain what futarchy is and show how it could support authorities. If they collaborate, blockchain and antitrust can create a strong infrastructure upon which markets can thrive, including the Internet of Things and artificial intelligence.

#### States fail – biases, lack of clarity to businesses, state enforcement interference.

Jacob P. Grosso 21. J.D. Candidate. “The Preemption Of Collective State Antitrust Enforcement In Telecommunications” University of Richmond School of Law. 02-11-21. https://lawreview.richmond.edu/files/2021/04/5-Grosso-552.pdf

Preemption would result in cognizable benefits to the regulatory and business spheres. These benefits would include **clear guidance**, **increased enforcement efficiencies**, and the ability to pursue nonenforcement agendas and broader policy goals.236 Businesses would receive clear guidance on the legality of their business choices. State antitrust enforcers would redeploy costs to state-specific issues. Federal enforcers would be able to effectively pursue broader policy goals. Consolidated enforcement and regulatory schemes would provide clarity to businesses through more uniform regulations and decreased litigation concerns. This consolidation, in turn, would reduce costs for the government and the competitors while encouraging competition and unnecessary compliance costs.237 Clear regulations serving a common goal, without the inherent biases of individual state interests, can provide clarity to businesses and preserve the balancing of consumer welfare with the aggregate social welfare. Individual states make decisions based on their individual needs, as seen in the T-Mobile-Sprint merger.238 When federal law conflicts with state law, federal law controls.239 Despite this standard, multistate task forces continue to come forward as the interpreters of federal law.240 This approach poses problems because of the inherent state biases that underlie the enforcement actions. **Preemption could decrease the effects of individual state biases on the guidance given to competitors**. Antitrust analysis considers geographic differences in determining the concentration of a market, meaning a one-size-fits-all approach does not work for aggregating individual state markets.241 This restructuring would reduce the effects of an individual state’s interests on collective action.242 While any individual state may be best served by one plan, the economy as a whole might suffer for that decision.243 “Divergent approaches to the exercise of enforcement discretion are not just possible, they are likely.”244 States likely face pressure from several groups that can influence their enforcement decisions, as well as the selfish motivation to protect their consumers regardless of the cost to national welfare.245 **Uniform, clear guidance at the federal level**, **without state interference, will reduce opportunities for the individual motivations of states to negatively impact a clear enforcement scheme**. Adding states as parties to a telecommunications antitrust lawsuit complicates the suit by increasing the number of parties that must agree to a settlement.246 The effects of the preemption and resulting enforcement system will create efficiencies for federal and state enforcers, as well as for businesses. For telecommunications antitrust enforcement actions, this will limit costs to the federal agencies, prevent the duplication of effort (in reviewing transactions), and eliminate the costs of coordination that NAAG multistate enforcement teams face.247 Extending even beyond telecommunications, this results in a net positive for the antitrust sections of state attorneys general offices to redeploy resources to monitor and combat anticompetitive behavior in the state-specific areas that these sections were designed to handle.248

# 2AC

## Innovation

### 2AC – Soft Power !

#### Large soft power is key to avoid numerous existential threats --- Pathogens, AI, radiation, and warming all require strong U.S lead --- That’s Nye

### 2AC – Digital Trade !

#### Interdependence tamps all conflicts --- Breakdown of digital trade collapses global governance that restrains war --- Pacifying and cooperative effect of the move to a digital economy solves alt causes --- That’s Iqbal

## Digital Security

### 2AC – Cyber !

#### Cyberattacks go nuclear – that’s Orlov – uncertainty causes tension spirals that deck crisis instability and force conflict between states

### 2AC – OT Attacks !

#### OT attacks cause extinction – that’s Murphy – destruction of critical facilities like dams, energy, and oil results in immediate economic collapse, and motivates attacks while we’re vulnerable. Status quo technology is being retrofitted which increases risk factors for cyberattacks.

## OFF

### 2AC – Of

#### We meet -- ‘Expand’ means to increase the extent – the aff applies antitrust to blockchain via core antitrust laws.

Merriam-Webster’s 21 Online Dictionary, ‘expand’, https://www.merriam-webster.com/dictionary/expand

transitive verb

1: to open up : UNFOLD

2: to increase the extent, number, volume, or scope of : ENLARGE

#### Prohibitions expand the scope

Bradford and Chilton 18 (Anu Bradford, Henry L. Moses Professor of Law and International Organization, Columbia Law School. Adam S. Chilton, Assistant Professor of Law and Walter Mander Research Scholar @ the University of Chicago. “Competition Law Around the World from 1889 to 2010: The Competition Law Index” , Columbia Law School Scholarship Archive Faculty Scholarship, <https://scholarship.law.columbia.edu/cgi/viewcontent.cgi?article=3519&context=faculty_scholarship> , 2018, date accessed 9/5/21)

The Scope Index is the closest to the CLI in that it also measures the law in the books, treating prohibitions as elements that increase the scope (or stringency) of the law and defenses as elements that reduce the scope (or stringency) of the law. Basic categories in the Scope Index and our CLI are also the same, even if somewhat differently labeled. For example, we refer to “anticompetitive agreements” where the Scope Index refers to “restrictive trade practices.”

#### Of is an extremely ambiguous term — the other terms in the resolution should check

Nelson 66, Mankato Citizens Tel. Co. v. Commissioner of Taxation, 145 N.W.2d 313, 275 Minn. 107 (1966).

The commissioner has conceded that the word "of," in the law as presently printed, is ambiguous and susceptible of more than one interpretation. The Tax Court acceded to this view and added that the original wording of the statute must control as evidence of the legislative intent. The Tax Court suggests in its memorandum that "exchange business of" can mean either business actually taking place at some particular place, or it can mean business "arising from" or "derived from" some particular place. Relator argues that the latter interpretation is the correct one. The commissioner, however, contends that, because the word "at" was used when the statute was first enacted, the legislature intended that the place where the exchange facilities building and business offices were located should control and, consequently, the higher rate must be applied. Relator also asserts that because the subscriber and certain physical equipment constitute a part of the telephone system as applied to North Mankato, the lower rate of 4 percent is applicable, even though the central facilities, the exchange building, the switching equipment, and the business offices are located in Mankato. Despite these arguments it is conceded by both parties that the intention of the legislature controls.

#### Reasonability – race to the bottom.

### 2AC – K

#### They’re wrong about info-overload – simulation has changed politics, not rendered it impossible -- we have to mobilize new public spheres

**Axford et al, ‘97** (Barrie, and Richard Huggins are Lecturers at the Department of Politics, School of Social Sciences, Oxford Brookes University, “ANTI-POLITICS OR THE TRIUMPH OF POSTMODERN POPULISM IN PROMOTIONAL CULTURES?” The Public, Vol. 4.3)

Nevertheless, it is clear that these ideas can and do cause disquiet, particularly over the potential for the manipulation of consciousness which resides in a media- brokered hyper-real. And even if one accepts the general thrust of Baudrillard’s arguments, the gap between such abstractions and the rough and tumble of everyday politics may seem too wide to bridge. We believe that there are important and gener- ally emancipatory implications here for politics, especially for ideas about publicness and forms of political participation. To address these, we will look more closely at some of the qualities of a mediatised politics, emphasising (1) the changing character of pub- licness and the shifting boundaries of the public sphere, and (2) the question of visibility and the consequences for actors who conduct politics fully in the frame of media. The notion of a (bourgeois) public sphere, no matter how constructed, is only an heuristic device for understanding and analysing one element of the organisation of societies, and not a neat model of the scope for all action and interaction, organisation and communication. Yet much discussion of the concept treats it as an ideal which defines the discursive and the moral spaces of any healthy civil society (Keane 1991; Habermas 1974; 1989). Such prescriptions are understandable, but their effect has been to assign universal qualities to particular forms of publicness (Keane 1981; Habermas 1989). As a consequence there is not only a reluctance to accept the democratic potential which may (or may not) follow from the application of information technology to political life, but also an unwillingness to acknowledge the democratic authenticity of many sorts of politics which traffic on or beyond the boundaries of democratic elitism, preferring to dismiss them with epithets such as “postmodern” or “anti-politics.” At least part of the problem here is that critics see new communications technologies and the spaces created by them as extensions of existing and familiar institutions and practices, even where they are viewed as dangerous instrumentalities. The idea that new media and the spaces of interaction created by them may be fashioning new contexts for interaction, sociality and even identity formation is rarely canvassed, save by enthusiasts. To some extent this is a result of the paucity of empirical evidence on the impact of information and communications technologies on political life, but in large measure it is a problem of imagination. Critics have difficulties imagining a democratic politics, or a vision of the public sphere which is not configured by the exigencies of usual politics, despite the fact that this narrowing of the limits of politics has received a good deal of criticism from those already marginalised by particularistic definitions of the public sphere, such as feminists (Fraser 1989; Calhoun 1993). Although it is now commonplace to talk about the transformation of democracy (McGrew 1997) due to a variety of forces, even fairly radical formulations work within quite narrow conceptual parameters. In a recent exegesis on democratising the European Union, James Goodman (1997) points to the ways in which transnational social movements are challenging both territorial definitions of the European polity and the model of elite governance which has been characteristic of the EU. Rightly, he says that the processes of regionalisation and globalisation are contributing to the creation of a “post-Westphalian” polity in Europe and that the prospects for a non-statist, cosmopolitan and participative democracy are enhanced as a result. All this constitutes a re-imagination of Europe, but very few commentators are prepared to entertain the more radical idea of a European ecumene which is constituted out of the networks and communities of interest and sustained by communications technology (Axford 1995; Axford and Huggins 1996b). At the moment this sort of conception is quite unconventional, and might even be construed as anti-political, modifying, perhaps dispensing with received wisdom about the processes driving European integration and about the nature of Europeanising and democratising forces. The same could be said about attempts during recent election campaigns in the United States and the United Kingdom to encourage first time voters and young people generally to register and vote, and to raise their consciousness of political and social issues. The Rock the Vote campaign, which included national tours by well-known comedians, television personalities and rock musicians (hence the name) was heir to a history of show business involvement with politics and political causes. However, neither the pedigree of the campaign nor the motives of its framers, are the most significant things about it. The significance of Rock the Vote lies in its calculated eliding of the realms of politics and culture in new and primarily cultural milieu — the rock concert, the record store (the Virgin Megastore stocked voter registration cards during the run up to the general election in the UK) and the club, where the stock-in-trade is image and style. At one level the technique is pure lifestyle marketing — if these people and organisations think its acceptable to vote, then it must be cool, rather like buying into a political version of the Pepsi-Max experience. At another level the decision to register or not to register becomes an aesthetic judgement of the degree to which the acts of registration and of voting sync with perceived standards of taste and style. In fact the Rock the Vote pitch was deliberately non-partisan and low-key, recognising that it would have been distinctly un-cool to do other than point out to young people that voting is a good thing to do. But during the general election campaign the Ministry of Sound (a British music co-operative) produced a series of shocking poster ads depicting, among other things, a public urinal with the words “piss on niggers” sprayed on to the walls, and the injunction to “use your vote, you can be sure he’ll use his.” Their intent was to engage young people by dealing with issues of concern to them, such as racism, rather than through the issues which dominated the official and indeed the media campaign agendas. Members of focus groups of young people, run by the authors during the British General Election 1997, were ambivalent about this campaign. They saw it as a piece of targeted political marketing with an underlying political bias. At the same time they were excited by the production values employed and moved by the sheer power of the visual images of homophobes, racists and field sports enthusiasts. This was a politics with which they could engage, partly because it was untainted by the usual partisan knockabout, partly because of the issues espoused, and partly because it was presented in such a dramatic and “honest” fashion. Now, it may be possible to dismiss these things as mere flummery, rather than as harbingers of a new style of politics, or as indicators of real discontent. For example, the young people in our groups were low on partisan commitment, but where they voted, they voted conventionally. Overall it is difficult to say what this tells us about the nature of commitment and about the motivation to vote for one party rather than another, and any such speculation is outside the scope of this paper. At all events in a mediatised political culture the effects of particular media and media messages are perhaps of less long-term interest than the extent to which the media now frame all political discourses and open up new spaces for what is, in effect, political communication. Rock the Vote, party and group Web sites, even the Virgin Megastore can be seen as part of the transformation of the public sphere and of the forums in which political discourse can legitimately take place. They can also be seen as part of what John Thompson (1995) calls the “transformation of visibility “which is afforded by the accessibility of new forms of electronic communication and by the speed with which information is traded. The ease with which even peripheral political forces and issues can become visible using electronic communications may itself be a proper rejoinder to those who see in these developments no more than techno-populism, the dumbing of political discourse, or the opportunity for clever politicians to manage their image. But the transformation of visibility also has the potential to discommode even the slickest of politicians, because in mediatised cultures, visibility is a two-edged sword. During the 1996 US Presidential elections individuals could register on their PCs to receive the Bob Dole “gaffe-line” which gave a daily record of any gaffes made by the prospective presidential candidate and his entourage. In this way Dole’s political opponents were able to turn his tribulations over support for the tobacco industry into a caricature of Dole as “Butt-Man” and flood the images around the global information superhighway. An extended illustration will help to underline the point about the advantages and dangers of visibility in promotional cultures and introduce some preliminary thoughts on the ways in which media literate voters might “read” political messages. On a recent cover of the popular football fanzine WSC: When Saturday Comes (June 1996) was a picture of Tony Blair and the sometime manager of Newcastle United Football Club, Kevin Keegan. This picture and others showing the Labour leader with Keegan had appeared in all the national dailies and on television news. It is instructive to deconstruct this image. The leader of the New Labour Party engineers a photo- opportunity with the popular Kevin Keegan — great player, great “bloke” and a footballing, business and style success. Having enjoyed a successful playing career for Liverpool, Hamburg and England, Keegan, returning to his roots, became the “new messiah” of Newcastle United Football Club, taking them from near relegation from the British first division to challenge for the Premiership title and European honours in the space of a few years. Furthermore, Keegan did this by buying expensive, “flair ” players and encouraging skilful, exciting attacking football. In a heavily marketed and promoted sport Keegan’s team was the trumpeted as reclaiming its place in the pantheon of great northern football clubs along with Liverpool and Manchester United. So, the cover of When Saturday Comes is rich in symbolism and implied connections. Keegan the popular hero returns to lift faded Newcastle to its former glories, and his success is a paradigm case of being able to make it in a meritocratic (not to say a classless) Britain, and a paradigm too for the resurrection of the North. Football pro- vides the link to the past-signifying the true value of locality and the deep roots of working class culture — and to the future, which is now bright with promise. There are other messages too. Clearly, Keegan is adept at functioning in both worlds. He is true to his past, but has recognised the importance of tapping into the rich vein of capital, business sense and experience which (in the shape of the Newcastle Chair- man, Sir John Hall) are the acceptable legacy of the Thatcher years. Hall was a com- mercial success, Keegan sought to emulate that success on the field with the same panache. Here was no Gradgrind of the football world. The parallels with an ambitious Tony Blair and New Labour are obvious, and for Blair the association with football in general and Keegan in particular was very seduc- tive. Keegan’s progress to the status of a 1990’s football icon, his habit of winning and his ability to seem credible to both terraces culture and the world of big business, were all attractive to Blair, who was faced with his own struggle to balance the pull of nos- talgia against the shock of the new, and look the part of a future prime minister to a still sceptical British public. Also attractive was the fact that after the doldrums of the 1980’s, when football was a metaphor for many of the ills of British society, the game in the 1990’s had become the new style signifier, the acme of cool and a marketing executive’s dream. Football (like New Labour) has reinvented itself, to the extent that the Euro-96 competition held in England in the summer of 1996, saw a flowering of patriotism as a sort of populist chic, exemplified most obviously in the success of the song “Football’s Coming Home.” For politicians the game is no longer a cause of hand- wringing, but celebration and an opportunity to parade their street-cred. So far, so predictable, since positive image management — through manipulation of the news media as well as through direct forms of marketing — is now a central part of any electoral contest. But the Keegan-Blair motif, while redolent with imagery which is seemingly advantageous for New Labour, also carries a number of hidden charges, which nicely demonstrate Thompson’s ideas on visibility. First, it runs the risk of being de-coded by professional journalists as part of their own intensely reflexive view of the world and of their professional status in it. Indeed, WSC’s picture has Keegan saying “I’ve been giving Tony some tips on how to keep a big lead” and goes some way to subvert the positive image and its ostensible meanings. Television jour- nalists, talking over shots of Blair playing “head tennis” with Keegan also resorted to what is by now the standard journalistic ploy when faced with blatant attempts at news management; that is they pointed out that this was exactly what was going on. Second, a season is a long time in football, just as a week is a long time in politics, and Keegans’s star, so high in June had waned by December, all in the media spotlight. This downturn in fortunes is, of course, the whole point of the WSC picture. Third, the impact of this highly self-referential and media intensive world on the public is hard to judge. Certainly we can say that despite serious or frivolous deconstruction of campaign imagery by voters, Blair won the general election by several lengths. But while this is true, again it is not the most significant point for this discussion. Contra Baudrillard, high levels of media literacy, fluency and access, coupled with the polylogical nature of the electronic communications, at least allow for the possibility of subversive interventions, for counter-cultural and oppositional views and for the scurrilous or non-standard reading of texts. A mediatised politics enhances these pos- sibilities

rather than the opposite. In this world of the political hyper-real, the role of style, performance, pastiche and inter-textuality are increasingly central, sometimes with unsettling consequences. For example, the British Channel 4 television programme, Brass Eye plays on the coding and encoding of material in television news and current affairs programmes in the United Kingdom. But while employing the techniques used by broadcast profes- sionals, it also tries to subvert them by undermining their self-assigned status as ex- perts and mediators of reality. The programme uses interviews with actual politicians, professional experts and other “legislators,” having fed them a self-incriminating and often preposterous story line. In one edition the then Conservative MP for Basildon was encouraged to join an anti-drugs campaign for a fictitious new designer drug called “cake.” Through a clever use of style, image and pastiche the programme cre- ates a situation in which media hungry politicians and pundits become the agents of their downfall. So akin to the delivery of actual news and current affairs television is Brass Eye, that viewers are often left unsure of the authenticity of the item. Reality becomes hyper-realilty and the medium becomes the message, but through a parody of its own pretensions. Now clearly what we think of such developments will depend very much from where we write within the present cultural milieu and on where we stand on the interpretation of anti-political phenomena. The Triumph of Postmodern Populism? Much of what we have said above seems to us to intimate and in some measure to realise what might be called a postmodern populism, in which visibility, image and designer pastiche, as well as redefinitions of the public sphere are all significant features. Of course it is relatively easy to cull a range of evidence — survey data on popular attitudes to politicians, anecdotes about leading politicians’ love of football, mem- bership figures for political parties, or anecdotes about Bill Clinton’s preferences in underwear as told on MTV during the 1992 presidential campaign — but much more difficult to effect a convincing or unequivocal argument about the changing nature of a media-saturated politics. Below we offer some elaboration of the concept of postmodern populism (with apologies to Paul Piccone for taking some licence with his original idea) and look to tie the Idea to both phenomenal aspects of contempo- rary politics, and to sentiments. First, and at its most general, the idea of a postmodern politics trades upon the sense that contemporary politics is undergoing radical changes. For example, in a recent polemic, Martin Jacques (1993) talks about the “meltdown” of the formal bound- aries of politics and political discourses as part of the crisis of the nation-state and of modernity itself. Jaques is particularly concerned with the seismic tremors in Italian politics during the 1990’s, but his vision of epochal change is more widely applicable. In this scenario, the world of conventional political parties and the state is being invaded by the growing clamour of groups, movements and institutions from civil society — to produce a heady cultural brew — whose perception and experience of reality is increasingly mediated by what Vattimo calls “the giddy proliferation of communications” (1992). Of course, it is possible to cavil at Jaques’s description of current trends in these terms. In Italy, for example, the scale of anti-party populism may be less profound than Berlusconi’s success in 1994 suggested (Bardi 1996). Forza Italia was and probably still is a distillation of the television and communications revolution served up in digestible populist form, but of late there are signs that it is attempting to clothe itself in the style of more conventional, modernist, mass parties (Newell and Bull 1997). Of course even this “retraditionalisation” may itself be no more than a marketing ploy, or a pragmatic response to difficult times, rather than a demonstration of the powerful inertia in Italian politics or of the enduring qualities of modern organisational forms. Either way, Berlusconi has still to be understood as a tele-phenomenon. But as a de- scription of popular attitudes to parties and governments, Jaques’s apocalyptic thesis also requires some modification when applied outside Italy. In Britain, as Paul Webb notes (1997), party penetration of society (though not the state) has become shallower since the early 1960’s, but anti-party manifestations are still lower than might be ex- pected, although the basis for this judgement is unclear. Even if true, it might simply be due to the well-documented gap between attitudes and behaviour, or could reflect the fact that apparent continuities hide more complex and confused sentiments which are producing ambivalence and not coherence of identity (Poguntke and Scarrow 1996). On this the Italian case may still be instructive, since it is hard not to agree with Statham (1996, 545) that politics there has undergone a substantive and qualitative change between the First and (putative) Second Republics. To repeat, this is not just a matter of political parties fighting each other through the media, or of using the me- dia as a strategic resource, as Statham properly argues. The very fact that politics has now to be framed by and, pace Castells, in the idiom of electronically based media, itself “has profound consequences for the characteristics, organization and even the goals of political processes, political actors and political institutions” (1996, 476). This is not quite the determinism it might first appear, since, as we shall argue later, the growing sophistication and availability of technology provides resources for an increased reflexivity, although it goes without saying that there are critics of this position. Postmodern politics, in Italy, as elsewhere, is preoccupied by mediation, image, simulation, network and spectacle (Morley and Robins 1994). Most critically of all, postmodern populism emerges as an implicit challenge to the very idea of transcen- dental meanings and forms. To that extent it is undoubtedly a form of anti-(usual)- politics. Second, postmodern populism surfaces as an expression of a growing frustration with usual politics and usual politicians. Perceptions of a growing democratic deficit, the inadequacy of systems of accountability, accusations of endemic sleaze and systematic negativity during campaigns, may all point to an actual crisis of motivation on the part of sections of the voting public, and maybe a nascent legitimation crisis too. This conclusion may be somewhat premature, given the paucity of empirical research in the field, but some evidence reveals what may be a profound ambivalence. For example, a recent survey among students in the UK conducted for the Sunday Times and a more qualitative investigation of the general population by the market intelli- gence agency FCB, showed that people are disenchanted with politicians in general, but not necessarily with politics. Research conducted by the authors during the 1997 general election campaign in the UK, found that although young people professed themselves detached from the routines of adversarial politics and frequently from the issues which so dominated the headlines during the campaign, they were moved by advertising and by issues which centred on racism, environmentalism, homophobia and sexism, all still very much on the sidelines of usual politics. Of course youth apart, cynicism sits more easily with some audiences than with others. Sentimentality and personal revelations, which featured prominently in speeches to both the Republican and Democratic Conventions in the USA in the 1996 campaign, still play to a full house in American elections. Such apparent candour may have had European observers reaching for the vomit bag, but in the United States, at least, strategists remain convinced of the need to appeal directly to the public, and of the value of linking political platforms to personal experience in ways that seem to break down the perceived distance between the politician on the podium and the public at home. Yet the revelatory style of the platform address, larded with aperçu about little Joe’s accident, a favourite sister ’s problems with drugs, or a parent’s illness as formative event, and the mock intimacy of the leader biopic, do carry with them potentially lethal charges for the protagonists. Attempts to humanise politics in this way may breed familiarity and possibly contempt. At such a pass, the threat to demo- cratic procedures lies less in the ability of cleverly marketed politicians to gull voters and more in the cynicism engendered in the public. For all this, Bill Clinton was able to secure re-election despite the charges of sleaze and the scent of scandal rising from the Whitewater affair, even without the soft-focus appeal to his Arkansas-Kennedy boyhood which struck so many responsive chords in 1992. Tony Blair too, less than wholeheartedly received with sections of the electorate, notably women voters and the young, still managed to bring his party home to a landslide win in 1997. But the problem for any new (tele) populist broom, messianic figure or country- cousin populist in the Ross Perot style, hoping to pick up the emotional slack in the system, is to fashion a platform that goes beyond mere nationalist rhetoric, anti- governmentalism, revivalist or redemptionist tub-thumping and obsequies to the free- market, to fashion a new sort of politics. Now it may be no more than a datum, but the most publicised versions of this sort of thing (if we were to exclude the brands on offer during the contest for the Russian presidency in 1996) do tend to occupy ground marked out by the New Right — local autonomy, economic individualism and cul- tural particularity. Berlusconi’s platform, especially in 1994, was marked by a clear neo-conservative agenda — limiting welfare provision, reducing income taxes and letting the market into many more areas of life. But some strains with a New Left provenance also surface, echoing grass-roots populism or communitarianism of the American variety, rather than discredited European variants linked to fascism. Very often, the message and the style of such movements is confused. Umberto Bossi’s pilgrimage along the valley of the Po in September 1996, to publicise his plans for an independent Padania was (as it turned out) an unhappy blend of showbiz-derived nationalist rhetoric (he likened himself to the Scottish hero William Wallace, but in a form invented by movie star Mel Gibson in the film ”Braveheart”) and green fascism (his bodyguards wore green shirts to symbolise, they said, the fertility of the Po val- ley). By and large the public were unmoved. The message here is that tele-tribunes have to be credible as well as telegenic. In the UK general election of 1997, a critically ill James Goldsmith of the Referendum Party, appeared to the members of focus groups run by the authors, as manic and his message as apocalyptic and therefore uncon- vincing. Third, postmodern populism is often linked to the demise or transcendence of left- right politics (Giddens 1994) and, depending on the pathological image employed, its replacement with either a politics founded on the reconstruction of palpable commu- nities and identities, or, more usually a politics in which all sorts of identities are rela- tives under the impact of electronic media. However, the point here is not to suggest that all politics can be reduced to media effects, or that people have become detached from, or indifferent to values and interests. Rather, it is to note the extent to which the multiplication and diversification of lived worlds has shifted (note shifted, not eclipsed) the basis of political conflict in old-style class divisions to what is often called a politics of identity (Albrow 1996; Axford 1995). The relativisation of identities under, for ex- ample, globalising pressures, is already a datum for those style consultants, therapists and pollsters whose task it is to understand and anticipate public sentiments. As a result activities in many areas of life are becoming decontextualised. New and more labile forms of sociality either coexist with, overlay, or replace older ones. Lifestyles and maybe identities too become more a matter of style and fashion to suit changing circumstances, than an enduring expression of habits of the heart (Bellah et al. 1985). Not for everyone of course. Doreen Massey (1995) has written convincingly of the “power geometry” involved in social and cultural relationships, which effectively in- hibits choice and this is a pertinent reminder not to overstate the extent of a fluid postmodern socioscape. Still, these shifts need to be canvassed and their import for usual politics more fully understood. Multiple configurations (Albrow 1996) and we still need more information on a politics thus configured make conventional politicians uneasy because they are less amenable to mobilisation and less disposed to appeals couched in terms of overarching values or whole identities. Diversity of cul- ture and of identity, challenges (though not always at the level of organised political forms) any claims to complete authenticity and any attempt to amorphise experience. Now it will be obvious that this sort of reasoning runs up against the usual objections to the idea of a postmodern politics, namely that 1) it augurs no more than a rabid pluralism, which is discriminating of neither demand nor method, and 2) that it reduces big issues to language games and morality to entertainment values and ques- tions of style. But in promotional cultures, the conventional separation of form from content is increasingly meaningless, as we have argued above. In such a milieu (no- where fully realised in the political realm) style as an expression of life choices is a way (perhaps the way) of telling people who they are. As Dick Hebdige (1989) has argued, style has become the distinctive life expression of a culture or sub-culture, in which performance, preparation, and credibility replace irrational signifiers of worth and status. This is not just a matter of people being seduced by images of morally and aesthetically pleasing lifestyles to which they can aspire, or which are embodied in some product promoter (handsome young men and women in toothpaste ads, party leaders with cuddly families) and none of it makes social relations hopelessly plural, or turns life into a supermarket of meanings, each as bland as the next (Bauman 1992). The proliferation of information supplies resources for increased reflexivity and con- trol, although in the nature of the argument it is not possible to be entirely sanguine about this prospect. Our focus groups of young people veered between an almost nostalgic desire for more hard information about party platforms at election times and a dismissive attitude to the volume of boring material conveyed through the print and broadcast media. Fourth, under postmodern populist conditions it is useful to see the mediatisation of politics as facilitating the spread of cultural capital to wider sections of the population. For example, Forza Italias televisualist brand of politics might be taken as a sort of hermeneutic, rather than (or as well as) a product of a cynical attention to the power of television. Too whimsical, possibly, and certainly such a view contrasts sharply with what Morley and Robins (1994, 224) call the hypodermic effect of television. But empirical work on media influence shows not so much the direct effects of media outputs, as the capacity of different audiences to interpret and reinterpret material depending on local circumstances and other contingencies. Much more work has to be done on the reception of political communications, but unlike the anti-politics the- sis, this argument does not leave the individual at sea in an ocean of Baudrillardian hyper-technology. Of course just how far electronic communications can function as a “life-good” requires more investigation. While it is hard to treat the antics of the shock- jocks of American radio (Howard Stern, Rush Limbaugh, etc.) as part of a postmodern hermeneutic, we should perhaps suspend disbelief given our insistence on the scope for new manifestations of publicness in a postmodern populism. In the same vein, the more critical and constructivist view of audience reception of messages, syncs with the media-wise and laid-back responses to advertising of the untargetable under 30s. Todays under 30s are happy with the idea of advertising as a cultural form, they have grown up with it. It is trashy and throwaway and not something to be taken too seriously. Neither is it particularly life enhancing or identity threatening it is just there. This is an important insight to carry against the anti-politics thesis. Warnings of the dangers in a televisual politics, the tendency of advertising to turn concerned citizens into victims of the three minute culture, often ignore the fact that people seem perfectly able to attach meanings to and detach them from potent visual symbols. Young people today do not have a reverence for the medium of television, it is simply part of the cultural furniture of living, and not a deviation from more authentic verbal and written cultures.

#### Extinction outweighs – Death is the ultimate evil—it is a metaphysical lightning strike that obliterates what it is to be human in our present state—there is no possible warrant for their argument

Paterson 03 - Department of Philosophy, Providence College, Rhode Island (Craig, “A Life Not Worth

Living?”, Studies in Christian Ethics, <http://sce.sagepub.com>)

Contrary to those accounts, I would argue that it is death per se that is really the objective evil for us, not because it deprives us of a prospective future of overall good judged better than the alternative of non-being. It cannot be about harm to a former person who has ceased to exist, for no person actually suffers from the sub-sequent non-participation. Rather**,** death in itself is an evil to us because it ontologically destroys the current existent subject — it is the ultimate in metaphysical lightening strikes. 80 The evil of death is truly an ontological evil borne by the person who already exists, independently of calculations about better or worse possible lives. Such an evil need not be consciously experienced in order to be an evil for the kind of being a human person is. Death is an evil because of the change in kind it brings about, a change that is destructive of the type of entity that we essentially are. Anything, whether caused naturally or caused by human intervention (intentional or unintentional) that drastically interferes in the process of maintaining the person in existence is an objective evil for the person. What is crucially at stake here, and is dialectically supportive of the self-evidency of the basic good of human life, is that death is a radical interference with the current life process of the kind of being that we are. In consequence, death itself can be credibly thought of as a ‘primitive evil’ for all persons, regardless of the extent to which they are currently or prospectively capable of participating in a full array of the goods of life. 81 In conclusion, concerning willed human actions, it is justifiable to state thatany intentional rejection of human life itself cannot therefore be warranted since it is an expression of an ultimate disvalue for the subject, namely, the destruction of the present person; a radical ontological good that we cannot begin to weigh objectively against the travails of life in a rational manner. To deal with the sources of disvalue (pain, suffering, etc.) we should not seek to irrationally destroy the person, the very source and condition of all human possibility.

#### **The affirmative over-states the role played by illusion in politics---their emphasis on unmasking reality leaves us unable to deal with practical political problems**

Unger 9—founding member of the Brazilian Democratic Movement Party (Roberto, The Self Awakened, 15-8)

15¶ they have much more often been put forward by different thinkers and different schools of thought. However, even when living separate lives, the two bodies of belief have regularly coexisted in a broad range of civilizations and historical periods. Everything happens as if, despite their seeming distance and even contradiction to each other, they were in fact allied. What is the meaning of this working partnership between partners with such widely differing motives, ambitions, and tenets?¶ The world may be strife and illusion, but its troubles, sufferings, and dangers do not dissipate simply because they have been denied solidity and value. Once devalued, the world—especially the social world—must still be managed. We must prevent the worst from happening. Those who can apprehend the truth of the situation, divining ultimate being under the shadows of mendacious difference, and permanence under the appearance of change, are a happy few. Their withdrawal from social responsibility in the name of an ethic of contemplative serenity, inaction, and absorption into the reality of the One fails to solve the practical problems of social order. On the contrary, such a retreat threatens to leave a disaster in its wake: the calamity of a vacuum of initiative and belief. Into this vacuum steps the doctrine of hierarchical specialization in soul and society. ¶ Seen through the sharp and selective lens of the perennial philosophy, this doctrine may be no more than a holding operation, as inexorable in its claims on those who must govern society as it is groundless in its metaphysical justification. There is then no surprise in seeing it most often represented by traditions of thought different from those that have adhered to the perennial philosophy.¶ Some in the world history of thought, however, have claimed to discern a more intimate connection between the doctrine of order and the perennial philosophy. If ultimate reality is spirit residing in all the apparent particulars, and most especially in living beings, then identification with universal spirit creates as well a basis for universal solidarity or compassion. The same compassion can then reappear in a commanding place among the highest faculties of the soul. It can therefore also be most closely identified with rulers and priests. The bonds of reciprocity, of mutual allegiance and devotion, among supe¶ ¶ 16¶ riors and subalterns as well as among equals, can be founded on the expression and the worship of universal spirit, manifest among us as compassion and solidarity.¶ It is a belief we find articulated in philosophical and religious teachings as different as those of Buddha and Confucius. It reappears in that uniquely relentless Western statement of the otherwise un-Western instance of the perennial philosophy—the teaching of Schopenhauer. This belief turns the doctrine of social and moral order into something more than an effort to contain calamity and savagery in this vale of tears and illusions: into a concerted effort to soften the terror of social life, shortening the distance between ultimate being and everyday experience. The perennial philosophy suffers from both a cognitive and an existential defect. The former is manifest in its vision of the world, and the latter, in its quest for happiness through serenity, and for serenity through invulnerability and distance.¶ Its cognitive flaw is its failure to recognize how completely and irreparably we are in fact embodied and situated. Not only our sufferings and our joys but also our prospects of action and discovery are engaged in the reality and the transformation of difference: the differences among phenomena and among people. To understand a state of affairs, whether in nature or in science, is to grasp what it might become as it is subject to different directions and varieties of pressure. Our imagination of these next steps—of these metamorphoses of reality—is the indispensable sign of advance in insight. When we deny the reality— at least the ultimate reality—of differences, we sever the vital link between insight into the real and imagined or experienced transformation. ¶ The existential failing of the perennial philosophy is the revenge of this denied and unchained reality against the hope that we would become freer and happier if only we could see through the illusions of change and distinction. The point of seeing through these illusions is supposed to be greater freedom on the basis of truer understanding. ¶ However, the consequence of the required denial of the reality of particulars may be the inverse of the liberation it promises. Having declared independence in the mind and ceased war against the realities¶ ¶ 17¶ around us, we find ourselves confined within a narrowing space. In the name of freedom, we become more dependent and more enslaved.¶ We may cast on ourselves a spell temporarily to quiet our restless striving. However, in so doing we deny ourselves instruments with which to explore the real world.

We forego the means by which to see how everything in it can become something else when placed under resistance. By the same token, we lose the tools with which to strengthen our practical powers. We become cranks, slaves, and fantasists under the pretext of becoming free men and women. It is true that there will always be moments when we can transport ourselves, through such self-incantation, into a realm in which the particulars of the world and of the body, to which we have denied ultimate reality, cease to burden us. However, we cannot live in such a world; our moments of supposed liberation cannot survive the routines and responsibilities of practical life.¶ The alliance of the perennial philosophy with the practical doctrine of hierarchical specialization in soul and society has been the predominant position in the world history of speculative thought. Its major opponent has been a direction of thinking that, though exceptional in the context of world history, has long been the chief view in Western philosophy. The expression of this view in philosophical texts, however, is secondary to its broader articulation in religion, literature, and art. It is not merely the artifact of a tradition of speculative theorizing; it is the mainstay of a civilization, though a mainstay that represents a radical and uncompromising deviation from what has elsewhere been the dominant conception. Today this deviation has become the common possession of humanity thanks to the global propagation of its ideas by both high and popular Western culture. Its assumptions nevertheless remain inexplicit and its relation to the representation of nature in science unclear. To render this Western deviation from the perennial philosophy both perspicuous and uncompromising is a major part of the work of a radicalized pragmatism.¶ The hallmark of the deviation is belief in the reality of time as well as in the reality of the differences around which our experience is organized: in the first instance, the reality of the individual person and of¶ ¶ 18¶ differences among persons; in the second, the discrete structure of the world we perceive and inhabit. It is the view of individual personality that is most central to this belief system; everything else follows as a consequence.¶ The individual, his character, and his fate are for real. Each individual is different from every other individual who has ever lived or who will ever live. A human life is a dramatic and irreversible movement from birth to death, surrounded by mystery and overshadowed by chance.¶ What individuals can do with their lives depends on the way society is organized and on their place within the social order, as well as on achievement and luck. What happens in biographical time turns in large part on what happens in historical time. For this reason alone, history is a scene of decisive action, and everything that takes place in it is, like individuality itself, for real, not an illusory or distracting epiphenomenon obscuring a timeless reality. History is not cyclical but rather resembles individual life in being unilinear and irreversible. The institutions and the beliefs we develop in historical time may expand or diminish the life chances of the individual, including his relative power to challenge and change them in the course of his activities.¶ The reality of difference and of transformation, rooted in the basic facts of individual experience, then becomes the model on which we see and confront the whole world. Nothing is more crucial to the definition of such an approach to the world than its way of representing the relation between its view of humanity and its view of nature. This representation is subject to three related misstatements that narrow the reach and weaken the force of the alternative it offers to the perennial philosophy. In the process of criticizing and rejecting these alternatives, we come to see more clearly just what is at stake in the advancement of this alternative conception. Many of the most influential positions in the history of Western philosophy—including the “rejected options” discussed in the previous section—represent variations on qualified and inadequate versions of the alternative.

### 2AC – Adv CP

#### Enforcement doesn’t cut it – new rules and guidelines increase certainty.

Miller 20 [Evan, Senior Associate, Vinson & Elkins LLP, “A tale of two regulators: antitrust implications of progressive decentralization in blockchain platforms,” *Washington & Lee Law Review* 77, <https://scholarlycommons.law.wlu.edu/cgi/viewcontent.cgi?article=1141&context=wlulr-online>] MAM

Blockchain technology and its use cases are still developing, and so too is the regulatory response to blockchain-based platforms. This Article proposes two recommendations for consideration in light of the apparent tension between the priorities for securities regulators on the one hand and competition regulators on the other.

First, competition regulators should consider the current regulatory dynamics that are shaping the blockchain market when considering whether to investigate conduct or initiate an enforcement action. For example, competition regulators should realize that the current regulatory environment may force a company to delay decentralization and instead adopt a sponsor-led model. This could take a handful of forms, including an association of companies that control the platform in its early days. Competition regulators should carefully consider a project’s progressive decentralization roadmap, and the mechanisms in place to ensure decentralization is achieved, before reacting negatively to the involvement of an incumbent firm in a blockchain project or other sponsor-led platform dynamics. Additionally, competition regulators should thoughtfully consider whether leveraging an existing ecosystem (e.g., a messaging app) will actually lead to de facto control over the blockchain platform, or if such product integration is merely one step in the progressive decentralization roadmap. Integrating blockchain technology with an existing product or service is one of the most likely ways to achieve mass adoption of blockchain at an early stage and to more quickly realize its procompetitive benefits.

Second, regulators and policymakers should strive to resolve the tension that exists between the actions of securities and competition regulators. To date, the SEC has largely regulated the blockchain and cryptocurrency community through enforcement actions. An alternative approach is to implement rules and guidelines that take into account feedback from stakeholders. The clarity of rules over fact-specific enforcement actions would bring a degree of certainty that is currently missing from the market. Additionally, the SEC and the DOJ can use their MOU as a framework to better align their objectives as it relates to the future of blockchain platforms.

Lastly, policymakers should seek to clarify laws and regulatory mandates that give rise to the tension in the first place.

### 2AC – States CP

#### States have limited jurisdiction and varying solutions over blockchain assets – increases costs and confusion.

Massad 19 (Timothy, Senior Fellow, The John F. Kennedy School of Government, Harvard University, March 2019, “It’s Time to Strengthen the Regulation of Crypto-Assets ,” <https://www.brookings.edu/wp-content/uploads/2019/03/Timothy-Massad-Its-Time-to-Strengthen-the-Regulation-of-Crypto-Assets-2.pdf>) MAM

Why State Regulation is Not a Substitute

We cannot expect state regulation to fill the gap. Although crypto-asset intermediaries are subject to regulation under many states’ money transmission laws, these laws vary enormously and do not provide the comprehensive framework we need. New York has implemented a new “BitLicense” regulation that was the first and remains one of the strongest. It imposes a licensing requirement and a variety of requirements on crypto-asset exchanges and wallets. These elements include capital requirements, custody and customer protection standards, complaint procedures, compliance with anti-money laundering, and business continuity, disaster recovery and cybersecurity requirements.67 The New York Department of Financial Services reported eleven exchanges that had received a license as of February 2019.68

However, it is worth considering whether this licensing requirement can significantly improve the market. It is difficult for DFS, as a state regulator with **limited jurisdiction over** these **markets**, to have much of an impact. One could even question whether its licensing requirement has given a false sense of legitimacy to those that have bothered to register.

Indeed, another New York authority — the Office of the New York Attorney General — recently issued a report as part of a new “Virtual Markets Integrity Initiative” that illustrates just how weak the regulatory framework is. The OAG contacted thirteen platforms to inquire about their policies and procedures; only nine agreed to cooperate, but those included some of the largest in the U.S. such as Bitfinex, Coinbase and Gemini. The report found that “virtual asset trading platforms have not […] implemented common standards for security, internal controls, market surveillance protocols, disclosures or other investor and consumer protections […] Accordingly, customers […] face significant risks.” The principal concerns noted by the OAG were: (i) the potential for conflicts of interest in light of the multiple roles these platforms play; (ii) a failure to “implement serious efforts to impede abusive trading activity; and (iii) “protections for customer funds are often limited or illusory.”69

In the area of potential trading abuses, the report notes a number of problems, such as **failure to police** whether users create multiple accounts (which can then be used to engage in wash trading), failure to disclose order types, and lack of policies on or surveillance of automated trading. The report says, “While participating platforms expressed their commitment to combating market manipulation, only a few reported having a formal policy in place, defining the types of conduct the platform believes to be manipulative or abusive, and outlining how such trading behavior is to be detected and penalized.”

For all the problems noted, the report probably presents the exchanges at their best—that is, it understates the problems. The report is, after all, simply a survey of what the exchanges claim to do based on their responses to the questionnaire. The Attorney General’s office did not actually investigate whether any exchange lives up to its claims.

While the New York BitLicense approach is at least admirable in its objective to strengthen regulation, other states have gone the other way. Wyoming, for example, has adopted several laws designed to make the state much friendlier for crypto-asset businesses, including exemptions of certain transactions from money service business laws and securities laws.71 Proponents of Wyoming’s approach have stated that their goal is to make Wyoming the Delaware of crypto, a reference to Delaware’s business friendly regulator system.72 Wyoming is essentially creating its own definition of securities for purposes of the crypto industry.73 Although this would not change the federal law treatment of what is a security, it could **create confusion**. As another point of contrast, Hawaii officials reportedly insisted that Coinbase maintain cash reserves equal to the value of all cryptocurrency traded on its platform, which led the firm to leave the state.74

Recent efforts to create a standardized state law approach are a step forward but **will not provide** the **necessary** framework of **oversight.** The Uniform Law Commission (ULC, or the National Conference of Commissioners on Uniform State Laws) has drafted a model law called the Uniform Regulation of Virtual Currency Businesses Act. It covers businesses that engage in (i) the exchange of virtual currencies for cash, bank deposits or other virtual currencies, (ii) the transfer of virtual currencies from one customer to another or (iii) certain custodial and fiduciary services related to virtual currency. It regulates such businesses in a manner similar to the regulation of money transmitters under the Uniform Money Services Act. However, it does not apply to banks or to activity that is regulated by the SEC or the CFTC, among other exclusions.75

It requires covered businesses to be licensed and to comply with basic disclosure requirements (such as regarding fees and liability for an unauthorized or mistaken transfer). It contains security and net worth requirements although the levels are left to the state.76 It requires a covered business to have sufficient virtual currency on hand to satisfy the entitlements of its customers and ensures that customer property is not subject to the claims of the intermediary’s creditors. It requires a business to have programs or policies regarding fraud prevention, risk management, prevention of money laundering, business continuity, disaster recovery and cybersecurity and other matters, but it does not provide any specific requirements in those areas.

While the Uniform Regulation of Virtual Currency Businesses Act is a good framework for state regulation, its lack of specific regulations in many of the aforementioned areas, as well as the explicit deference to federal securities and commodities law noted earlier, make clear that it is not a substitute for comprehensive federal oversight. Allowing for states to take the lead and experiment can be a virtue in some public policy areas. In the case of crypto regulation, there are certainly aspects where state law should take the lead, such as areas of commercial regulation traditionally left to the states. This would include the implications of virtual currencies under the Uniform Commercial Code. The ULC is at work on this.

As a general matter however, state regulation would be a weak foundation for an industry that strives to be international. When regulatory requirements vary by state, it is expensive to build compliance systems, and difficult to create national, let alone international, markets. Our securities markets would not have become the envy of the world if we had relied solely on state blue sky laws and never adopted the Securities Act and Securities Exchange Act. We should not expect state law to fill the need for this new sector either.

#### CP decks innovation, regulatory certainty, and U.S. global standing in digital assets.

Goodman and Raghuveera 21 (Matthew Goodman, intern at the Atlantic Council GeoTech Center, and Nikhil Raghuveera is a nonresident fellow at the Geotech and GeoEconomic Centers, 8-24-2021, The case for a financial digital asset framework for cryptocurrencies, Atlantic Council, <https://www.atlanticcouncil.org/blogs/geotech-cues/the-case-for-a-financial-digital-asset-framework-for-cryptocurrencies/>) MAM

Clear regulation will create a more competitive digital asset environment that can provide better services to businesses and consumers, and promote financial inclusion. Few companies have the wherewithal to be compliant **in multiple states**, which maintain varying degrees of regulatory authority — to say nothing of variance in federal and international regulation. As a result, even when companies attempt regulatory compliance in good faith, they take on an inordinate amount of risk of **breaking the law.** Additionally, it is difficult to identify areas of potential misuse if the regulatory standards are not clear or consistent. This leaves consumers vulnerable and may prevent their entering the digital asset market altogether. A well-defined regulatory environment, alternatively, will facilitate consumer engagement and transparent company policies. Most critically, coherent digital asset regulation will enable the United States to guide global standards for blockchain innovation on the international stage at a critical point in their development. Nations are actively constructing their digital asset framework to boost their economy or advance geopolitical objectives. 81 countries, for example, are exploring a central bank digital currency. Given the lack of regulatory clarity in the United States, many creators of digital assets have avoided the U.S market altogether. To remain a hotspot for blockchain innovation, the United States should expand digital asset categorization and create a principled framework. The result: a more robust and competitive digital ecosystem that features both centralized and decentralized options for businesses and individuals in the United States and on the global stage.

### 2AC – HBC

#### Tidal wave of mergers thump.

Kern 1/10 (Rebecca Kern, POLITCO tech policy reporter, 1-10-2022, Antitrust enforcers are drowning in mergers, POLITICO, <https://www.politico.com/newsletters/morning-tech/2022/01/10/antitrust-enforcers-are-drowning-in-mergers-799773>) MAM

FIRST IN MT: MORE LIKE A MERGER TSUNAMI — The Federal Trade Commission and Justice Department have been warning for months that a surge in merger filings has stretched them thin. They weren’t just grousing: In 2021, companies reported 4,130 mergers to the two agencies — more than double the number from the previous year, according to an analysis by the law firm White & Case. In December alone, businesses reported 285 mergers, dwarfing any previous December figure since 2011 (even though December often sees a surge, as companies seek to wrap up deals by the end of the calendar year).

Mergers ballooned in 2021.

The flood of deals has forced the agencies to devote more of their already scarce resources to them. The FTC has moved some attorneys focused on policy and international affairs, for example, to help with merger review. Under law, the FTC and DOJ only have 30 days to decide whether a deal warrants a more in-depth probe, an added time pressure.

Plea for funds: Neither agency responded to a request for comment from MT on how the tidal wave of mergers has affected their operations. Both the DOJ and FTC have pleaded with Congress for more money, particularly after their hopes for a $500 million boost for each agency died along with the rest of the Democrats’ social spending bill. The text of a bill by Sens. Amy Klobuchar (D-Minn.) and Chuck Grassley (R-Iowa) to increase the money the agencies receive from merger filings was tucked into the Senate-passed U.S. Innovation and Competition Act, but the House has yet to act on it.

#### FTC legitimacy low now

**Lachapelle 21 [Tara, opinion columnist for Bloomberg, “Wall Street Is Ready to Put Lina Khan’s FTC to the Test,” *Washington Post*, 08/26/21,**<https://www.washingtonpost.com/business/wall-street-is-ready-to-put-lina-khans-ftc-to-the-test/2021/08/25/cb55d2c2-059c-11ec-b3c4-c462b1edcfc8_story.html>**, accessed 09/01/21, JCR]**

An overburdened**U.S. Federal Trade Commission**[FTC] is warning acquirers that if they**get impatient and**close any deals without the agency’s permission, it**just**might slap them with a lawsuit. Dealmakers won’t hold their breath. AsPresident Joe Biden pushes for more aggressive antitrust enforcement — an effort spearheaded by legal sc**holar Lina Khan, his controversial pick to lead the FTC —**the agency is running up against practical limitations. It’s working with very limited resources for a very large number of deals. **How large?**So far this year, nearly 10,000 U.S. companies agreed to be acquired**for a combined deal value of $1.25 trillion, data**compiled by Bloomberg show. That’s already surpassed last year’s sum and may even be on track for a record. Not all**of those tie-ups will require regulatory approval but in July alone, 343 transactions filed premerger notifications and are awaiting review, compared with 112 in July 2020, according to the FTC.**These filings start a 30-day clock for regulators to decide whether to further investigate**a deal. If that waiting period expires without any action, a company would typically take that to mean that it’s free to complete the transaction. But now**the FTC says it can’t get to its backlog fast enough**and that inaction on its part doesn’t signal permission to proceed. In warning letters sent to filers this month,**the agency said companies that go ahead anyway do so at their own risk because the FTC might later decide a deal violates antitrust laws and sue to undo it**— and what a mess that would create for buyers and sellers. And yet,**if the agency thought such an aggressive move might discourage mergers, it was wrong. **“To my mind,**it is a completely hollow threat and makes the agency look weak,”**Joel Mitnick, a partner in the antitrust and global litigation groups at law firm Cadwalader, Wickersham & Taft LLP, said in a phone interview. “**They’re saying they’re going to ignore the statutory time limits**on them whenever they feel like it and continue to investigate transactions until they’re satisfied.**But it’s very difficult for the agency to sue to unwind the transaction once the eggs are scrambled.”Merger reviews traditionally involve some give and take.**Companies will often give regulators more time if they think it will increase the odds of winning approval.**If that cooperative attitude is being tossed out the window, though, dealmakers are ready to reassess and embrace a more adversarial process.**For M&A lawyers,**it’s a disturbance to an equilibrium that existed under other administrations**, and they fear a reversion to the merger-hostile environment of the 1960s. Of course, folks in Khan’s camp would say it wasn’t an equilibrium at all, but rather an often overly cozy relationship between regulators and companies that were given too much leeway in recent years. In any case,**businesses are understandably frustrated by what would seem to be an unreasonable ask. Waiting indefinitely to close a deal is costly and full of risks.**At least one acquirer isn’t having it. Last week, Illumina Inc. finalized an $8 billion purchase of cancer-testing startup Grail even though U.S. and European authorities haven’t completed their probes. Even as the FTC began this week its attempt to unwind the deal, other dealmakers may decide they like their chances, too.**The FTC “better be ready to litigate,”**said David Wales, a partner in the antitrust and competition group at law firm Skadden, Arps, Slate, Meagher & Flom LLP and former acting director of the agency’s Bureau of Competition. “I’ve seen first-hand the**resource constraints at the FTC**,” he said**. “They can’t sue everybody. They can’t block every deal. They will have to be strategic about it.”**Already,**regulators have two major cases sucking up resources. The FTC**last week**refiled its monopoly lawsuit against Facebook**Inc., alleging its takeovers of Instagram and WhatsApp violated antitrust laws. (Its deal last year for Giphy also employed a sneaky maneuver to avoid showing up on regulators’ radars, and now they’re looking to close that loophole.)**The Justice Department is pursuing its own case against Google. **And what was initially seen as a narrow effort to reel in dominant technology companies has since expanded to other industries in light of a sweeping executive order from President Biden. Even more obscure areas such as ocean shipping are facing new scrutiny. M&A reviews had already become more of a slog in recent years. Dechert LLP’s Antitrust Merger Investigation Timing Tracker — aptly nicknamed the DAMITT report — shows how**investigations that once took an average of eight months now stretch into a year or longer**:**Just because the FTC threatens a drawn-out legal process doesn’t mean a court will take its side in the end. Even as some politicians and antitrust officials look to toughen up M&A laws, judges still rely on precedent, which can be favorable to merging companies (it was**for AT&T Inc. in its giant takeover of Time Warner, for instance).**An ambitious agenda without the financial resources to match it will also be of less service to consumers than if regulators pick their battles.**As it stands**now, Khan’s FTC looks like it’s biting off more than it can chew, and its threats aren’t having the intended effect.

#### The FTC is hosed

Henry Burke 21, and Andrea; May 28; B.A. in Political Science and Labor Studies from the University of California at Los Angeles; Research Assistant, B.A. in Economics from the University of Maryland; Revolving Door Project, “Hobbled FTC Lacks Budget to Combat Corporate Buying Spree,” <https://therevolvingdoorproject.org/hobbled-ftc-lacks-budget-to-combat-corporate-buying-spree/>

Even if the will to stop it exists, the FTC doesn’t have the funding to stop this boom. In fact, it hasn’t had the funding to keep up with a steady uptick in mergers in years. Aside from the recent spike, the total number of premerger filings [increased](https://www.ftc.gov/system/files/documents/reports/federal-trade-commission-bureau-competition-department-justice-antitrust-division-hart-scott-rodino/p110014hsrannualreportfy2019_0.pdf) by 80 percent over the last 10 years. In 2010, corporations filed 1166 premerger notifications. By 2019, yearly filings almost doubled to 2089. While the number of transactions the FTC is charged with regulating has increased steadily, the number of enforcement actions — challenges to anticompetitive mergers or conduct — has stagnated.  A 2020 paper from Equitable Growth showed that while the number of [enforcement actions](https://equitablegrowth.org/wp-content/uploads/2020/11/111920-antitrust-report.pdf) from both the FTC and DOJ hovered at about 40 challenges per year from 2010 to 2019, even as the number of corporations seeking merger approval grew. The FTC’s enforcement actions over the past ten years show the agency hasn’t kept up with increased HSR filings: while FY 2010 saw 22 enforcement actions for 1166 reported mergers, a ratio of approximately one enforcement action for every 53 mergers, FY 2019 saw a mere 21 enforcement actions for 2089 mergers, meaning there was only one FTC enforcement action for every 99 mergers.

Overall funding and staffing levels at the FTC have similarly stagnated. Then-FTC commissioner Rebecca Slaughter said in 2020 that it is an “[indisputable](https://www.ftc.gov/system/files/documents/public_statements/1583714/slaughter_remarks_at_gcr_interactive_women_in_antitrust.pdf)” fact that FTC funding has not kept up with market demands; according to Slaughter, the FTC budget has only increased by 13% since 2010 and the employee headcount decreased. This budget increase has not come from increased discretionary appropriations from Congress however, but from a massive increase in merger filings and their accompanying fees. Startlingly, Slaughter notes that “the FTC had roughly 50% more full-time employees at the beginning of the Reagan Administration than it does today.” The situation has become so dire that increased budgets for the enforcement agencies has become a rare [bipartisan](https://www.law360.com/articles/1368496/klobuchar-says-congress-has-rare-shot-at-antitrust-overhaul) issue in the Senate.

# 1AR

## T

#### Scope’ refers to activity at the present time, not the abstract potential application of law.

Frank G. Clement 16 Jr, Judge on the Tennessee Court of Appeals, “Hamer v. Southeast Res. Group, Inc.”, Court of Appeals of Tennessee, At Nashville, 2016 Tenn. App. LEXIS 176, 3/3/2016, Lexis

When interpreting a contract, ordinary words typically have their ordinary meanings unless there is evidence [\*13] that the parties intended for the words to have a special meaning. Madson v. Madson, 636 So. 2d 759, 761 (Fla. Dist. Ct. App. 1994). The ordinary meaning of a word is often described as its meaning in the dictionary. See Siegle v. Progressive Consumers Ins. Co., 788 So. 2d 355, 360 (Fla. Dist. Ct. App. 2001); Beans v. Chohonis, 740 So. 2d 65, 67 (Fla. Dist. Ct. App. 1999). The ordinary meaning of a word or phrase is also described as "a natural meaning or the meaning most commonly understood when considered in relation to the subject matter and circumstances." See J.N. Laliotis Eng'g Constr. v. Mastor, 558 So. 2d 67, 68 (Fla. Dist. Ct. App. 1990) (quoting Granados Quinones v. Swiss Bank Corp., 509 So. 2d 273, 275 (Fla. 1987)).

If parties wish to depart from the ordinary meaning of common words and assign uncommon meanings to them, they must do so explicitly. See Madson, 636 So. 2d at 761. "One who would ascribe an exotic meaning to a term in a contract which otherwise has perfectly ordinary connotations must take pains to define the term either expressly or by express reference." E. Ins. Co. v. Austin, 396 So. 2d 823, 825 (Fla. Dist. Ct. App. 1981); see Russ v. State, 832 So. 2d 901, 907 (Fla. Dist. Ct. App. 2002) ("[W]here a statute does not specifically define words of common usage, such words are construed in their plain and ordinary sense." (alteration in original)); Koplowitz v. Imperial Towers Condo., Inc., 478 So. 2d 504, 505 (Fla. Dist. Ct. App. 1985) ("Whether they appear in a statute or in a declaration of condominium, words of common usage should be construed in their plain and ordinary sense.").

Here, this dispute exists because the parties' agreement does not define "scope" or "scope and purpose." Furthermore, the agreement does not identify the point in time when the "scope" of [\*14] Action's business is to be determined. Southeast contends that "scope and purpose" is ambiguous because it is susceptible to multiple reasonable interpretations. According to Southeast, "scope and purpose" means "at a minimum any business opportunity to be marketed to credit union members, including the telemedicine opportunity." However, the entirety of the parties' agreement and the "inconvenience, hardship, or absurdity" that would result from Southeast's proposed interpretation demonstrate that the agreement is not ambiguous and that the parties intended for the words "scope and purpose" to have their ordinary meanings. See Branscombe, 76 So. 3d at 948.

"Scope" and "purpose" are commonly-used words with commonly-understood meanings. Therefore, if the parties intended to ascribe an uncommon meaning to "scope" or "scope and purpose," they should have explicitly defined those terms. See E. Ins. Co., 396 So. 2d at 825. Instead of explicitly stating that these words have an uncommon definition, the agreement provides that its terms, covenants, and provisions "shall be construed simply and according to [their] fair meaning[s] . . . ." Consequently, the failure to specify a unique meaning for "scope and purpose" and the inclusion of the above-quoted section [\*15] indicate that the parties intended for these words to have their ordinary meanings. See id.; see also Russ, 832 So. 2d at 907; Koplowitz, 478 So. 2d at 505.

Under Southeast's interpretation, Plaintiff agreed to disclose and make available every business opportunity "to be marketed to credit union members." Such a broad definition appears to encompass every product or service imaginable, whether they have anything to do with Action or not. Under this interpretation, Plaintiff would be required to disclose an opportunity to sell cars to credit union members even though Action's business is not related to cars at all. The inconvenience, hardship, or absurdity that would result are weighty evidence that the parties did not intend for "scope and purpose" to have this meaning, especially when interpreting the agreement based on the ordinary meaning of "scope" avoids these difficulties. See Branscombe, 76 So. 3d at 948 HN9 ("The inconvenience, hardship, or absurdity of one interpretation of a contract or its contradiction of the general purpose is weighty evidence that such meaning was not intended when the language is open to an interpretation which is neither absurd nor frivolous and is in agreement with the general purpose of the parties.").

HN10 The ordinary meaning of words is found in the dictionary and is the most commonly understood meaning in relation to the subject matter of the parties' agreement. See Siegle, 788 So.2d at 360; Beans, 740 So. 2d at 67; J.N. Laliotis, 558 So. 2d at 68. According to one dictionary, "scope" means "1. The range of one's perceptions, thoughts, or actions. 2. Breath or opportunity to function. 3. The area covered by a given activity or subject." The American Heritage College Dictionary 1222 (3d ed. 1997). The operating agreement is concerned with the relationship of Action's members to each other and to Action, and the subject matter of section 6.6 is the duty to make certain business opportunities available to Action in order to avoid competition between Action and its members. [\*18] Based on the dictionary and the subject matter of the parties' agreement, "scope" most naturally refers to the range or breadth of the business that Action is engaged in at the relevant time.

Southeast contends this interpretation renders "purpose" redundant because "by definition, scope would always be within the purpose." We respectfully disagree. Contrary to Southeast's contentions, "scope" and "purpose" refer to different concepts. "Purpose" is aspirational and refers to what Action is capable of doing in the future (i.e. all lawful business for limited liability companies). In contrast, "scope" refers to what Action actually is doing or has done at the relevant point in time. Thus, an opportunity might be within Action's scope but not its purpose if, for example, Action had been organized for a limited purpose (e.g. to acquire real estate in Florida) but was in fact also engaged in the business of selling disposable mobile phones to college students. In this example, a business opportunity to sell mobile phones to college students would be within Action's scope but not its purpose.

Therefore, under the ordinary meaning of "scope," a member is required to disclose a business opportunity [\*19] if that opportunity (1) is within Action's aspirational goal — its purpose; and (2) is within the area that Action's business has or is actually covering at the relevant point in time. As a result, interpreting "scope" according to its ordinary meaning does not render any part of the agreement redundant.

Having concluded that "scope" refers to the breadth of the business Action is or has engaged in, we must turn our attention to determining when Action's "scope" should be assessed. The agreement does not specify whether Action's scope is to be determined as of the date of the agreement, the date of the discovery of an opportunity, or some other date. After reviewing the agreement, we conclude that the parties intended for Action's scope to be determined at the time when a member seeks to pursue the business opportunity in question.

#### ‘Prohibitions’ are laws forbidding actions.

Garner ’19 [Bryan A; Editor in Chief of Black’s Law Dictionary; Westlaw, Black's Law Dictionary, Eleventh Edition, “Prohibitions”]

prohibition (15c) 1. A law or order that forbids a certain action; PROSCRIPTION (1).

## CP

### SQ Enforcement Fails

#### Status quo enforcement fails – pro-blockchain regulations are key.

Schrepel 11/1 (Dr. Thibault Schrepel, Associate Professor of Law at VU Amsterdam and Faculty Affiliate at Stanford University’s CodeX Center, interviewed by Abhinav Chugh; Acting Content and Partnerships Lead, World Economic Forum, 11-1-2021, How to predict where blockchain regulation may be heading: an expert explains, World Economic Forum, https://www.weforum.org/agenda/2021/11/how-to-predict-where-blockchain-regulation-may-be-heading-an-expert-explains/)

I wish we could move beyond the “anti vs. pro” enforcement debate. My work does not fit anywhere on this scale because it seeks to contribute to a different enforcement, hopefully more dynamic, more in line with complexity theory and innovation. For one, I see the use of computational tools – computer-based problem-solving methods, such as natural language processing, unsupervised machine learning or agent-based modeling – as a way to get antitrust enforcement closer to market realities. In addition, blockchain antitrust begs for a **different type of enforcement activities,** called pro-blockchain, which implies protecting the technologies from artificial forms of centralization without challenging blockchain core characteristics

### Blockchain – Exempt

#### Blockchain is exempted---antitrust is not applicable

Dr. Thibault Schrepel 21, PhD in Antitrust Law from Université Paris-Saclay, LLM in International Law and Legal Studies from the Brooklyn Law School, Associate Professor of Law at VU Amsterdam University, Faculty Affiliate and Creator and Director of the Computational Antitrust Project at the Stanford University CodeX Center, Blockchain + Antitrust: The Decentralization Formula, p. 107-108

4 CHAPTER SUMMARY AND BEYOND

I have explained that legal fictions achieve specific objectives by granting rights to subjects and entities. Their creation is a strenuous exercise, and for this reason courts and legislatures are reluctant to design new ones. Antitrust law, for instance, has been based on the same legal fiction as was theorized the 1930s. Ronald Coase’s early work defines the “firm” as a zone in which vertical control is exercised to reduce transaction costs.

Over the last several decades, the theory of the firm as developed by Coase has become a crucial part of antitrust analysis. It is used to define entities to which antitrust laws apply and to characterize and assess anticompetitive practices. The creation of an “inside” and “outside” the firm thus guides both collusion and monopolization cases.

But one cannot transpose the theory of the firm to blockchain layer 1, as it does not feature the same vertical control. The absence of vertical control averts antitrust law, meaning that most of the behavior within that layer cannot be sanctioned. This is problematic for blockchain communities, as applying antitrust could benefit them by eliminating illegal practices. It is thus necessary to create a new legal fiction around that layer - Chapter 7 makes a proposal along those lines.