# 1nc

## Off

### 1

#### FTC fraud prevention is funded now---unexpected demands trade off

Bilirakis et al. 21 (Gus Michael Bilirakis is an American lawyer and politician serving as the U.S. Representative for Florida's 12th congressional district since 2013; Hon. Noah Joshua Phillips is a Commissioner at the Federal Trade Commission; Hon. Lina Khan is the Chair of the Federal Trade Commission, “Transforming the FTC: Legislation to Modernize Consumer Protection,” *Committee on Energy and Commerce*, 6/28/21, <https://energycommerce.house.gov/committee-activity/hearings/hearing-on-transforming-the-ftc-legislation-to-modernize-consumer>)

Gus Bilirakis (3:12:44): Thank you. Our committee has worked extensively in a bipartisan manner to protect consumers from fraud and scams. Mr. Carter's Combating Pandemic Scams Act was enacted at the beginning of the year thanks to all of our leadership here. Representive Blunt Rochester's Fraud and Scam Reduction Act, as well as Representative Kelly's Protecting Seniors from Emergency Scams Act both cleared our chamber with bipartisan support this year. My bill, HR 2672, the FTC Reports Act, would require the FTC to report on fraud against our seniors. Commissioner Philips, how important is the work the FTC staff does to protect Americans from scams? Noah Josuha Phillips (3:13:33): Congressman, thank you for your question. The work we do to protect American consumers against frauds and scams, is our bread and butter as an agency. There is no work that makes me feel better as a commissioner, when we watch our ability to find bad guys, or taking money from American consumers, dipping into their life savings, and get that money back to them. So the work that you have done on the committee to provide funding, to provide tools for us to go after scam artists, is critical. And I think that needs to continue with the agency. Gus Bilirakis (3:14:05): Thank you, and Chair Khan, again, as you pursue other initiatives, when staff and resources be shifted away from the fraud program, which is so essential in preventing bad actors from harming our constituents? That's the question, please. Lina Khan (3:14:22): Sorry, could you repeat the question - when should services be shifted... Gus Bilirakis (3:14:26): Yes, of course. As you pursue other initiatives, when staff and resources be shifted away from your fraud program, which is so essential in preventing bad actors from harming our constituents? Lina Khan (3:14:40): Well, of course, we're always limited by the appropriations bills when it comes to thinking through how we're delegating resources across the agency. In certain instances, I think there are exigent needs that can arise in certain aspects. Gus Bilirakis (3:14:54): But you don't anticipate moving money from the fraud program, is that correct? Lina Khan (3:15:00): Not especially, but I mean, I think overall, we are trying to look through the prism of managerial efficiency and trying to understand how we can best use our resources, especially given some of the exigent circumstances and so we'll be continuing to make those determinations. Gus Bilirakis (3:15:15): I suggest that you not because this is such a very important program. Commissioner Wilson, can you elaborate on why the FTC Reports Act would also prove beneficial to increasing much needed transparency and the flow of information within the commission?

#### Unplanned expanded enforcement drains finite resources from existing priorities

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However, as Commissioner Rebecca Slaughter, the current acting FTC chair has noted, these efforts have “faced resistance, with two of these recent victories only coming after district court setbacks.” Blocking a horizontal merger, even when it appears to be an “open and shut” case to a layperson, requires extraordinary resources, including large investigation and litigation teams, as well as economic and other subject matter experts who must analyze the transaction, lay out the case for blocking the merger, and rebut arguments advanced by Defendants’ attorneys and experts. To pick a recent example, consider the proposed merger of two hospital systems in the Memphis area, which the FTC filed to block in November 2020. Based on the FTC’s complaint, the merger would have reduced the number of competing systems from four to three and created a system with over a 50 percent market share. In the face of litigation, the parties abandoned the deal—consistent with this being a straightforward case. Although the FTC prevailed without a trial, it took nearly a year from the merger announcement to the abandonment. Over that period, the FTC likely devoted thousands of staff hours to the investigation and lawsuit and expended substantial taxpayer resources on expert witnesses. The higher the payoff from the merger for the merging parties—and the payoff in the case of an increase in market power can be substantial—the greater the incentive for defendants to invest extraordinary resources to fight a merger challenge. Even if there is only a middling (and in some cases, small) chance of getting a merger through, it may well be in the parties’ interest to see if they can prevail, absorbing the agencies’ (i.e., DOJ and FTC’s) scarce resources in that attempt and preventing them from devoting those resources to investigate other transactions or anticompetitive practices. The substantial resources required to challenge transactions, paired with stagnating enforcement budgets, may explain why authorities have elected not to challenge some horizontal transactions they would likely have challenged in previous eras. Using data on a wide range of industries, antitrust scholar John Kwoka documents that enforcers rarely raise concerns about changes in market structure that used to draw scrutiny—that is, mergers that yield five or more market participants.

#### Countering fraud is central to every element of terror operations

Perri 10, J.D., CFE, CPA(Frank, “The Fraud-Terror Link: Terrorists are Committing Fraud to Fund Their Activities,” Fraud Magazine, <https://www.fraud-magazine.com/article.aspx?id=4294967888>)

The threat of terrorism has become the principal security concern in the United States since 9/11. Some might perceive that fraud isn’t linked to terrorism because white-collar crime issues are more the province of organized crime, but that perception is misguided. Terrorists derive funding from a variety of criminal activities ranging in scale and sophistication – from low-level crime to organized narcotics smuggling and fraud. CFEs need to know the latest links between fraud and terror. Credit card fraud, wire fraud, mortgage fraud, charitable donation fraud, insurance fraud, identity theft, money laundering, immigration fraud, and tax evasion are just some of the types of fraud commonly used to fund terrorist cells. Such groups will also use shell companies to receive and distribute illicit funds. On the surface, these companies might engage in legitimate activities to establish a positive reputation in the business community. Financing is required not just to fund specific terrorist operations but to meet the broader organizational costs of developing and maintaining a terrorist organization and to create an enabling environment necessary to sustain their activities. The direct costs of mounting individual attacks have been relatively low considering the damage they can yield. “Part of the problem is that it takes so little to finance an operation,” said Gary LaFree, director of the University of Maryland’s National Consortium for the Study of Terrorism and Responses to Terrorism.2 For example, the 2005 London bombings cost about $15,600.3 The 2000 bombing of the USS Cole is estimated to have cost between $5,000 and $10,000.4 Al-Qaida’s entire 9/11 operation cost between $400,000 and $500,000, according to the final report of the National Commission on Terrorist Attacks Upon the United States.5 Terrorist groups require significant funds to create and maintain an infrastructure of organizational support, sustain an ideology of terrorism through propaganda, and finance the ostensibly legitimate activities needed to provide a veil of legitimacy for their shell companies.6 However, don’t think that only large operations are needed for terrorists to carry out attacks; small semi-autonomous cells in many countries are often just as capable of conducting disruptive activities without extensive outside financial help – they just conduct smaller-scale frauds.7 Even though the nexus between fraud and terrorism is undisputed, there’s concern at state and local levels that law enforcement professionals lack specialized knowledge on how to detect the fraud-terror link because they’re more apt to investigate and prosecute violent crimes.8 A critical lack of awareness about terrorists’ links to fraud schemes is undermining the fight against terrorism. Fraud analysis must be central, not peripheral, in understanding the patterns of terrorist behavior.9

#### Nuclear war---cash is key

Hayes 18, Executive Director of the Nautilus Institute for Security and Sustainability, Ph.D. in Energy and Resources from the University of California-Berkeley, Professor of International Relations at RMIT University (Dr. Peter J., “Non-State Terrorism and Inadvertent Nuclear War”, NAPSNet Special Reports, 1/18/2018, <https://nautilus.org/napsnet/napsnet-special-reports/non-state-terrorism-and-inadvertent-nuclear-war/>)

The critical issue is how a nuclear terrorist attack may “catalyze” inter-state nuclear war, especially the NC3 systems that inform and partly determine how leaders respond to nuclear threat. Current conditions in Northeast Asia suggest that multiple precursory conditions for nuclear terrorism already exist or exist in nascent form. In Japan, for example, low-level, individual, terroristic violence with nuclear materials, against nuclear facilities, is real. In all countries of the region, the risk of diversion of nuclear material is real, although the risk is likely higher due to volume and laxity of security in some countries of the region than in others. In all countries, the risk of an insider “sleeper” threat is real in security and nuclear agencies, and such insiders already operated in actual terrorist organizations. Insider corruption is also observable in nuclear fuel cycle agencies in all countries of the region. The threat of extortion to induce insider cooperation is also real in all countries. The possibility of a cult attempting to build and buy nuclear weapons is real and has already occurred in the region.[15] Cyber-terrorism against nuclear reactors is real and such attacks have already taken place in South Korea (although it remains difficult to attribute the source of the attacks with certainty). The stand-off ballistic and drone threat to nuclear weapons and fuel cycle facilities is real in the region, including from non-state actors, some of whom have already adopted and used such technology almost instantly from when it becomes accessible (for example, drones).[16]

Two other broad risk factors are also present in the region. The social and political conditions for extreme ethnic and xenophobic nationalism are emerging in China, Korea, Japan, and Russia. Although there has been no risk of attack on or loss of control over nuclear weapons since their removal from Japan in 1972 and from South Korea in 1991, this risk continues to exist in North Korea, China, and Russia, and to the extent that they are deployed on aircraft and ships of these and other nuclear weapons states (including submarines) deployed in the region’s high seas, also outside their territorial borders.

The most conducive circumstance for catalysis to occur due to a nuclear terrorist attack might involve the following nexi of timing and conditions:

1. Low-level, tactical, or random individual terrorist attacks for whatever reasons, even assassination of national leaders, up to and including dirty radiological bomb attacks, that overlap with inter-state crisis dynamics in ways that affect state decisions to threaten with or to use nuclear weapons. This might be undertaken by an opportunist nuclear terrorist entity in search of rapid and high political impact.
2. Attacks on major national or international events in each country to maximize terror and to de-legitimate national leaders and whole governments. In Japan, for example, more than ten heads of state and senior ministerial international meetings are held each year. For the strategic nuclear terrorist, patiently acquiring higher level nuclear threat capabilities for such attacks and then staging them to maximum effect could accrue strategic gains.
3. Attacks or threatened attacks, including deception and disguised attacks, will have maximum leverage when nuclear-armed states are near or on the brink of war or during a national crisis (such as Fukushima), when intelligence agencies, national leaders, facility operators, surveillance and policing agencies, and first responders are already maximally committed and over-extended.

At this point, we note an important caveat to the original concept of catalytic nuclear war as it might pertain to nuclear terrorist threats or attacks. Although an attack might be disguised so that it is attributed to a nuclear-armed state, or a ruse might be undertaken to threaten such attacks by deception, in reality a catalytic strike by a nuclear weapons state in conditions of mutual vulnerability to nuclear retaliation for such a strike from other nuclear armed states would be highly irrational.

Accordingly, the effect of nuclear terrorism involving a nuclear detonation or major radiological release may not of itself be *catalytic* of *nuclear* war—at least not intentionally–because it will not lead directly to the destruction of a targeted nuclear-armed state. Rather, it may be catalytic of non-nuclear war between states, especially if the non-state actor turns out to be aligned with or sponsored by a state (in many Japanese minds, the natural candidate for the perpetrator of such an attack is the pro-North Korean General Association of Korean Residents, often called Chosen Soren, which represents many of the otherwise stateless Koreans who were born and live in Japan) and a further sequence of coincident events is necessary to drive escalation to the point of nuclear first use by a state. Also, the catalyst—the non-state actor–is almost assured of discovery and destruction either during the attack itself (if it takes the form of a nuclear suicide attack then self-immolation is assured) or as a result of a search-and-destroy campaign from the targeted state (unless the targeted government is annihilated by the initial terrorist nuclear attack).

It follows that the effects of a non-state nuclear attack may be characterized better as a *trigger* effect, bringing about a *cascade* of nuclear use decisions within NC3 systems that shift each state increasingly away from nuclear non-use and increasingly towards nuclear use by releasing negative controls and enhancing positive controls in multiple action-reaction escalation spirals (depending on how many nuclear armed states are party to an inter-state conflict that is already underway at the time of the non-state nuclear attack); and/or by inducing concatenating nuclear attacks across geographically proximate nuclear weapons forces of states already caught in the crossfire of nuclear threat or attacks of their own making before a nuclear terrorist attack.[17]

### 2

#### The United States federal government ought to initiate notice-and-comment rulemaking to substantially increase its prohibitions on business firms and corporations and implement the results pursuant to Administrative Procedure Act protocol.

#### The plan’s unannounced, unconditional mandate locks out public input and violates due process---turns solvency.

Chopra & Khan 20, \*Rohit, MBA, Commissioner, Federal Trade Commission; & \*\*Lina M., JD, current chair of the Federal Trade Commission, Counsel of the Subcommittee on Antitrust, Commercial, and Administrative Law, US House Committee on the Judiciary. (2020, "The Case for “Unfair Methods of Competition” Rulemaking," *University of Chicago Law Review*, Vol. 87 Iss. 2, Article 4, pg. 359-367, Accessible at: <https://chicagounbound.uchicago.edu/uclrev/vol87/iss2/4>)

I. THE STATUS QUO: AMBIGUOUS, BURDENSOME, AND UNDEMOCRATIC?

Antitrust law today is developed exclusively through adjudication. In theory, this case-by-case approach facilitates nuanced and fact-specific analysis of liability and well-tailored remedies. But in practice, the reliance on case-by-case adjudication yields a system of enforcement that generates ambiguity, unduly drains resources from enforcers, and deprives individuals and firms of any real opportunity to democratically participate in the process.

One reason that antitrust adjudication suffers from these shortcomings is that courts analyze most forms of conduct under the “rule of reason” standard. The “rule of reason” involves a broad and open-ended inquiry into the overall competitive effects of particular conduct and asks judges to weigh the circumstances to decide whether the practice at issue violates the antitrust laws. Balancing short-term losses against future predicted gains calls for “speculative, possibly labyrinthine, and unnecessary” analysis and appears to exceed the abilities of even the most capable institutional actors.1 Generalist judges struggle to identify anticompetitive behavior2 and to apply complex economic criteria in consistent ways.3 Indeed, judges themselves have criticized antitrust standards for being highly difficult to administer.4 And if a standard isn’t administrable, it won’t yield predictable results. The dearth of clear standards and rules in antitrust means that market actors face uncertainty and cannot internalize legal norms into their business decisions.5 Moreover, ambiguity deprives market participants and the public of notice about what the law is, thereby undermining due process—a fundamental principle in our legal system.6

**[BEGIN FOOTNOTE 6]**

6. See FCC v Fox Television Stations, Inc, 567 US 239, 253 (2012). A lack of fair notice raises constitutional due process concerns. As the Supreme Court has explained, fair notice concerns arise when a law or regulation “fails to provide a person of ordinary intelligence fair notice of what is prohibited, or is so standardless that it authorizes or encourages seriously discriminatory enforcement.” Id (citations omitted)

**[END FOOTNOTE 6]**

Decades ago, former Commissioner Philip Elman observed that case-by-case adjudication “may simply be too slow and cumbersome to produce specific and clear standards adequate to the needs of businessmen, the private bar, and the government agencies.”7 Relying solely on case-by-case adjudication means that businesses and the public must attempt to extract legal rules from a patchwork of individual court opinions. Because antitrust plaintiffs bring cases in dozens of different courts with hundreds of different generalist judges and juries, simply understanding what the law is can involve piecing together disparate rulings founded on unique sets of facts. All too often, the resulting picture is unclear. This ambiguity is compounded when the Supreme Court assigns to lower courts the task of fleshing out how to structure and apply a standard, potentially delaying clarity and certainty for years or even decades.8

The current approach to antitrust also makes enforcement highly costly and protracted. In 2012, the American Bar Association (ABA) published the report of a task force that sought to “study ways to control the costs of antitrust litigation and enforcement.”9 The task force, the authors explained, was “a response to concerns” about both “the costs imposed on businesses by the American system of antitrust enforcement” and “the length of time required to resolve antitrust issues both in litigation and in enforcement proceedings.”10 Out-of-control costs undermine effective antitrust enforcement by agencies and private litigants, but may advantage actors who profit from anticompetitive practices and can treat litigation as a routine cost of business. Professor Michael Baye and Former Commissioner Joshua Wright have noted that generalist judges may be ill-equipped to independently analyze and assess evidence presented by economic experts.11 Because determining the legality of most conduct now involves complex economic analysis, courts have effectively “delegate[d] both factfinding and rulemaking to courtroom economists,” making courtroom economics “not just inevitable but often dispositive.”12 In fact, paid expert testimony now is often “the ‘whole game’ in an antitrust dispute.”13

Paid experts are a major expense. Some experts charge over $1,300 an hour, earning more than senior partners at major law firms.14 Over the last decade, expenditures on expert costs by public enforcers have ballooned.15 In a system that incentivizes firms to spend top dollar on economists who can use ever-increasing complexity to spin a favorable tale, the eye-popping costs for economic experts can put the government and new market entrants at a significant disadvantage.16

Another component of the burden is that antitrust trials are extremely slow and prolonged.17 The Supreme Court has criticized antitrust cases for involving “interminable litigation”18 and the “inevitably costly and protracted discovery phase,”19 yielding an antitrust system that is “hopelessly beyond effective judicial supervision.”20 That it can easily take a decade to bring an antitrust case to full judgment means that by the time a judge orders a remedy, market circumstances are likely to have outpaced it.21 The same 2012 ABA report suggested that lengthy, costly litigation may be contributing to reduced government-enforcement efforts over time relative to the expansion of the US economy.22

Lastly, the current approach deprives both the public and market participants of any real opportunity to participate in the creation of substantive antitrust rules.23 The exclusive reliance on case-by-case adjudication leaves broad swaths of market participants watching from the sidelines, lacking an opportunity to contribute their perspective, their analysis, or their expertise, except through one-off amicus briefs.24 Nascent firms and startups are especially likely to be left out—despite the vital role they play in the competition ecosystem—given that they do not comprise a significant portion of the parties represented in litigated matters, and they usually lack the resources to engage in amicus activity. Furthermore future entrants, whose interests should be carefully considered in all aspects of competition law and policy, have no voice.

Firms, entrepreneurs, workers, and consumers across our economy vary wildly in their experiences and perspectives on market conduct. Enforcement and regulation of business conduct can more successfully promote competition when it incorporates more voices and evidence from across the marketplace.

#### Fidelity to notice-and-comment [N&C] solves.

Chopra & Khan 20, \*Rohit, MBA, Commissioner, Federal Trade Commission; & \*\*Lina M., JD, current chair of the Federal Trade Commission, Counsel of the Subcommittee on Antitrust, Commercial, and Administrative Law, US House Committee on the Judiciary. (2020, "The Case for “Unfair Methods of Competition” Rulemaking," *University of Chicago Law Review*, Vol. 87 Iss. 2, Article 4, pg. 367-370, Accessible at: <https://chicagounbound.uchicago.edu/uclrev/vol87/iss2/4>)

We see three major benefits to the FTC engaging in rulemaking under “unfair methods of competition,” even if the conduct could be condemned under other aspects of antitrust laws. As we describe above, the current approach generates ambiguity, is unduly burdensome, and suffers from a democratic participation deficit. Rulemaking can benefit the marketplace and the public on all of these fronts.

First, rulemaking would enable the Commission to issue clear rules to give market participants sufficient notice about what the law is, helping ensure that enforcement is predictable.43 The APA requires agencies engaging in rulemaking to provide the public with adequate notice of a proposed rule. The notice must include the substance of the rule, the legal authority under which the agency has proposed the rule, and the date the rule will come into effect.44 An agency must publish the final rule in the Federal Register at least thirty days before the rule becomes effective.45

These procedural requirements promote clear rules and provide clear notice. As the Supreme Court has stated, a “fundamental principle in our legal system is that laws which regulate persons or entities must give fair notice of conduct that is forbidden or required.”46 Clear rules also help deliver consistent enforcement and predictable results. Reducing ambiguity about what the law is will enable market participants to channel their resources and behavior more productively and will allow market entrants and entrepreneurs to compete on more of a level playing field.

Second, establishing rules could help relieve antitrust enforcement of steep costs and prolonged trials. Identifying ex ante what types of conduct constitute “unfair method[s] of competition” would obviate the need to establish the same exclusively through ex post, case-by-case adjudication. Targeting conduct through rulemaking, rather than adjudication, would likely lessen the burden of expert fees or protracted litigation, potentially saving significant resources on a present-value basis.47

Moreover, establishing a rule through APA rulemaking can be faster than litigating multiple cases on a similar subject matter. For taxpayers and market participants, the present value of net benefits through the promulgation of a clear rule that reduces the need for litigation is higher than pursuing multiple, protracted matters through litigation. At the same time, rulemaking is not so fast that it surprises market participants. Establishing a rule through participatory rulemaking can often be far more efficient. This is particularly important in the context of declining government enforcement relative to economic activity, as documented by the ABA.48

And third, rulemaking would enable the Commission to establish rules through a transparent and participatory process, ensuring that everyone who may be affected by a new rule has the opportunity to weigh in on it, granting the rule greater legitimacy.49 APA procedures require that an agency provide the public with meaningful opportunity to comment on the rule’s content through the submission of written “data, views, or arguments.”50 The agency must then consider and address all submitted comments before issuing the final rule. If an agency adopts a rule without observing these procedures, a court may strike down the rule.51

This process is far more participatory than adjudication. Unlike judges, who are confined to the trial record when developing precedent-setting rules and standards, the Commission can put forth rules after considering a comprehensive set of information and analysis.52 Notably, this would also allow the FTC to draw on its own informational advantage—namely, its ability to collect and aggregate information and to study market trends and industry practices over the long term and outside the context of litigation.53 Drawing on this expertise to develop rules will help antitrust enforcement and policymaking better reflect empirical realities and better keep pace with evolving business practices.

Given that the FTC has largely neglected this tool, some may question the Commission’s authority to issue competition rules and the legal status these rules would have.54 Indeed, a common misconception is that this authority is extremely limited because FTC rulemaking is subject to the extensive hurdles posed by the Magnuson-Moss Warranty–Federal Trade Commission Improvements Act55 (“Magnuson-Moss”). In reality, Magnuson-Moss governs only rulemakings interpreting “unfair or deceptive acts or practices.”56 For rules interpreting “unfair methods of competition,” the FTC has authority to engage in participatory rulemaking pursuant to the APA. Several antitrust scholars have affirmed this authority, and the Appendix lays out further background on and discussion of it.57

#### Democracy solves extinction.

Twining 21, PhD, president of the International Republican Institute, former director of the Asia Program at the German Marshall Fund. (Daniel, 10-10-2021, "America must double down on democracy", *The Hill*, <https://thehill.com/opinion/campaign/575693-america-must-double-down-on-democracy>) \*language edited

The hard truth is that a world that is less free is one that is less secure, stable and prosperous. The greatest dangers to the American way of life emanate from hostile autocracies. There are no quick fixes, but the best antidotes to the challenges of great-power conflict, terrorism and mass migration of desperate refugees lie in the building of inclusive democratic institutions — and working with allied democracies to sustain the free and open order that China, in particular, wishes to replace with a world that’s safe for autocracy. The conventional wisdom that authoritarianism has popular momentum is wrong. No one anywhere is taking to the street to demand more corrupt governance, the adoption of one-man rule, a stronger surveillance state, or greater intervention by malign foreign powers. Democratic freedoms are unquestionably under assault in many nations. Autocrats are aggressive precisely because of the growing demands for change in their more modern, connected societies — and the rising risk that middle classes in nations such as China and Russia will not be willing forever to forfeit political rights for prosperity. American retrenchment and isolationism compound the danger. It would be nice to live in a world where failed states and dictatorships were a problem for someone else to worry about. But rather than producing stability, Western retreat only emboldens autocrats in ways that amplify dangers to American national security. We know that violent extremism flourishes under state failure and dictatorship. Broken states become breeding grounds for extremist groups because they leave vacuums that terrorists are only too happy to fill. In nations without democratic accountability, citizens become drawn to the only forms of expression available to them, which are often violent and extreme. The good news is that we have billions of allies around the world: citizens on every continent chafing for greater freedom and dignity. They do not want U.S. military-led nation-building. They want peaceful support for their independent efforts to create democratic space in systems distorted by overweening government control, dangerous governance gaps and foreign malign influence. The free world cannot be neutral in the face of autocracy’s resurgence. Rather, it should play to its strengths. The appeal of democratic opportunity is a strategic asset for the United States — despite our own shortcomings — because people around the world similarly aspire to live in societies that guarantee justice, rights and dignity. America’s closest allies are democracies. Democracies don’t fight each other, export violent extremism, or produce the conflicts that drive mass migration. Democracies are better partners in fighting terrorism, human trafficking and poverty, as well as establishing reliable trading relationships. Open societies incubate the technologies that will help solve the world’s most pressing problems, including climate change. Citizens can hold leaders accountable when they fall short, and democratic institutions are stronger than any [individual] ~~man~~ — as America itself witnessed after the assault on the U.S. Capitol on Jan. 6.

### 3

#### US tech leadership is secure, BUT antitrust cedes it.

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II. The United States Plays a Critical Role in 5G Standards Development

The U.S. government has recognized that “5G is a critical strategic technology [such that] nations that master advanced communications technologies and ubiquitous connectivity will have a long-term economic and military advantage.”8 The U.S. has had a substantial technological edge over our military and intelligence rivals in foundational R&D for 5G and other next-generation technologies. U.S. companies have long been leaders in the development of previous generations of core mobile standards (2G, 3G, 4G, and LTE). This technological leadership has made it possible for U.S. companies to ensure the security and integrity of the hardware and software products that make up the backbone of the U.S. telecommunication systems. This leadership must continue for the U.S. government to more effectively anticipate potential security risks and take the necessary steps to protect national security.9

Despite this history of clear technological leadership, there are causes for concern. First, a very small number of U.S. companies have made the investments in the overwhelming majority of the R&D necessary to develop 5G.10 Historically, U.S. companies have heavily invested in R&D, which has propelled the U.S. into leadership positions in critical standard development organizations working on foundational next-generation technologies like 5G.11 U.S. companies like Qualcomm play a significant and important role in this process through innovation, patenting, and standard setting, but they are not alone in the global community of high-tech companies.12 Backed by their nations’ leadership, Chinese and Korean companies have also invested heavily in developing the core technologies for 5G.13

The willingness of U.S. companies to invest in R&D is threatened, however. The development of 5G is a bit like a race, with the companies who develop the best technology coming out ahead. While U.S. companies are savvy and talented competitors in this race, aggressive and unwarranted use of antitrust law by U.S. regulators, as well as by foreign antitrust authorities, threatens to put obstacles in these companies’ paths and hinder their ability to lead.

III. Overly Aggressive Antitrust Enforcement Hinders American Technological Leadership and Threatens National Security

As companies from around the world develop the technology and standards for 5G mobile devices and networks, American companies are under threat by aggressive antitrust enforcement that ultimately redounds to the benefit of these foreign companies, which are economic competitors in countries that are also military competitors of the U.S. Over the past five years, foreign governments, particularly in Asia, have subjected U.S. companies to antitrust investigations that failed to follow basic norms of the rule of law, such as providing basic due process protections.14 These antitrust investigations were a thinly-disguised effort by these countries to force the transfer of U.S. patented technology to their own domestic companies, or to insulate their domestic companies from American competition. In recent years, Chinese, Korean, and Taiwanese antitrust authorities have brought nearly 30 investigations against 60 foreign companies across a range of industries, including manufacturing, life sciences, and technology.15

Antitrust challenges undermine intellectual property rights by forcing companies to license their products on non-market-based terms. One prominent example in U.S. history is when the Department of Justice wrung a concession from AT&T to license royalty-free the entire portfolio of 8,600 patents held by Bell Labs in a 1956 antitrust consent decree with the company.16 Today, the White House Office of Trade and Manufacturing Policy has observed that “China uses the Antimonopoly Law of the People’s Republic of China not just to foster competition but also to force foreign companies to make concessions such as reduced prices and below-market royalty rates for licensed technology.”17 Companies have also complained about poor policy guidance and procedural protections under China’s competition laws.18 Others have complained about China’s use of its competition laws to promote policy objectives rather than protect competition and advance consumer welfare.19 In one example, companies raised concerns with Article 7 of China’s State Administration of Industry Commerce (SAIC) 2015 Rules on the Prohibition of Conduct Eliminating or Restricting Competition by Abusing Intellectual Property Rights.20 Under this provision, intellectual property constitutes an “essential facility,” which could allow parties to raise abuse of intellectual property rights claims against patent owners for a unilateral refusal to license their patents.21

Predatory antitrust enforcement actions threaten the ability of U.S. companies to continue to be leaders in 5G technological development. China and other nations with similarly restrictive regulatory frameworks can weaken the ability of the United States to compete in global markets by exacting high monetary penalties from U.S. intellectual property owners or forcing the transfer of their intellectual property to domestic commercial rivals. As a penalty for violations of its competition laws, China can impose exorbitant fines that range up to 10% of a foreign company’s entire revenue in the prior year.22 This is not a legal rule observed in the breach; it has already resulted in fines just shy of $1 billion.23

Another way in which courts in China and other foreign countries are harming U.S. companies is through the use of anti-suit injunctions. One example of this is in the recent patent infringement lawsuit brought by InterDigital, an American high-tech company that has developed key technologies in wireless telecommunication, against Chinese company Xiaomi. In June 2020, Xiaomi filed a lawsuit in the Wuhan Intermediate Court in China requesting that the court set global licensing rates for InterDigital’s patents on standardized technologies. In July 2020, InterDigital sued Xiaomi in India for infringement of InterDigital’s Indian patents. The Wuhan Intermediate Court then ordered InterDigital to stop its lawsuit with its request for an injunction in India. The Chinese court further prohibited InterDigital from suing Xiaomi and requesting an injunction or damages in the form of reasonable licensing rates, or even to enforce a previously-issued injunction, in any other country. If InterDigital does not comply with this worldwide injunction against pursuing legal relief for the violation of its patents in any other country, the company faces a significant fine in China. The type of judicial order issued by the Wuhan court is known as an anti-suit injunction and its purpose is to force an intellectual property dispute to play out solely in a Chinese court at the behest of the Chinese government. These court orders demonstrate China’s desire to become the source of 5G innovation and to dictate the licensing terms of the technology, and the anti-suit injunctions hamstring U.S. companies like InterDigital from enforcing their intellectual property rights anywhere in the world.

The unfair use of antitrust enforcement and related legal actions like anti-suit injunctions to weaken U.S. intellectual property rights around the world risks diminishing U.S. global competitiveness in critical technologies like 5G, and further empowers China and others to expand their influence over the evolving 5G technological ecosystem. To the extent the U.S. cedes its dominance in 5G standards development, China will continue its focused efforts to fill that void. Huawei, a China-based company, has increased its R&D spending while growing its share of patents on the standardized technologies comprising 5G.24 The President’s Council on Science and Technology issued a report concluding that Chinese actions in the semiconductor industry, which include a range of policies backed by over $100 billion in government funds, threaten U.S. leadership in the industry and present risks to U.S. national security.25 China’s “Made in China 2025” plan called for China to become a leader in 5G technology, including in the development of the standards for the technology, by 2020.26 The plan expressly favors Chinese domestic producers, calling for raising the domestic content of core components in high-tech industries like 5G to 70% by 2025.27

This issue, however, extends far beyond simply the ability and willingness of U.S. companies to engage in the requisite R&D to participate in the 5G race. Reduced U.S. influence on 5G standard-setting would force the U.S. government to rely on untrusted foreign companies for its 5G product supply. The Department of the Treasury has expressed concern about the “well-known” U.S. national security risks posed by Huawei and other Chinese telecommunications companies.28

#### Revisionist tech leadership causes nuclear war.

Kroenig & Gopalaswamy 18, \*Associate Professor of Government and Foreign Service at Georgetown University and Deputy Director for Strategy in the Scowcroft Center for Strategy and Security at the Atlantic Council. \*\*Director of the South Asia Center at the Atlantic Council. He holds a PhD in mechanical engineering with a specialization in numerical acoustics from Trinity College, Dublin. (Matthew & Bharath, 11-12-2018, "Will disruptive technology cause nuclear war?", *Bulletin of the Atomic Scientists*, <https://thebulletin.org/2018/11/will-disruptive-technology-cause-nuclear-war/>)

Rather, we should think more broadly about how new technology might affect global politics, and, for this, it is helpful to turn to scholarly international relations theory. The dominant theory of the causes of war in the academy is the “bargaining model of war.” This theory identifies rapid shifts in the balance of power as a primary cause of conflict.

International politics often presents states with conflicts that they can settle through peaceful bargaining, but when bargaining breaks down, war results. Shifts in the balance of power are problematic because they undermine effective bargaining. After all, why agree to a deal today if your bargaining position will be stronger tomorrow? And, a clear understanding of the military balance of power can contribute to peace. (Why start a war you are likely to lose?) But shifts in the balance of power muddy understandings of which states have the advantage.

You may see where this is going. New technologies threaten to create potentially destabilizing shifts in the balance of power.

For decades, stability in Europe and Asia has been supported by US military power. In recent years, however, the balance of power in Asia has begun to shift, as China has increased its military capabilities. Already, Beijing has become more assertive in the region, claiming contested territory in the South China Sea. And the results of Russia’s military modernization have been on full display in its ongoing intervention in Ukraine.

Moreover, China may have the lead over the United States in emerging technologies that could be decisive for the future of military acquisitions and warfare, including 3D printing, hypersonic missiles, quantum computing, 5G wireless connectivity, and artificial intelligence (AI). And Russian President Vladimir Putin is building new unmanned vehicles while ominously declaring, “Whoever leads in AI will rule the world.”

If China or Russia are able to incorporate new technologies into their militaries before the United States, then this could lead to the kind of rapid shift in the balance of power that often causes war.

If Beijing believes emerging technologies provide it with a newfound, local military advantage over the United States, for example, it may be more willing than previously to initiate conflict over Taiwan. And if Putin thinks new tech has strengthened his hand, he may be more tempted to launch a Ukraine-style invasion of a NATO member.

Either scenario could bring these nuclear powers into direct conflict with the United States, and once nuclear armed states are at war, there is an inherent risk of nuclear conflict through limited nuclear war strategies, nuclear brinkmanship, or simple accident or inadvertent escalation.

This framing of the problem leads to a different set of policy implications. The concern is not simply technologies that threaten to undermine nuclear second-strike capabilities directly, but, rather, any technologies that can result in a meaningful shift in the broader balance of power. And the solution is not to preserve second-strike capabilities, but to preserve prevailing power balances more broadly.

### 4

#### Text: The 50 United States and relevant subnational entities should enact and enforce substantial legislation prohibiting anticompetitive practices.

#### State antitrust is enforceable and solvent.

Lange et al. 21, \*Perry A., JD, antitrust lawyer, vice-chair of the ABA Antitrust Section’s Joint Conduct Committee. \*Brian K. Mahanna, JD, former chief of staff and deputy attorney general in the Office of the New York State Attorney General, \*Nicole Callan, JD, vice chair of the Civil Practice and Procedure Committee of the American Bar Association (ABA)'s Section of Antitrust Law, \*Álvaro Mateo Alonso, LLM, Law Degree, antitrust lawyer. (3-5-2021, "Developments in Antitrust Law: Keep an Eye on New York", *WilmerHale*, Full report accessible at: https://www.wilmerhale.com/en/insights/client-alerts/20210305-developments-in-antitrust-law-keep-an-eye-on-new-york)

Although much attention recently has been focused upon debates in Congress, potential legislative changes to U.S. antitrust law are not limited to proposals at the federal level. Many states are considering changes to their own antitrust laws, which usually can be enforced by state attorneys general and private plaintiffs. Importantly, New York legislators have introduced two bills that propose sweeping changes to the State’s antitrust law, the Donnelly Act, building on measures introduced in New York’s last legislative session.

These proposals, if enacted, would make New York’s single firm conduct statutory provisions the most aggressive in the United States and would give the New York Attorney General a more prominent role in reviewing transactions—including by creating a first-of-its-kind state merger notification requirement. These changes would allow New York’s antitrust law to reach a range of conduct not actionable under any existing federal or state antitrust law, and would introduce European-style antitrust standards to New York. Accordingly, this reform would create considerable new compliance challenges and risk for companies potentially subject to New York antitrust law, whether or not those companies are located in New York.

Other U.S. states and territories are considering antitrust law changes, but the New York proposals are the most significant. Although much of the conversation concerning developments in antitrust law has focused on “Big Tech” companies, these proposals would affect businesses across all sectors of the economy. This alert discusses these legislative proposals and key implications for businesses.

### 5

#### T – business practices

#### Business practices are ongoing and prevalent conduct defined by the behaviors of many profit-based market participants

MacIntosh 97 (KERRY LYNN MACINTOSH-Associate Professor of Law, Santa Clara University School of Law. B.A. 1978, Pomona College; J.D. 1982, Stanford University. “LIBERTY, TRADE, AND THE UNIFORM COMMERCIAL CODE: WHEN SHOULD DEFAULT RULES BE BASED ON BUSINESS PRACTICES?” *William and Mary Law Review*, vol. 38, no. 4, May 1997, p. 1465-1544. HeinOnline accessed online via KU libraries, date accessed 8/27/21)

These new and revised articles reflect a strong trend toward choosing default rules4 that codify existing business practices.5 [[BEGIN FOOTNOTE 5]] 5. In this Article, the term "business practices" is used to refer to practices that emerge over time as countless market participants exercise their freedom to engage in profitable transactions. For an account of the evolution of business practices, see infra Part II. As used here, "business practices" is broader and less technical than "trade usage," which the Code narrowly defines as "any practice or method of dealing having such regularity of observance in a place, vocation, or trade as to justify an expectation that it will be observed with respect to the transaction in question." U.C.C. § 1-205(2). [[END FOOTNOTE 5]] This is particularly true of the recent revisions to Articles 3 (Negotiable Instruments), 4 (Bank Deposits and Collections) and 5 (Letters of Credit).

#### Violation: the aff gets rid of business and not practices --- at best they’re extra T

#### Fairness and education --- allowing them to go beyond the topic destroys limits and ground there is no predictable limit as to what we should expect when preparing for team which destroys fairness and education

## Case

### 1nc – turn

#### Enforcers would apply the plan extraterritorially. That blows up US-EU trade relations.

Kava 19, J.D./M.B.A. Candidate, 2020, University of Maryland Francis King Carey School of Law and Johns Hopkins University Carey School of Business. (Samuel F., “The Extraterritorial Application of the Sherman Anti-Trust Act in the Age of Globalization: The Need to Amend the Foreign Trade Antitrust Improvements Act (FTAIA) & Vigorously Apply International Comity”, 15 J. Bus. & Tech. L. 135, pg. 157-159 Available at: <https://digitalcommons.law.umaryland.edu/jbtl/vol15/iss1/5>)

A. Adverse Political and Economic Effects

Before the FTAIA was enacted, in 1982, many of the United States’ closest allies were disgruntled by the U.S. courts’ expansive extraterritorial application of the Sherman Anti-Trust Act.152 These nations confided in the territorial principle, and believed it “axiomatic that in anti-trust matters the policy of one state may be to defend what it is the policy of another state to attack.”153 The United Kingdom, one of the most outspoken allies against the United States’ “attempt[] to impose [its] domestic laws on persons and corporations who are not U.S. nationals and who are acting outside the territory of the United States,” viewed the extraterritorial application of the Sherman Anti-Trust Act as ironic given the fact “the United States was founded by those who took exception to little matters of taxation being imposed extraterritorially.”154 Thus, in an attempt to “protect their nationals from criminal [and civil] proceedings in foreign courts where the claims to jurisdiction [were] excessive and constitute[d] an invasion of sovereignty,” foreign nations enacted blocking statutes to resist the extraterritorial application of the Sherman Act.155

The blocking statutes of each nation varied, but all served to “block the discovery of documents located in their countries and bar the enforcement of foreign judgements.”156 The United Kingdom achieved these goals with the Protection of Trading Interests Act, France with the French Blocking Law, Canada with the Foreign Extraterritorial Measures Act, and Australia with the Foreign Proceedings Act.157 The conflicting laws between the United States and its foreign counterparts created tremendous uncertainty regarding what nation’s laws would be applied in the event of a cross-border dispute. According to Nuno Limáo and Giovanni Maggi, economists from the University of Maryland and Yale University, “as the world becomes more integrated, the gains from decreasing trade-policy uncertainty should tend to become more important relative to the gains from reducing the levels of trade barriers.”158 should tend to become more important relative to the gains from reducing the levels of trade barriers.”158

Essentially, for trade to prosper, it is more important to provide producers and consumers with predictability and certainty (regarding the rule of law) rather than enacting laws that focus on free trade economics. Accordingly, it is in the best interest of governments to focus on unifying its laws before negotiating for the elimination of tariffs or quotas. This is not to say that eliminating trade barriers is not vital to the health of the economy—in fact, tariffs, quotas, and other trade barriers are proven to adversely affect all parties involved in the chain of distribution—however, it is more important to unify laws before focusing on the elimination of any trade barriers.159

As mentioned in Part I.C., the complaints of U.S. exporters and foreign governments were heard, and the United States Congress enacted the FTAIA “to address the concerns of foreign governments that the effects test established in the Alcoa case had not made clear the magnitude of the U.S. effects required to support a claim under the Sherman Act.”160 Thus, the FTAIA was implemented to bring certainty to consumers and producers by requiring that “conduct must have a ‘direct, substantial, and reasonably foreseeable effect’” for the Sherman Anti-Trust Act to apply extraterritorially.161 This language provided the foreign community with temporary relief, and gave producers and consumers the certainty and predictability needed to establish confidence in the markets and continue trading.

However, since the passage of the FTAIA in 1982, the world has witnessed a remarkable increase in globalization, such that most conduct that takes place today has a “direct, substantial, and reasonably foreseeable effect” 162 on the U.S. economy. Epitomizing the obscureness of the FTAIA, is the fact that U.S. enforcement agencies—i.e. the U.S. Department of Justice and the Federal Trade Commission—have taken an aggressive approach to pursuing international antitrust claims. In 2017, the U.S. Department of Justice (“DOJ”) and Federal Trade Commission (“FTC”) published the International Guidelines—a publication “explaining how the agencies intend to enforce U.S. antitrust laws against conduct occurring outside the United States.”163 The International Guidelines have taken the broadest approach in determining if conduct is “direct”—finding if there is a “reasonably proximate causal nexus between the conduct and the effect” conduct is “direct”—and the narrowest view that international comity bars enforcement of U.S. antitrust laws only when it is impossible for the actor to comply with both U.S. law and its foreign nation’s law.164 Thus, because the FTAIA has become ineffective and there is a risk of further expansion of the extraterritorial application of the Sherman Anti-Trust Act with Apple v. Pepper, foreign nations will almost certainly strive to adopt modern and effective blocking statutes. These blocking statutes will revitalize uncertainty in the markets, and the global economy will be adversely affected.

In addition, because our world is more integrated, compared to the time when the FTAIA was implemented, the adverse economic effects may be worse if foreign nations pursue modern blocking statutes. To hedge against judicial uncertainty, corporations will likely react by hiring more robust legal teams. By re-allocating money to legal costs, with the hopes of avoiding potential litigation and ensuring compliance with all nations’ laws, corporations would have foregone the opportunity to spend time and money on: (1) scaling its current line of products (which would decrease the price of goods for consumers), (2) enhancing the capabilities of its current line of products (which improve consumer capabilities and increase corporate profits), or (3) creating new and innovative products (which would benefit both consumers and producers). Thus, because corporations would be forced to spend more resources on avoiding litigation rather than research and development with the new blocking statutes, consumers, producers, distributors, and the economy as a whole will be adversely affected.

Overall, there is a significant risk that foreign nations will look towards blocking statutes to limit the extraterritorial application of the Act. The conflicting laws of the United States and international community will lead to judicial uncertainty, which will have an adverse impact on the global economy. Businesses will spend more time and money to avoid disputes; thus, undermining corporate profits, a customer’s ability to purchase low cost goods, and the overall health of the global economy. The only certainty is that trade will slow down as a result of trade policy uncertainty. To avoid these adverse economic effects, it would be advantageous for the United States Congress to amend the FTAIA in a way that limits the effects of the extraterritorial application of the Sherman Anti-Trust Act. Specifically, Congress should limit the effects of the extraterritorial application of the Sherman Anti-Trust Act by expressly providing courts with a robust international comity analysis.

#### Reducing trade tensions is key to check Chinese tech norms.

Mulligan 20, managing director for national security and international policy at the Center for American Progress. She previously worked in the national security division at the U.S. Department of Justice, where she provided legal and policy advice on a broad range of national policies. Jordan Link is the China policy analyst at the Center for American Progress. Laura Edwards is the China program coordinator at the Center for American Progress. (Katrina, 11-18-2020, “THE ROAD TO A SUCCESSFUL CHINA POLICY RUNS THROUGH EUROPE,” *War on the Rocks*, <https://warontherocks.com/2020/11/the-road-to-a-successful-china-policy-runs-through-europe/>)

European nations also have a crucial role to play on tech issues. The European Union has already demonstrated leadership on technology governance, and the United States is beginning to follow. Together, the United States and the European Union can collaborate on common technology governance standards, offering a democratic alternative to China’s digital authoritarianism. To do so, the administration should develop a new digital technology strategy within its first 100 days. This strategy should be coordinated with allies and partners like the European Union to promote liberal governance values, push back against increasing disinformation, and combat digital authoritarianism. The next administration should also convene an international technology forum for like-minded democracies to develop common approaches to challenges posed by emerging technologies. Beijing will no doubt be hostile to a united democratic approach to technology governance. For example, the Chinese ambassador to Germany recently threatened that “the Chinese government will not stand idly by” if Germany bans Huawei 5G telecoms equipment. But that makes it even more important that the United States and the European Union coordinate on tech together. Human Rights and Democratic Values Another area in which the United States and Europe can exert pressure on China is human rights — in particular, holding China accountable for abuses in Hong Kong and Xinjiang. Europe is already toughening its stance on China’s human rights violations. European leaders pressed Xi on these issues during the E.U.-Chinese virtual summit in September, expressing grave concerns over the treatment of minorities and human rights advocates in a conversation that was reportedly “quite intense.” European Council President Charles Michel stated, “We reiterated our concerns over China’s treatment of minorities in Xinjiang and Tibet, and the treatment of human rights defenders and journalists.” The European Union also requested that China allow independent observers to visit the Xinjiang region to investigate internment camps. During the meeting, European leaders raised concerns with Xi about Hong Kong’s new national security law, which effectively severed China’s agreement to abide by the “One Country Two Systems” governance structure. The United States should join Europe in demanding better. The U.S. Congress has already worked to highlight China’s abuses. The United States should push the European Union further to turn recent soft rhetoric into broader collaborative action. The next administration can take immediate steps to demonstrate support for democratic norms and aid victims of China’s egregious human rights violations. Possible actions include granting temporary protected status and special immigration status to the people of Hong Kong and announcing new U.S. sanctions against individuals and entities connected to the repression of the Uighurs in Xinjiang. The administration should also invite Uighur activists to the White House to bring greater attention to the atrocities that Beijing is carrying out in Xinjiang. Trade On trade, the United States should shift away from the transactional trade policy of the last four years to focus on addressing China’s most egregious economic and trade behavior jointly with Europe. As German Foreign Minister Heiko Maas has said, “Europe and U.S. alike have expectations towards China: fair conditions for trade and investment, observance of international treaties and obligations.” To implement this shift, the next administration on day one should announce an end to President Trump’s misguided trade war with the European Union. While all disputes will not be settled within 100 days, a productive dialogue to lower trade barriers is a key step in repairing transatlantic relations. Reducing trade tensions will create space for Washington and Brussels to coordinate on other issues related to China. Further, the next administration should take collective action at the World Trade Organization by filing a nullification and impairment case against Beijing. These actions will set the stage to develop a more multilateral trade approach with buy-in from Europe on China. Looking Ahead Policymakers in European capitals are watching the United States to gauge opportunities to join forces. The Biden administration must get that outreach right in order to course-correct a failed China strategy. It will be critical for the next administration to collaborate with the European Union on common interests such as climate change, technology policy, human rights and democracy, and trade issues in order to form a more coherent coalition to face challenges presented by Beijing. Without coordinated action on these critical fronts, Beijing will continue to challenge global norms while seeking to alter the rules that govern the international system. Together, the United States and the European Union can overcome this challenge. Now more than ever, there is a clear path towards a reinvigorated transatlantic partnership: The road to a successful policy towards China runs through Europe.

#### Chinese tech norms cause extinction.

Jain 19, senior fellow with the Scowcroft Center for Strategy and Security, where he oversees the Atlantic Council’s Democratic Order Initiative and D10 Strategy Forum; and Matthew Kroenig, deputy director for strategy in the Scowcroft Center for Strategy and Security and associate professor of government and foreign service at Georgetown University (Ash, “Present at the Re-Creation: A Global Strategy for Revitalizing, Adapting, and Defending a Rules-Based International System,” *Atlantic Council*, <https://www.atlanticcouncil.org/wp-content/uploads/2019/10/Present-at-the-Recreation.pdf>)

The system must also be adapted to deal with new issues that were not envisioned when the existing order was designed. Foremost among these issues is emerging and disruptive technology, including AI, additive manufacturing (or 3D printing), quantum computing, genetic engineering, robotics, directed energy, the Internet of things (IOT), 5G, space, cyber, and many others. Like other disruptive technologies before them, these innovations promise great benefits, but also carry serious downside risks. For example, AI is already resulting in massive efficiencies and cost savings in the private sector. Routine tasks and other more complicated jobs, such as radiology, are already being automated. In the future, autonomous weapons systems may go to war against each other as human soldiers remain out of harm’s way.

Yet, AI is also transforming economies and societies, and generating new security challenges. Automation will lead to widespread unemployment. The final realization of driverless cars, for example, will put out of work millions of taxi, Uber, and long-haul truck drivers. Populist movements in the West have been driven by those disaffected by globalization and technology, and mass unemployment caused by automation will further grow those ranks and provide new fuel to grievance politics. Moreover, some fear that autonomous weapons systems will become “killer robots” that select and engage targets without human input, and could eventually turn on their creators, resulting in human extinction. The other technologies on this lisgt similarly balance great potential upside with great downside risk. 3D printing, for example, can be used to “make anything anywhere,” reducing costs for a wide range of manufactured goods and encouraging a return of local manufacturing industries.61 At the same time, advanced 3D printers can also be used by revisionist and rogue states to print component parts for advanced weapons systems or even WMD programs, spurring arms races and weapons proliferation.62 Genetic engineering can wipe out entire classes of disease through improved medicine, or wipe out entire classes of people through genetically engineered superbugs. Directed-energy missile defenses may defend against incoming missile attacks, while also undermining global strategic stability.

Perhaps the greatest risk to global strategic stability from new technology, however, comes from the risk that revisionist autocracies may win the new tech arms race. Throughout history, states that have dominated the commanding heights of technological progress have also dominated international relations. The United States has been the world’s innovation leader from Edison’s light bulb to nuclear weapons and the Internet. Accordingly, stability has been maintained in Europe and Asia for decades because the United States and its democratic allies possessed a favorable economic and military balance of power in those key regions. Many believe, however, that China may now have the lead in the new technologies of the twenty-first century, including AI, quantum, 5G, hypersonic missiles, and others. If China succeeds in mastering the technologies of the future before the democratic core, then this could lead to a drastic and rapid shift in the balance of power, upsetting global strategic stability, and the call for a democratic- led, rules-based system outlined in these pages.63

### Cap

#### Capitalism is good and sustainable---technological progress has successfully dematerialized economic growth.

McAfee 19, \*Andrew Paul McAfee, a principal research scientist at MIT, is cofounder and codirector of the MIT Initiative on the Digital Economy at the MIT Sloan School of Management; (2019, “More from Less: The Surprising Story of How We Learned to Prosper Using Fewer Resources and What Happens Next”, https://b-ok.cc/book/5327561/8acdbe)

Capitalism and technological progress are the first pair of forces driving dematerialization. This statement will come as a surprise to many, and for good reason. After all, it’s exactly this combination that caused us to massively increase our resource consumption throughout the Industrial Era. As we saw in chapter 3, the ideas of William Jevons and Alfred Marshall point to the distressing conclusion that capitalism and tech progress always lead to more from more: more economic growth, but also more resource consumption.

So what changed? How are capitalism and tech progress now get ting us more from less ? To get answers to these important questions, let’s start by looking at a few recent examples of dematerialization.

Fertile Farms

America has long been an agricultural juggernaut. In 1982, after more than a decade of steady expansion due in part to rising grain prices, total cropland in the country stood at approximately 380 million acres. Over the next ten years, however, almost all of this increase was reversed. So much acreage was abandoned by farmers and given back to nature that cropland in 1992 was almost back to where it had been almost twenty-five years before. This decline had several causes, including falling grain prices, a severe recession, over-indebted farmers, and increased international competition.

A final factor, though, was the ability to get ever-more corn, wheat, soybeans, and other crops from the same acre of land, pound of fertilizer and pesticide, and gallon of water. The material productivity of agriculture in the United States has improved dramatically in recent decades, as we saw in chapter 5. Between 1982 and 2015 over 45 million acres—an amount of cropland equal in size to the state of Washington—was returned to nature. Over the same time potassium, phosphate, and nitrogen (the three main fertilizers) all saw declines in absolute use. Meanwhile, the total tonnage of crops produced in the country increased by more than 35 percent.

As impressive as this is, it’s dwarfed by the productivity improvements of American dairy cows. In 1950 we got 117 billion pounds of milk from 22 million cows. In 2015 we got 209 billion pounds from just 9 million animals. The average milk cow’s productivity thus improved by over 330 percent during that time.

Thin Cans

Tin cans are actually made of steel coated with a thin layer of tin to improve corrosion resistance. They’ve been used since the nineteenth century to store food. Starting in the 1930s, they began also to be used to hold beer and soft drinks.

In 1959 Coors pioneered beer cans made of aluminum, which is much lighter and more corrosion resistant than steel. Royal Crown Cola followed suit for soda five years later. As Vaclav Smil relates, “A decade later steel cans were on the way out, and none of them have been used for beer since 1994 and for soft drinks since 1996.… At 85 g the first aluminum cans were surprisingly heavy; by 1972 the weight of a two-piece can dropped to just below 21 g, by 1988 it was less than 16 g, a decade later it averaged 13.6 g, and by 2011 it was reduced to 12.75 g.”

Manufacturers accomplished these reductions by making aluminum cans’ walls thinner, and by making the sides and bottom from a single sheet of metal so that only one comparatively heavy seam was needed (to join the top to the rest of the can). Smil points out that if all beverage cans used in 2010 weighed what they did in 1980, they would have required an extra 580,000 tons of aluminum. And aluminum cans kept getting lighter. In 2012 Ball packaging introduced into the European market a 330 ml can that held 7.5 percent less than the US standard, yet at 9.5 g weighed 25 percent less.

Gone Gizmos

In 2014 Steve Cichon, a “writer, historian, and retired radio newsman in Buffalo, NY,” paid $3 for a large stack of front sections of the Buffalo News newspaper from the early months of 1991. On the back page of the Saturday, February 16, issue was an ad from the electronics retailer Radio Shack. Cichon noticed something striking about the ad: “There are 15 electronic gimzo type items on this page.… 13 of the 15 you now always have in your pocket.”

The “gizmo type items” that had vanished into the iPhone Cichon kept in his pocket included a calculator, camcorder, clock radio, mobile telephone, and tape recorder. While the ad didn’t include a compass, camera, barometer, altimeter, accelerometer, or GPS device, these, too, have vanished into the iPhone and other smartphones, as have countless atlases and compact discs.

The success of the iPhone was almost totally unanticipated. A November 2007 cover story in Forbes magazine touted that the Finnish mobile phone maker Nokia had over a billion customers around the world and asked, “Can anyone catch the cell phone king?”

Yes. Apple sold more than a billion iPhones within a decade of its June 2007 launch and became the most valuable publicly traded company in history. Nokia, meanwhile, sold its mobile phone business to Microsoft in 2013 for $7.2 billion to get “more combined muscle to truly break through with consumers,” as the Finnish company’s CEO Stephen Elop said at the time of the deal.

It didn’t work. Microsoft sold what remained of Nokia’s mobile phone business and brand to a subsidiary of the Taiwanese electronics manufacturer Foxconn for $350 million in May of 2016. Radio Shack filed for bankruptcy in 2015, and again in 2017.

From Peak Oil to… Peak Oil

In 2007 US coal consumption reached a new high of 1,128 million short tons, over 90 percent of which was burned to generate electricity. Total coal use had increased by more than 35 percent since 1990, and the US Energy Information Administration (the official energy statisticians of the US government) forecast further growth of up to 65 percent by 2030.

Also in 2007 the US Government Accountability Office (GAO), a federal agency known as “the congressional watchdog,” published a report with an admirably explanatory title: “Crude Oil: Uncertainty about Future Oil Supply Makes It Important to Develop a Strategy for Addressing a Peak and Decline in Oil Production.” It took seriously the idea of “peak oil,” a phrase coined in 1956 by M. King Hubbert, a geologist working for Shell Oil. As originally conceived, peak oil referred to the maximum amount of oil that we could annually produce for all of humanity’s needs.

The first oil wells pumped out the crude oil that was closest to the earth’s surface or otherwise easiest to access. As those wells dried up, we had to drill deeper ones, both on land and at sea. As the world’s economies kept growing, so did total demand for oil, which kept getting harder and harder to obtain. Peak oil captured the idea that despite our best efforts and ample incentive, we would come to a time after which we would only be able to extract less and less oil year after year from the earth. Most of the estimates summarized in the GAO report found that peak oil would occur no later than 2040.

The report did not mention fracking, which in retrospect looks like a serious omission. Fracking is short for “hydraulic fracturing” and is a means of obtaining oil and natural gas from rock formations lying deep underground. It uses a high-pressure fluid to cause fractures in the rock, through which oil and gas can flow and be extracted.

The United States and other countries have long been known to have huge reserves of hydrocarbons in deep rock formations, which are often called shales. Companies had been experimenting with fracking to get at them since the middle of the twentieth century, but had made little progress. In 2000 fracking accounted for just 2 percent of US oil production.

That figure began to increase quickly right around the time of the GAO report. Not because of any single breakthrough, but instead because the suite of tools and techniques needed for profitable fracking had all improved enough. A gusher of shale oil and gas ensued.

Thanks to fracking, US crude oil production almost doubled between 2007 and 2017, when it approached the benchmark of 10 million barrels per day. By September of 2018 America had surpassed Saudi Arabia to become the world’s largest producer of oil. American natural gas production, which had been essentially flat since the mid-1970s, jumped by nearly 43 percent between 2007 and 2017.

As a result of the fracking boom the United States has experienced peak coal rather than peak oil. And the peak in coal is not in total annual supply, but instead in demand. Fracking made natural gas cheap enough that it became preferred over coal for much electricity generation. By 2017 total US coal consumption was down 36 percent from its 2007 high point.

The phrase peak oil is still around, but, as is the case with coal, it usually no longer refers to supply. As a 2017 Bloomberg headline put it, “Remember Peak Oil? Demand May Top Out Before Supply Does.” Even though the extra supply from fracking has helped push down oil and gas prices, many observers now believe that energy from other sources—the sun, wind, and the nuclei of uranium atoms—is getting cheaper faster and becoming much more widely available. So much so that, as a 2018 article in Fortune about the future of oil hypothesized, “This wouldn’t be just another oil-price cycle, a familiar roller coaster in which every down is followed by an up. It would be the start of a decades-long decline of the Oil Age itself—an uncharted world in which… oil prices might be ‘lower forever.’ ” Analysts at Shell, the company from which the phrase peak oil originated, now estimate that global peak oil demand might come as soon as 2028.

Taking Stock of Rolling Stock

My friend Bo Cutter started his career in 1968 working for Northwest Industries, a conglomerate that owned the Chicago and North Western Railway. One of his first assignments was to help a team tasked with solving a problem that sounds odd to modern ears: figuring out where CNW’s railcars were.

These cars are massive metal assemblies, each weighing thirty tons or more. In the late 1960s CNW owned thousands of them, representing a huge commitment of both material and money. Across the railroad industry, the rule of thumb then was that about 5 percent of a company’s railcars moved on any given day. This was not because the other 95 percent needed to rest. It was because their owners didn’t know where they were.

CNW owned thousands of miles of track in places as far from Chicago as North Dakota and Wyoming. Its rolling stock (as locomotives and railcars are called) could also travel outside the company’s network on tracks owned by other railroads. So these assets could be almost anywhere in the country.

When the railcars weren’t moving, they sat in freight yards. At the time Cutter started his job, freight yards didn’t keep up-to-date records of the idle rolling stock they contained because, in the days before widespread digital computers, sensors, and networks, there was no way to cost-effectively know or communicate the location of each car. So it was impossible for CNW or any other railroad to systematically track its most important inventory, even though doing so would be hugely beneficial to the company’s bottom line. For example, Cutter’s team knew that if they could increase the percentage of cars moving each day from 5 percent to 10 percent, they would need only half as many of them. Even a single percentage point increase in freight-car use would yield major financial benefits.

When Cutter started his assignment, CNW and all other railroads employed spotters, who visited yards and watched trains pass, then telegraphed their findings to the head office. Other railroads passed on similar information to collect the demurrage charges they were owed for each CNW car on their tracks and in their yards. Cutter’s team improved on these methods by making them more systematic and efficient. They put in place a better baseline audit of where railcars were, employed more spotters, painted CNW cars differently so they were easier to see, and explored how to make more use of a new tool for businesses: the digital computer.

That tool and its kin are now pervasive in the railroad industry. In the early 1990s, for example, companies started putting radio-frequency identification tags on each piece of rolling stock. These tags would be read by trackside sensors, thus automating the work of spotting. At present over 5 million messages about railcar status and location are generated and sent throughout the American railway system every day, and the country’s more than 450 railroads have nearly real-time visibility over all their rolling stock.

The Rare Earth Scare

In September of 2010 the Japanese government took into custody the captain of a Chinese fishing boat that had collided with Japanese patrol vessels near a group of uninhabited islands in the East China Sea claimed by both countries. China responded by imposing an embargo on shipments of rare earth elements (REE) to the Land of the Rising Sun.

Even though Japan relented almost immediately and released the captain, a global panic began. This is because rare earths are “vitamins of chemistry,” as USGS scientist Daniel Cordier puts it. “They help everything perform better, and they have their own unique characteristics, particularly in terms of magnetism, temperature resistance, and resistance to corrosion.”

By 2010 China produced well over 90 percent of the world’s REE. Its actions in the wake of the maritime incident convinced many that it could and would take unilateral action to control the flow of these important materials, and panicked buying soon followed (along with its close cousin rampant speculation). A bundle of REE that would have sold for less than $10,000 in early 2010 soared to more than $42,000 by April of 2011. In September of that year the US House of Representatives held a hearing called “China’s Monopoly on Rare Earths: Implications for US Foreign and Security Policy.”

China didn’t attain its near monopoly because it possessed anything close to 90 percent of global reserves of REE. In fact, rare earths aren’t rare at all (one, cerium, is about as common in the earth’s crust as copper). However, they’re difficult to extract from ore. Obtaining them requires a great deal of acid and generates tons of salt and crushed rock as by-products. Most other countries didn’t want to bear the environmental burden of this heavy processing and so left the market to China.

In the wake of the embargo, this seemed like a bad idea. As Representative Brad Sherman put it during the congressional hearing, “Chinese control over rare earth elements gives them one more argument as to why we should kowtow to China.” But there was never much kowtowing. By the time of the hearing, prices for REE were already in free fall.

Why? What happened to the apparently tight Chinese stranglehold over REE? Several factors caused it to ease, including the availability of other supply sources and incomplete maintenance of the embargo. But as public affairs professor Eugene Gholz noted in a 2014 report on the “crisis,” many users of REE simply innovated their way out of the problem. “Companies such as Hitachi Metals [and its subsidiary in North Carolina] that make rare earth magnets found ways to make equivalent magnets using smaller amounts of rare earths in the alloys.… Meanwhile, some users remembered that they did not need the high performance of specialized rare earth magnets; they were merely using them because, at least until the 2010 episode, they were relatively inexpensive and convenient.”

Overall, the companies using REE found many inexpensive and convenient alternatives. By the end of 2017 the same bundle of rare earths that had been trading above $42,000 in 2011 was available for about $1,000.

What’s Going On?

There is no shortage of examples of dematerialization. I chose the ones in this chapter because they illustrate a set of fundamental principles at the intersection of business, economics, innovation, and our impact on our planet. They are:

We do want more all the time, but not more resources. Alfred Marshall was right, but William Jevons was wrong. Our wants and desires keep growing, evidently without end, and therefore so do our economies. But our use of the earth’s resources does not. We do want more beverage options, but we don’t want to keep using more aluminum in drink cans. We want to communicate and compute and listen to music, but we don’t want an arsenal of gadgets; we’re happy with a single smartphone. As our population increases, we want more food, but we don’t have any desire to consume more fertilizer or use more land for crops.

Jevons was correct at the time he wrote that total British demand for coal was increasing even though steam engines were becoming much more efficient. He was right, in other words, that the price elasticity of demand for coal-supplied power was greater than one in the 1860s. But he was wrong to conclude that this would be permanent. Elasticities of demand can change over time for several reasons, the most fundamental of which is technological change. Coal provides a clear example of this. When fracking made natural gas much cheaper, total demand for coal in the United States went down even though its price decreased.

With the help of innovation and new technologies, economic growth in America and other rich countries—growth in all of the wants and needs that we spend money on—has become decoupled from resource consumption. This is a recent development and a profound one.

Materials cost money that companies locked in competition would rather not spend. The root of Jevons’s mistake is simple and boring: resources cost money. He realized this, of course. What he didn’t sufficiently realize was how strong the incentive is for a company in a contested market to reduce its spending on resources (or anything else) and so eke out a bit more profit. After all, a penny saved is a penny earned.

Monopolists can just pass costs on to their customers, but companies with a lot of competitors can’t. So American farmers who battle with each other (and increasingly with tough rivals in other countries) are eager to cut their spending on land, water, and fertilizer. Beer and soda companies want to minimize their aluminum purchases. Producers of magnets and high-tech gear run away from REE as soon as prices start to spike. In the United States, the 1980 Staggers Act removed government subsidies for freight-hauling railroads, forcing them into competition and cost cutting and making them all the more eager to not have expensive railcars sit idle. Again and again, we see that competition spurs dematerialization.

There are multiple paths to dematerialization. As profit-hungry companies seek to use fewer resources, they can go down four main paths. First, they can simply find ways to use less of a given material. This is what happened as beverage companies and the companies that supply them with cans teamed up to use less aluminum. It’s also the story with American farmers, who keep getting bigger harvests while using less land, water, and fertilizer. Magnet makers found ways to use fewer rare earth metals when it looked as if China might cut off their supply.

Second, it often becomes possible to substitute one resource for another. Total US coal consumption started to decrease after 2007 because fracking made natural gas more attractive to electricity generators. If nuclear power becomes more popular in the United States (a topic we’ll take up in chapter 15), we could use both less coal and less gas and generate our electricity from a small amount of material indeed. A kilogram of uranium-235 fuel contains approximately 2–3 million times as much energy as the same mass of coal or oil. According to one estimate, the total amount of energy that humans consume each year could be supplied by just seven thousand tons of uranium fuel.

Third, companies can use fewer molecules overall by making better use of the materials they already own. Improving CNW’s railcar utilization from 5 percent to 10 percent would mean that the company could cut its stock of these thirty-ton behemoths in half. Companies that own expensive physical assets tend to be fanatics about getting as much use as possible out of them, for clear and compelling financial reasons. For example, the world’s commercial airlines have improved their load factors—essentially the percentage of seats occupied on flights—from 56 percent in 1971 to more than 81 percent in 2018.

Finally, some materials get replaced by nothing at all. When a telephone, camcorder, and tape recorder are separate devices, three total microphones are needed. When they all collapse into a smartphone, only one microphone is necessary. That smartphone also uses no audiotapes, videotapes, compact discs, or camera film. The iPhone and its descendants are among the world champions of dematerialization. They use vastly less metal, plastic, glass, and silicon than did the devices they have replaced and don’t need media such as paper, discs, tape, or film.

If we use more renewable energy, we’ll be replacing coal, gas, oil, and uranium with photons from the sun (solar power) and the movement of air (wind power) and water (hydroelectric power) on the earth. All three of these types of power are also among dematerialization’s champions, since they use up essentially no resources once they’re up and running.

I call these four paths to dematerialization slim, swap, optimize, and evaporate. They’re not mutually exclusive. Companies can and do pursue all four at the same time, and all four are going on all the time in ways both obvious and subtle.

Innovation is hard to foresee. Neither the fracking revolution nor the world-changing impact of the iPhone’s introduction were well understood in advance. Both continued to be underestimated even after they occurred. The iPhone was introduced in June of 2007, with no shortage of fanfare from Apple and Steve Jobs. Yet several months later the cover of Forbes was still asking if anyone could catch Nokia.

Innovation is not steady and predictable like the orbit of the Moon or the accumulation of interest on a certificate of deposit. It’s instead inherently jumpy, uneven, and random. It’s also combinatorial, as Erik Brynjolfsson and I discussed in our book The Second Machine Age. Most new technologies and other innovations, we argued, are combinations or recombinations of preexisting elements.

The iPhone was “just” a cellular telephone plus a bunch of sensors plus a touch screen plus an operating system and population of programs, or apps. All these elements had been around for a while before 2007. It took the vision of Steve Jobs to see what they could become when combined. Fracking was the combination of multiple abilities: to “see” where hydrocarbons were to be found in rock formations deep underground; to pump down pressurized liquid to fracture the rock; to pump up the oil and gas once they were released by the fracturing; and so on. Again, none of these was new. Their effective combination was what changed the world’s energy situation.

Erik and I described the set of innovations and technologies available at any time as building blocks that ingenious people could combine and recombine into useful new configurations. These new configurations then serve as more blocks that later innovators can use. Combinatorial innovation is exciting because it’s unpredictable. It’s not easy to foresee when or where powerful new combinations are going to appear, or who’s going to come up with them. But as the number of both building blocks and innovators increases, we should have confidence that more breakthroughs such as fracking and smartphones are ahead. Innovation is highly decentralized and largely uncoordinated, occurring as the result of interactions among complex and interlocking social, technological, and economic systems. So it’s going to keep surprising us.

As the Second Machine Age progresses, dematerialization accelerates. Erik and I coined the phrase Second Machine Age to draw a contrast with the Industrial Era, which as we’ve seen transformed the planet by allowing us to overcome the limitations of muscle power. Our current time of great progress with all things related to computing is allowing us to overcome the limitations of our mental power and is transformative in a different way: it’s allowing us to reverse the Industrial Era’s bad habit of taking more and more from the earth every year.

Computer-aided design tools help engineers at packaging companies design generations of aluminum cans that keep getting lighter. Fracking took off in part because oil and gas exploration companies learned how to build accurate computer models of the rock formations that lay deep underground—models that predicted where hydrocarbons were to be found.

Smartphones took the place of many separate pieces of gear. Because they serve as GPS devices, they’ve also led us to print out many fewer maps and so contributed to our current trend of using less paper. It’s easy to look at generations of computer paper, from 1960s punch cards to the eleven-by-seventeen-inch fanfold paper of the 1980s, and conclude that the Second Machine Age has caused us to chop down ever more trees. The year of peak paper consumption in the United States, however, was 1990. As our devices have become more capable and interconnected, always on and always with us, we’ve sharply turned away from paper. Humanity as a whole probably hit peak paper in 2013.

As these examples indicate, computers and their kin help us with all four paths to dematerialization. Hardware, software, and networks let us slim, swap, optimize, and evaporate. I contend that they’re the best tools we’ve ever invented for letting us tread more lightly on our planet.

All of these principles are about the combination of technological progress and capitalism, which are the first of the two pairs of forces causing dematerialization.

#### Free trade promotes peace---solves war.

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Frédéric Bastiat famously claimed that “if goods don’t cross borders, soldiers will."

Bastiat argued that free trade between countries could reduce international conflict because trade forges connections between nations and gives each country an incentive to avoid war with its trading partners. If every nation were an economic island, the lack of positive interaction created by trade could leave more room for conflict. Two hundred years after Bastiat, libertarians take this idea as gospel. Unfortunately, not everyone does. But as recent research shows, the historical evidence confirms Bastiat’s famous claim.

To Trade or to Raid

In “[Peace through Trade or Free Trade?](http://jcr.sagepub.com/content/48/4/547.abstract)” professor Patrick J. McDonald, from the University of Texas at Austin, empirically tested whether greater levels of protectionism in a country (tariffs, quotas, etc.) would increase the probability of international conflict in that nation. He used a tool called dyads to analyze every country’s international relations from 1960 until 2000. A dyad is the interaction between one country and another country: German and French relations would be one dyad, German and Russian relations would be a second, French and Australian relations would be a third. He further broke this down into dyad-years; the relations between Germany and France in 1965 would be one dyad-year, the relations between France and Australia in 1973 would be a second, and so on.

Using these dyad-years, McDonald analyzed the behavior of every country in the world for the past 40 years. His analysis showed a negative correlation between free trade and conflict: The more freely a country trades, the fewer wars it engages in. Countries that engage in free trade are less likely to invade and less likely to be invaded.

The Causal Arrow

Of course, this finding might be a matter of confusing correlation for causation. Maybe countries engaging in free trade fight less often for some other reason, like the fact that they tend also to be more democratic. Democratic countries make war less often than empires do. But McDonald controls for these variables. Controlling for a state’s political structure is important, because democracies and republics tend to fight less than authoritarian regimes.

McDonald also controlled for a country’s economic growth, because countries in a recession are more likely to go to war than those in a boom, often in order to distract their people from their economic woes. McDonald even controlled for factors like geographic proximity: It’s easier for Germany and France to fight each other than it is for the United States and China, because troops in the former group only have to cross a shared border.

The takeaway from McDonald’s analysis is that protectionism can actually lead to conflict. McDonald found that a country in the bottom 10 percent for protectionism (meaning it is less protectionist than 90 percent of other countries) is 70 percent less likely to engage in a new conflict (either as invader or as target) than one in the top 10 percent for protectionism.

Protectionism and War

Why does protectionism lead to conflict, and why does free trade help to prevent it?  The answers, though well-known to classical liberals, are worth mentioning.

First, trade creates international goodwill. If Chinese and American businessmen trade on a regular basis, both sides benefit. And mutual benefit disposes people to look for the good in each other. Exchange of goods also promotes an exchange of cultures. For decades, Americans saw China as a mysterious country with strange, even hostile values. But in the 21st century, trade between our nations has increased markedly, and both countries know each other a little better now. iPod-wielding Chinese teenagers are like American teenagers, for example. They’re not terribly mysterious. Likewise, the Chinese understand democracy and American consumerism more than they once did. The countries may not find overlap in all of each other’s values, but trade has helped us to at least understand each other.

Trade helps to humanize the people that you trade with. And it’s tougher to want to go to war with your human trading partners than with a country you see only as lines on a map.

Second, trade gives nations an economic incentive to avoid war. If Nation X sells its best steel to Nation Y, and its businessmen reap plenty of profits in exchange, then businessmen on both sides are going to oppose war. This was actually the case with Germany and France right before World War I. Germany sold steel to France, and German businessmen were firmly opposed to war. They only grudgingly came to support it when German ministers told them that the war would only last a few short months. German steel had a strong incentive to oppose war, and if the situation had progressed a little differently—or if the German government had been a little more realistic about the timeline of the war—that incentive might have kept Germany out of World War I.

Third, protectionism promotes hostility. This is why free trade, not just aggregate trade (which could be accompanied by high tariffs and quotas), leads to peace. If the United States imposes a tariff on Japanese automobiles, that tariff hurts Japanese businesses. It creates hostility in Japan toward the United States. Japan might even retaliate with a tariff on U.S. steel, hurting U.S. steel makers and angering our government, which would retaliate with another tariff. Both countries now have an excuse to leverage nationalist feelings to gain support at home; that makes outright war with the other country an easier sell, should it come to that.

In socioeconomic academic circles, this is called the Richardson process of reciprocal and increasing hostilities; the United States harms Japan, which retaliates, causing the United States to retaliate again. History shows that the Richardson process can easily be applied to protectionism. For instance, in the 1930s, industrialized nations raised tariffs and trade barriers; countries eschewed multilateralism and turned inward. These decisions led to rising hostilities, which helped set World War II in motion.

These factors help explain why free trade leads to peace, and protectionism leads to more conflict.

Free Trade and Peace

One final note: McDonald’s analysis shows that taking a country from the top 10 percent for protectionism to the bottom 10 percent will reduce the probability of future conflict by 70 percent. He performed the same analysis for the democracy of a country and showed that taking a country from the top 10 percent (very democratic) to the bottom 10 percent (not democratic) would only reduce conflict by 30 percent.

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#### Inequalities in global poverty, health, education, mortality and famine are declining drastically---thank capitalism.

McAfee 19, \*Andrew Paul McAfee, a principal research scientist at MIT, is cofounder and codirector of the MIT Initiative on the Digital Economy at the MIT Sloan School of Management; (2019, “More from Less: The Surprising Story of How We Learned to Prosper Using Fewer Resources and What Happens Next”, https://b-ok.cc/book/5327561/8acdbe)

The World’s War on Poverty

The total number of poor people in the world peaked right at the time of the first Earth Day in 1970, then started to slowly decrease. But the real miracle came when this happy decline accelerated during the twenty-first century. In 1999, 1.76 billion people were living in extreme poverty. Just sixteen years later, this number had declined by 60 percent, to 705 million. Hundreds of millions fewer people are living in poverty now than in 1820, when the world’s total population was seven times smaller than it is today.

Much of this decline is reflective of what occurred in China, which, as we saw in the previous chapter, threw off economic socialism beginning in 1978 and let capitalism work its poverty-reducing miracles. But the story of global poverty reduction isn’t a purely Chinese one. As the graph below shows, every region around the world has seen large poverty reductions in recent years. The speed of the recent decline indicates that it’s no longer ridiculous to talk about completely eliminating extreme poverty from the planet. The World Bank thinks this might be possible by 2030.

It’s not just incomes that have improved. As I consult Our World in Data and other comprehensive sources of evidence, I struggle to find even a single important measure of human material well-being that’s not getting better in most regions around the world.

Here are recent trends in a few key areas.

Daily Bread

As recently as 1980, the global average number of available daily calories wasn’t enough to permit an active adult male to maintain his body weight. Less than thirty-five years later, however, every region in the world met this standard of twenty-five hundred daily calories.

Clean Living

More than 90 percent of the world’s people now have access to improved water; VII in 1990 only a bit more than 75 percent did. The situation is similar for sanitation: in 1990 only a bit more than half of the world’s people had it; now, more than two-thirds do.

Young Minds

The trend in secondary education enrollment around the world is similar to the one for sanitation, but even sharper: in 1986 fewer than half of the world’s teenagers were in school; at present, more than 75 percent are.

One Thing We Say to Death: Not Today

By now the pattern should be familiar: life expectancy at birth has gone up around the world in recent decades:

As we saw in chapter 1, global life expectancy was about 28.5 years in 1800. Over the next 150 years, that number increased by 20 years. Then, in the years between 1950 and 2015, it increased by 25 more. These gains are now universal; Southern Africa has regained the 10 years of expected life lost during its terrifying AIDS crisis.

One of the reasons life expectancy has gone up so quickly is the collapse in both child and maternal mortality around the world:

I find these mortality declines especially fast, large, and broad. Today, we still have desperately poor regions, failed states, and the decimations of war. But in no region today is the child mortality rate higher than the world’s average rate was in 1998.

Convergent

Trends in maternal and child mortality highlight a critical fact that’s often overlooked: around the world, inequality in most important measures of human material well-being is decreasing. Poor countries are catching up to rich ones, and gaps that were once large are shrinking. Inequalities in income and wealth dominate the news, and in many places these gaps are large and growing. They’re also important, so we’ll look at economic inequality in the next two chapters.

But it’s true, too, that there are other kinds of inequality that we should care about as we examine the human condition: inequalities in health, education, diet, sanitation, and other things that matter deeply for the quality of a person’s life. Here the news is profoundly good; these inequalities are collapsing. As the four horsemen have galloped around the world in recent decades, they’ve made life better not only for those people and countries that were already rich but for just about everyone else. Everywhere, fewer mothers and babies are dying, more kids are getting an education, more people have adequate nutrition and sanitation.

It’s essential to acknowledge these global victories because they show us that what we’re doing is working. Tech progress, capitalism, public awareness, and responsive government are spreading around the world, and improving it. It’s often said that insanity is doing the same thing over and over but expecting different results. The corollary might be that ignorance is not examining the results of what’s being done. Over and over, when we look at the evidence, we see that the four horsemen are improving our world.

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### 2nc – interp

#### The “core” antitrust laws are the Sherman Act, Clayton Act, and FTC Act—from the topic paper – can’t do anything outside of the three

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U.S. antitrust law is defined by federal and state statutes, as interpreted by the courts. The core federal statutes are the Sherman Act,1 passed by Congress in 1890, and the Federal Trade Commission2 and Clayton Acts,3 both passed in 1914. The United States Department of Justice (“DOJ”) and the Federal Trade Commission (“FTC” or “Commission”) (together the “agencies”) share enforcement of most areas of federal antitrust law but with some differences in the scope of their authority. The FTC has sole authority to enforce Section 5 of FTC Act, which prohibits (1) unfair methods of competition and (2) unfair or deceptive acts or practices. The FTC almost always pursues claims for anticompetitive conduct as unfair methods of competition and reserves charges of unfair or deceptive acts or practices for consumer protection violations. Though the FTC's authority to challenge unfair methods of competition goes beyond conduct prohibited by the Sherman and Clayton Acts, in practice the FTC brings most unfair methods of competition cases under the same standards that courts apply to Sherman Act claims. The most prominent exception is the invitation to collude offense, which falls outside the scope of the Sherman Act (if the invitation is not accepted, there is no agreement). The FTC challenges invitations to collude as so-called “standalone” violations of Section 5.4 The DOJ has sole authority to pursue criminal violations of the antitrust laws. Most states have their own state antitrust and unfair competition statutes. State law follows federal law to some extent, though as discussed below, may differ from federal law in meaningful ways that vary state to state. State attorneys general and private parties can also typically file suit to enforce both federal and state antitrust law.

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### 2NC---Overview

#### Incorporating comments crafts optimal policy AND avoids capture.

Haw 11, JD, MPhil, Climenko Fellow and Lecturer on Law, Harvard Law School (Rebecca, May 2011, “Amicus Briefs and the Sherman Act: Why Antitrust Needs a New Deal”, *Texas Law Review* 89, No. 6, pg. 1285-1287, https://heinonline.org/HOL/P?h=hein.journals/tlr89&i=1261)

Agencies could take policy making a step further using notice-and-comment rulemaking. Unlike in adjudication, regulation by rulemaking can be initiated without the formal requirements of a case or controversy and a proper appeal to the Supreme Court. Informal letters of complaint could spark an investigation. A rule-making agency could announce its intention to regulate publicly and provide a convenient venue for, or even solicit, expert opinions on the economic impact of the proposed rule. Not only would it have the benefit of these numerous perspectives, but it would also have the obligation to respond to them in a reasoned manner. Its rule would be subject to judicial review, affording an opportunity to catch mistakes 242 or invalidate rules that do nothing but deliver rents to special interests.

Another advantage of rulemaking, an option for agencies but not for the Court, since it only operates through adjudication, is that rulemaking regulates behavior ex ante, while resolution of economic policy through cases is necessarily ex post. Antitrust courts worry obsessively about "chill"-—deterring procompetitive behavior with overly broad rules for liability.2 43 In fact, the overruling of Dr. Miles in Leegin implies that the entire twentieth century was a period of inefficient business practices and stunted innovation in distribution because of an early misunderstanding of RPM. Only after a long and expensive period of litigation was Leegin redeemed for breaking the law by effecting a change in the law, and only after Leegin was issued were similar firms, perhaps walking the Colgate line better than Leegin, redeemed for wanting some control over their product's ultimate retail price.24 4 The problem of ex post rulemaking is made worse by the treble damages afforded successful plaintiffs suing under the Sherman Act.2 4 5 To create a new form of liability, the Court has to punish a firm threefold for complying with standing antitrust norms. Thus Supreme Court lawmaking in antitrust is a kind of one-way ratchet.246

The result of the current ex post scheme is that "antitrust law leaves considerable gaps between what is permissible and what is optimal." 2 47 With judges making the rules one case at a time, this gap is justifiable. As discussed above, when judges are not economically sophisticated enough to know where "optimal" lies, 24 8 laissez-faire is a very inexpensive regulatory regime for courts to follow, and raising the level of regulation would effect a kind of taking of property from firms operating under the status quo. So if the Court is making antitrust policy, laissez-faire may be the only sensible approach. But that is not to say that it is the most sensible approach. An agency could provide firms with the necessary clarity—ex ante—that they need when conducting business in a world where competitive behavior so closely resembles anticompetitive conduct. The current state of affairs is that much more is illegal on the books than antitrust lawyers think is actually likely to be struck down in a court.24 9 Lawyers thrive in such a legally uncertain world, but firm efficiency suffers.

To inform its rulemaking and adjudicative decisions, an expert agency would have investigative abilities the Court lacks. It could gather data and conduct studies when good antitrust policy depends on hard facts, which, so the consensus holds, it usually does. 2 50 Data collection would be much easier for an agency than for the Court, since an agency can be endowed with broad investigatory powers and some, unlike the Supreme Court, can demand discovery and "require firms to supply annual and special reports." 25 1 An agency might employ hundreds of economists and statisticians well-qualified to design such a study and analyze its results. Defendants would no longer be able to advocate against liability by saying that the theoretically efficient rule is so unwieldy in the hands of inexpert judges that laissez-faire is the only workable option. To be sure, they could still argue that the theoretically efficient rule is too indeterminate even for economists to pinpoint, or too abstract to be clearly articulated to regulated firms. But if we think economists have at least a marginally higher tolerance for economic complexity than do lay judges, the economists must be better at fashioning and enforcing rules that regulate sensitive real-world economic systems.

#### Input and vetting make the outcome superior to the plan.

Hemphill 09, Associate Professor and Milton Handler Fellow, Columbia Law School. (C. Scott, May 2009, "An Aggregate Approach to Antitrust: Using New Data and Rulemaking to Preserve Drug Competition," *Columbia Law Review* 109, no. 4, pg. 679-680)

Rulemaking has significant, familiar advantages over the adjudicatory route. Rulemaking permits affected parties to test aggregate data in an open way, with ample opportunity for rebuttal. 209 The opportunity for input and testing tends to produce superior policy.2 10 The resulting rule thus has a superior claim to judicial deference, compared to judicial review of a single case: The rule has been thoroughly vetted under notice and comment, after a broad, deep review of the full terrain of behavior by regulated parties. It is this superior breadth and greater vetting, rather than the doctrinal force of Chevron itself,211 that presents the strongest reason to think that a rule might succeed where adjudication has failed.

### 2NC---Say Yes---General

#### Agencies can convince the public to support the plan.

Baer et al. 20, \*Bill, former assistant attorney general of the Antitrust Division and the acting associate attorney general of the DoJ, \*\*Jonathan B. Baker, research professor of law at American University Washington College of Law, previously the chief economist of the FCC and the director of the Bureau of Economics at the FTC, \*\*\*Michael Kades, director for markets and competition policy at the Washington Center for Equitable Growth, previously antitrust counsel for Sen. Amy Klobuchar. *et al*. (November 2020, “Restoring competition in the United States: A vision for antitrust enforcement for the next administration and Congress”, *Washington Center for Equitable Growth*, pg. 21-22, Accessible at: <https://equitablegrowth.org/research-paper/restoring-competition-in-the-united-states/?longform=true>)

Leadership experience and communications skills

The two new leaders of the antitrust agencies should have the experience and skills necessary both to implement their enforcement vision and to educate the public about the importance of competition to economic growth and economic opportunity. The problems of growing market power and anticompetitive conduct create enforcement and communications challenges that antitrust agency leaders have not systematically confronted for decades.

Enforcers today need to go beyond fine-tuning the lines between legal and illegal conduct as found in the case law. They need to communicate their evidence-based enforcement standards to policymakers throughout the federal government and to the public at large. To strengthen deterrence of anticompetitive conduct and mergers in the absence of new antitrust legislation, agency leaders must direct strategies that will convince the courts to move the lines across many areas of legal doctrine.

Enforcers operate within existing precedent, which requires a different approach and strategy than what might work in a free-wheeling public policy debate. They can seek to expand, modify, limit, or overturn precedent, but they cannot ignore it. Oftentimes, improving judicial rules will require a long-term strategy that relies on a series of incremental successes. Making progress calls for both an enforcement strategy and a communications strategy. This, in turn, requires agency leaders who are experienced in litigation, knowledgeable about antitrust economics and legal doctrine, able to think strategically, and capable of making legal and economic concepts understandable to the public, as well as to the antitrust community.

The new agency leadership must communicate the harm of a systematic market power problem across multiple industries or sectors of the economy, both when speaking in general terms and when bringing individual enforcement actions. Doing so will increase public recognition of the current underdeterrence problem and help shape the general attitudes that judges and legislators bring to their work.

### 2NC---Perm---AT Do Both

#### Perm can’t solve the net benefit.

#### 1---beginning N&C after already settling on a rule is fatal to the process

Yates 18, J.D. 2018, The George Washington University Law School. (James, September 2018, "Good Cause Is Cause for Concern," *George Washington Law Review* 86, No. 5, pg. 1452-1454)

B. Remedies to Address Good Cause Concerns

A failure to follow APA procedures presumptively warrants vacation of the rule. The executive and judiciary branches, however, have employed and analyzed several remedies that serve to justify invocations of good cause. These remedies include postpromulgation N&C, the harmless error doctrine, remand without vacatur, and a system of retrospective rulemaking.

Each of the purported remedies described in this Essay suffers from one common problem: they run the risk of triggering or promoting bias. Once an agency has promulgated a rule, with or without N&C, both the agency and the regulated parties will be discouraged from changing the rule. Whether it be agency bias or industry bias, there are significant risks to our democratic system where agencies are given a second shot at explaining away N&C or justifying an interim final rule postpromulgation. We may be willing to take this risk for rules with minimal societal impacts, but concern for bias is—or should be—enhanced when applied to major rules. Where rules have at least $100 million in consequences, agencies should not be free to skirt the democratizing procedures envisioned by the APA.

1. Postpromulgation N&C

The first of these remedies is postpromulgation N&C, where the agency provides an opportunity for public comment only after the rule is promulgated.9 1 Final rules justified on good cause grounds are often exempted from APA procedures. 92 Interim final rules, for example, are exempted from prepromulgation N&C but subjected to postpromulgation N&C. 93 Interim final rules have become popular for major rules, particularly during the Obama administration. 94

The major concern with interim final rules rests in bias. "Once an agency has publicly staked out a position and given effect to that position, . . . forces like regulatory inertia, status quo bias, confirmation bias, and commitment bias all make it less likely the agency will deviate from its position." 95 This proposition survives even in the face of postpromulgation comments that may call for change. Despite this concern, it is not clear whether postpromulgation N&C renders a good cause regulation unlawful.

Courts are divided on how to treat these rules.9 6 On the one hand, the APA's procedures were created to involve the public early in the rulemaking process, and failure to follow these procedures is fatal to the process.9 7 Treating postpromulgation N&C as a presumptive cure would "make the provisions of [section] 553 virtually unenforceable" because agencies could simply promulgate the rule and rely on postpromulgation procedures. 98 Scholars have also argued that regulated parties may not take postpromulgation N&C seriously if the rule is already in place. 99 Failure to include the public in early stages of the rulemaking process delegitimizes the rule itself.

### 2NC---!---Turns HR

#### Authoritarian spread collapses human rights – solves the aff

Kagan 19 – MPP @ Harvard, PhD in American history @ American University (Robert, “The strongmen strike back,” Washington Post, Proquest)

The enormous progress of the past seven-plus decades was not some natural evolution of humanity; it was the product of liberalism’s unprecedented power and influence in the international system. Until the second half of the 20th century, humanity was moving in the other direction. We err in thinking that the horrors perpetrated against Ukrainians and Chinese during the 1930s, and against Jews during the 1940s, were bizarre aberrations. Had World War II produced a different set of victors, as it might have, such behavior would have persisted as a regular feature of existence. It certainly has persisted outside the liberal world in the postwar era — in Cambodia and Rwanda, in Sudan and the Balkans, in Syria and Myanmar. Even liberal nations are capable of atrocities, though they recoil at them when discovered. Non-liberal nations do not recoil. Today, we need only look to the concentration camps in China where more than 1 million Muslim Uighurs are being subjected to mental and physical torture and “re-education.” As authoritarian nations and the authoritarian idea gain strength, there will be fewer and fewer barriers to what illiberal governments can do to their people. We need to start imagining what it will be like to live in such a world, even if the United States does not fall prey to these forces itself. Just as during the 1930s, when realists such as Robert Taft assured Americans that their lives would be undisturbed by the collapse of democracy in Europe and the triumph of authoritarianism in Asia, so we have realists today insisting that we pull back from confronting the great authoritarian powers rising in Eurasia. President Franklin D. Roosevelt’s answer, that a world in which the United States was the “lone island” of democratic liberalism would be a “shabby and dangerous place to live in,” went largely unheeded then and no doubt will go largely unheeded again today. To many these days, liberalism is just some hazy amalgam of idealisms, to be saluted or scorned depending on whose ox is being gored. Those who have enjoyed the privileges of race and gender, who have been part of a comfortable majority in shaping cultural and religious norms, are turning away from liberalism as those privileges have become threatened — just as critics of liberal capitalism on the American left once turned away from liberalism in the name of equality and justice and may be doing so again. They do so, however, with an unspoken faith that liberalism will continue to survive, that their right to critique liberalism will be protected by the very liberalism they are critiquing. Today, that confidence is misplaced, and one wonders whether Americans would have the same attitude if they knew what it meant for them. We seem to have lost sight of a simple and very practical reality: that whatever we may think about the persistent problems of our lives, about the appropriate balance between rights and traditions, between prosperity and equality, between faith and reason, only liberalism ensures our right to hold and express those thoughts and to battle over them in the public arena. Liberalism is all that keeps us, and has ever kept us, from being burned at the stake for what we believe.