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### OFF---Biz Con DA

#### The plan spills over, decimating business confidence and overall economic recovery

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From the House Judiciary report calling for dramatic antitrust reform to federal antitrust regulators and state attorneys general initiating lawsuits against Facebook and Google, government officials are once again calling for more aggressive antitrust enforcement to go after America’s tech businesses.

And while critics from all sides are reaching for any and all tools to go after “Big Tech,” weaponizing antitrust will only end up harming American consumers and the American economy at a time when we’re still trying to keep our heads above water.

Using antitrust to go after American tech won’t stop at Silicon Valley. Every sector of our economy will be at risk of politically motivated antitrust enforcement. And that won’t just hurt consumers searching for information on Google or shopping for products on Amazon — America’s economy could lose its global competitiveness amid a global pandemic.

In fact, the recent cases against Google from the Department of Justice and state attorneys general are a great example of just how this misuse of antitrust could harm Americans across the country and halt innovation in its tracks.

These suits conveniently forget how consumers benefit from Google’s suite of products in attempts to claim that Google unfairly monopolized the search and search advertising markets. Even worse, by claiming consumer harm, the government fails to truly grasp what consumers actually want.

You see, under the consumer welfare standard, antitrust enforcement is built to focus on what consumers want and whether consumers benefit. When the government argues Google is harming Americans because its products are preinstalled and even the default search engine on Apple, the government forgets that American consumers don’t think this is a problem.

The vast majority of search users prefer Google to its competitors. And through preinstallation, we get free-to-use products, quick searches and near-limitless information in an integrated system with the click of a mouse. It isn’t a problem; it’s a time saver. Further, because Google can reinvest in developing more user-friendly tech in a preinstalled ecosystem, we get interoperable apps that make our experience that much more convenient and intuitive. And even if consumers do want a different app, they can fix this problem with no heavy leg work or travel — just the swipe of a finger.

But if the government gets its way, the message could be disastrous for innovation: Even if your business benefits Americans and improves the user experience, the government can still put a target on your back. Not to mention, the government would be more likely to put a target on your back if you’re large and politically disfavored. Consumers across the internet and the American economy would be hurt and left without more accessible and more affordable technology as options.

We should be working to reward, not punish, innovation. Otherwise, the next Google may just decide it isn’t worth the time and effort.

Similarly, the Federal Trade Commission’s recent case against Facebook also puts the wants of policymakers above the actual interests of consumers.

Here, the government claims that Facebook harms consumers by acquiring and then integrating services like Instagram and WhatsApp. So harmful, the Federal Trade Commission says, that Facebook must divest from these services, even if that would harm American consumers, innovation and entrepreneurship for decades to come.

But this is not a case of consumer harm or bad behavior — Facebook’s acquisition of Instagram and WhatsApp helped ensure that consumers’ desires were prioritized. Through millions of investment dollars into research and development, Facebook turned good services into great services that consumers actively keep coming back to.

Through relentless product improvement, WhatsApp became a free-to-use platform and Instagram became one of the most successful photo-sharing social media apps in the world. In both cases, consumers benefited from convenient and state-of-the-art advancements. No longer do we have to pay to use messaging or search through multiple results to shop our influencer feed.

As it stands, the Federal Trade Commission case could splinter one successful tech company into multiple, less efficient organizations, setting a precedent that could affect every American industry. Consumers would not only lose Facebook’s free-to-use services but also potentially the next big clothing brand or the next hit microbrewed beer.

By impeding mergers, the sheer fear of potential antitrust enforcement would shutter the doors on small businesses from all sectors of the economy. So much investment in innovation is built on the possibility of being acquired by a larger player. Entrepreneurs and innovators from manufacturing, automotive and tech alike would be left with an unfortunate takeaway — succeed and benefit consumers, but not too much.

And with an economy still struggling to recover, the absolute last thing we need is to leave consumers without innovative and affordable choices, small businesses without key investment opportunities and our economy without a competitive edge globally.

But by weaponizing antitrust, we’ll get neither thoughtful intervention nor consumer benefits. Instead, the United States will lose ground to foreign competitors and American consumers will ultimately pay the price.

#### Decline cascades---nuclear war

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Various scholars and institutions regard global social instability as the greatest threat facing this decade. The catalyst has been postulated to be a Second Great Depression which, in turn, will have profound implications for global security and national integrity. This paper, written from a broad systems perspective, illustrates how emerging risks are getting more complex and intertwined; blurring boundaries between the economic, environmental, geopolitical, societal and technological taxonomy used by the World Economic Forum for its annual global risk forecasts. Tight couplings in our global systems have also enabled risks accrued in one area to snowball into a full-blown crisis elsewhere. The COVID-19 pandemic and its socioeconomic fallouts exemplify this systemic chain-reaction. Onceinexorable forces of globalization are rupturing as the current global system can no longer be sustained due to poor governance and runaway wealth fractionation. The coronavirus pandemic is also enabling Big Tech to expropriate the levers of governments and mass communications worldwide. This paper concludes by highlighting how this development poses a dilemma for security professionals.

Key Words: Global Systems, Emergence, VUCA, COVID-9, Social Instability, Big Tech, Great Reset

INTRODUCTION

The new decade is witnessing rising volatility across global systems. Pick any random “system” today and chart out its trajectory: Are our education systems becoming more robust and affordable? What about food security? Are our healthcare systems improving? Are our pension systems sound? Wherever one looks, there are dark clouds gathering on a global horizon marked by volatility, uncertainty, complexity and ambiguity (VUCA).

But what exactly is a global system? Our planet itself is an autonomous and selfsustaining mega-system, marked by periodic cycles and elemental vagaries. Human activities within however are not system isolates as our banking, utility, farming, healthcare and retail sectors etc. are increasingly entwined. Risks accrued in one system may cascade into an unforeseen crisis within and/or without (Choo, Smith & McCusker, 2007). Scholars call this phenomenon “emergence”; one where the behaviour of intersecting systems is determined by complex and largely invisible interactions at the substratum (Goldstein, 1999; Holland, 1998).

The ongoing COVID-19 pandemic is a case in point. While experts remain divided over the source and morphology of the virus, the contagion has ramified into a global health crisis and supply chain nightmare. It is also tilting the geopolitical balance. China is the largest exporter of intermediate products, and had generated nearly 20% of global imports in 2015 alone (Cousin, 2020). The pharmaceutical sector is particularly vulnerable. Nearly “85% of medicines in the U.S. strategic national stockpile” sources components from China (Owens, 2020).

An initial run on respiratory masks has now been eclipsed by rowdy queues at supermarkets and the bankruptcy of small businesses. The entire global population – save for major pockets such as Sweden, Belarus, Taiwan and Japan – have been subjected to cyclical lockdowns and quarantines. Never before in history have humans faced such a systemic, borderless calamity.

COVID-19 represents a classic emergent crisis that necessitates real-time response and adaptivity in a real-time world, particularly since the global Just-in-Time (JIT) production and delivery system serves as both an enabler and vector for transboundary risks. From a systems thinking perspective, emerging risk management should therefore address a whole spectrum of activity across the economic, environmental, geopolitical, societal and technological (EEGST) taxonomy. Every emerging threat can be slotted into this taxonomy – a reason why it is used by the World Economic Forum (WEF) for its annual global risk exercises (Maavak, 2019a). As traditional forces of globalization unravel, security professionals should take cognizance of emerging threats through a systems thinking approach.

METHODOLOGY

An EEGST sectional breakdown was adopted to illustrate a sampling of extreme risks facing the world for the 2020-2030 decade. The transcendental quality of emerging risks, as outlined on Figure 1, below, was primarily informed by the following pillars of systems thinking (Rickards, 2020):

• Diminishing diversity (or increasing homogeneity) of actors in the global system (Boli & Thomas, 1997; Meyer, 2000; Young et al, 2006);

• Interconnections in the global system (Homer-Dixon et al, 2015; Lee & Preston, 2012);

• Interactions of actors, events and components in the global system (Buldyrev et al, 2010; Bashan et al, 2013; Homer-Dixon et al, 2015); and

• Adaptive qualities in particular systems (Bodin & Norberg, 2005; Scheffer et al, 2012) Since scholastic material on this topic remains somewhat inchoate, this paper buttresses many of its contentions through secondary (i.e. news/institutional) sources.

ECONOMY

According to Professor Stanislaw Drozdz (2018) of the Polish Academy of Sciences, “a global financial crash of a previously unprecedented scale is highly probable” by the mid- 2020s. This will lead to a trickle-down meltdown, impacting all areas of human activity.

The economist John Mauldin (2018) similarly warns that the “2020s might be the worst decade in US history” and may lead to a Second Great Depression. Other forecasts are equally alarming. According to the International Institute of Finance, global debt may have surpassed $255 trillion by 2020 (IIF, 2019). Yet another study revealed that global debts and liabilities amounted to a staggering $2.5 quadrillion (Ausman, 2018). The reader should note that these figures were tabulated before the COVID-19 outbreak.

The IMF singles out widening income inequality as the trigger for the next Great Depression (Georgieva, 2020). The wealthiest 1% now own more than twice as much wealth as 6.9 billion people (Coffey et al, 2020) and this chasm is widening with each passing month. COVID-19 had, in fact, boosted global billionaire wealth to an unprecedented $10.2 trillion by July 2020 (UBS-PWC, 2020). Global GDP, worth $88 trillion in 2019, may have contracted by 5.2% in 2020 (World Bank, 2020).

As the Greek historian Plutarch warned in the 1st century AD: “An imbalance between rich and poor is the oldest and most fatal ailment of all republics” (Mauldin, 2014). The stability of a society, as Aristotle argued even earlier, depends on a robust middle element or middle class. At the rate the global middle class is facing catastrophic debt and unemployment levels, widespread social disaffection may morph into outright anarchy (Maavak, 2012; DCDC, 2007).

Economic stressors, in transcendent VUCA fashion, may also induce radical geopolitical realignments. Bullions now carry more weight than NATO’s security guarantees in Eastern Europe. After Poland repatriated 100 tons of gold from the Bank of England in 2019, Slovakia, Serbia and Hungary quickly followed suit.

According to former Slovak Premier Robert Fico, this erosion in regional trust was based on historical precedents – in particular the 1938 Munich Agreement which ceded Czechoslovakia’s Sudetenland to Nazi Germany. As Fico reiterated (Dudik & Tomek, 2019):

“You can hardly trust even the closest allies after the Munich Agreement… I guarantee that if something happens, we won’t see a single gram of this (offshore-held) gold. Let’s do it (repatriation) as quickly as possible.” (Parenthesis added by author).

President Aleksandar Vucic of Serbia (a non-NATO nation) justified his central bank’s gold-repatriation program by hinting at economic headwinds ahead: “We see in which direction the crisis in the world is moving” (Dudik & Tomek, 2019). Indeed, with two global Titanics – the United States and China – set on a collision course with a quadrillions-denominated iceberg in the middle, and a viral outbreak on its tip, the seismic ripples will be felt far, wide and for a considerable period.

A reality check is nonetheless needed here: Can additional bullions realistically circumvallate the economies of 80 million plus peoples in these Eastern European nations, worth a collective $1.8 trillion by purchasing power parity? Gold however is a potent psychological symbol as it represents national sovereignty and economic reassurance in a potentially hyperinflationary world. The portents are clear: The current global economic system will be weakened by rising nationalism and autarkic demands. Much uncertainty remains ahead. Mauldin (2018) proposes the introduction of Old Testament-style debt jubilees to facilitate gradual national recoveries. The World Economic Forum, on the other hand, has long proposed a “Great Reset” by 2030; a socialist utopia where “you’ll own nothing and you’ll be happy” (WEF, 2016).

In the final analysis, COVID-19 is not the root cause of the current global economic turmoil; it is merely an accelerant to a burning house of cards that was left smouldering since the 2008 Great Recession (Maavak, 2020a). We also see how the four main pillars of systems thinking (diversity, interconnectivity, interactivity and “adaptivity”) form the mise en scene in a VUCA decade.

ENVIRONMENTAL

What happens to the environment when our economies implode? Think of a debt-laden workforce at sensitive nuclear and chemical plants, along with a concomitant surge in industrial accidents? Economic stressors, workforce demoralization and rampant profiteering – rather than manmade climate change – arguably pose the biggest threats to the environment. In a WEF report, Buehler et al (2017) made the following pre-COVID-19 observation:

The ILO estimates that the annual cost to the global economy from accidents and work-related diseases alone is a staggering $3 trillion. Moreover, a recent report suggests the world’s 3.2 billion workers are increasingly unwell, with the vast majority facing significant economic insecurity: 77% work in part-time, temporary, “vulnerable” or unpaid jobs.

Shouldn’t this phenomenon be better categorized as a societal or economic risk rather than an environmental one? In line with the systems thinking approach, however, global risks can no longer be boxed into a taxonomical silo. Frazzled workforces may precipitate another Bhopal (1984), Chernobyl (1986), Deepwater Horizon (2010) or Flint water crisis (2014). These disasters were notably not the result of manmade climate change. Neither was the Fukushima nuclear disaster (2011) nor the Indian Ocean tsunami (2004). Indeed, the combustion of a long-overlooked cargo of 2,750 tonnes of ammonium nitrate had nearly levelled the city of Beirut, Lebanon, on Aug 4 2020. The explosion left 204 dead; 7,500 injured; US$15 billion in property damages; and an estimated 300,000 people homeless (Urbina, 2020). The environmental costs have yet to be adequately tabulated.

Environmental disasters are more attributable to Black Swan events, systems breakdowns and corporate greed rather than to mundane human activity.

Our JIT world aggravates the cascading potential of risks (Korowicz, 2012). Production and delivery delays, caused by the COVID-19 outbreak, will eventually require industrial overcompensation. This will further stress senior executives, workers, machines and a variety of computerized systems. The trickle-down effects will likely include substandard products, contaminated food and a general lowering in health and safety standards (Maavak, 2019a). Unpaid or demoralized sanitation workers may also resort to indiscriminate waste dumping. Many cities across the United States (and elsewhere in the world) are no longer recycling wastes due to prohibitive costs in the global corona-economy (Liacko, 2021).

Even in good times, strict protocols on waste disposals were routinely ignored. While Sweden championed the global climate change narrative, its clothing flagship H&M was busy covering up toxic effluences disgorged by vendors along the Citarum River in Java, Indonesia. As a result, countless children among 14 million Indonesians straddling the “world’s most polluted river” began to suffer from dermatitis, intestinal problems, developmental disorders, renal failure, chronic bronchitis and cancer (DW, 2020). It is also in cauldrons like the Citarum River where pathogens may mutate with emergent ramifications.

On an equally alarming note, depressed economic conditions have traditionally provided a waste disposal boon for organized crime elements. Throughout 1980s, the Calabriabased ‘Ndrangheta mafia – in collusion with governments in Europe and North America – began to dump radioactive wastes along the coast of Somalia. Reeling from pollution and revenue loss, Somali fisherman eventually resorted to mass piracy (Knaup, 2008).

The coast of Somalia is now a maritime hotspot, and exemplifies an entwined form of economic-environmental-geopolitical-societal emergence. In a VUCA world, indiscriminate waste dumping can unexpectedly morph into a Black Hawk Down incident. The laws of unintended consequences are governed by actors, interconnections, interactions and adaptations in a system under study – as outlined in the methodology section.

Environmentally-devastating industrial sabotages – whether by disgruntled workers, industrial competitors, ideological maniacs or terrorist groups – cannot be discounted in a VUCA world. Immiserated societies, in stark defiance of climate change diktats, may resort to dirty coal plants and wood stoves for survival. Interlinked ecosystems, particularly water resources, may be hijacked by nationalist sentiments. The environmental fallouts of critical infrastructure (CI) breakdowns loom like a Sword of Damocles over this decade.

GEOPOLITICAL

The primary catalyst behind WWII was the Great Depression. Since history often repeats itself, expect familiar bogeymen to reappear in societies roiling with impoverishment and ideological clefts. Anti-Semitism – a societal risk on its own – may reach alarming proportions in the West (Reuters, 2019), possibly forcing Israel to undertake reprisal operations inside allied nations. If that happens, how will affected nations react? Will security resources be reallocated to protect certain minorities (or the Top 1%) while larger segments of society are exposed to restive forces? Balloon effects like these present a classic VUCA problematic.

Contemporary geopolitical risks include a possible Iran-Israel war; US-China military confrontation over Taiwan or the South China Sea; North Korean proliferation of nuclear and missile technologies; an India-Pakistan nuclear war; an Iranian closure of the Straits of Hormuz; fundamentalist-driven implosion in the Islamic world; or a nuclear confrontation between NATO and Russia. Fears that the Jan 3 2020 assassination of Iranian Maj. Gen. Qasem Soleimani might lead to WWIII were grossly overblown. From a systems perspective, the killing of Soleimani did not fundamentally change the actor-interconnection-interaction adaptivity equation in the Middle East. Soleimani was simply a cog who got replaced.

### OFF---States CP

#### The 50 state governments and relevant sub-federal territories, in coordination through the National Association of Attorneys General, should substantially increase the weight afforded to the competitive process in the analysis of anticompetitive business practices.

#### State action solves, won’t be preempted, and causes federal follow-on

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Prior to the enactment of the first federal antitrust law – the Sherman Act – in 1890, state antitrust enforcement was quite robust in the United States because at least 26 states had already enacted some form of antitrust prohibition.[2] In addition, state enforcers had often used general corporation law and common law restraint of trade principles to regulate anticompetitive business practices and transactions.[3] This well-established state antitrust enforcement infrastructure – coupled with the fact that the Antitrust Division and FTC had only recently been created – permitted state attorneys general to continue playing a leading enforcement role for the first 30 years after the Sherman Act’s passage.[4] Indeed, state attorneys general successfully prosecuted a number of the most consequential antitrust enforcement actions during this period.[5]

In the early 1920s, however, state antitrust enforcers began playing a less prominent role because ‘the national dimension of the most important trusts, . . . as well as their ability to restructure in order to evade problematic state laws’, made clear that the federal government needed to step forward in order to adequately protect consumers and the competitive process.[6] As a result, the DOJ and FTC – whose national jurisdiction and greater resources enabled them to tackle the most pressing competition issues of the time – displaced state attorneys general as the primary source of government antitrust enforcement within the United States.[7] This largely remained true until the mid-1970s when Congress, in response to the DOJ and FTC’s perceived inactivity, passed two laws that expanded the authority of state attorneys general to enforce the federal antitrust laws and provided them with financial resources to do so.[8]

In 1976, Congress passed the Hart-Scott-Rodino Antitrust Improvement Act, which, among other things, authorised state attorneys general to bring *parens patriae* suits (i.e., legal actions brought on behalf of natural persons residing within their states) seeking monetary (treble damages) and injunctive relief for Sherman Act violations.[9] Congress also passed the Crime Control Act of 1976, which, among other things, provided state attorneys general with tens of millions in federal grants as ‘seed money’ for the creation of antitrust bureaus within their offices.[10] These laws had their intended effect of reinvigorating state antitrust enforcement.

During the 1980s, for example, state attorneys general once again emerged as vigorous antitrust enforcers, especially with respect to the prosecution of resale price maintenance practices and other vertical restraints.[11] The rise in the level and prominence of state antitrust enforcement during this period was largely due to a perceived enforcement void at the federal level, where the DOJ and FTC had mostly limited their focus to ‘prohibiting cartels and large horizontal mergers’.[12] No longer content with ceding antitrust enforcement to federal enforcers, state attorneys general expanded their antitrust dockets from prosecuting purely ‘local matters, such as bid-rigging on state contracts’, to actively investigating and litigating matters with multistate and national implications.[13] To help ensure that they had a larger seat at the antitrust enforcement table, state attorneys general also increased the coordination of their enforcement efforts and competition advocacy through organisations such as the National Association of Attorneys General (NAAG), which created a Multistate Antitrust Task Force and issued state Vertical Restraints and Horizontal Merger Guidelines during this period.[14]

Since the reawakening of state antitrust enforcement nearly 30 years ago, state attorneys general have continued to play an important role in the enforcement of both state and federal antitrust laws. During periods of lax federal antitrust enforcement, state attorneys general have often ramped up their enforcement activity in order to protect consumers from anticompetitive transactions and business practices.[15] During periods of vigorous federal antitrust enforcement, they have often served as strong partners for the DOJ and FTC by, among other things, offering valuable insights about competitive dynamics in local markets, assisting with obtaining information from key market participants (including state governmental entities that are direct purchasers of goods and services), and helping develop and implement litigation strategies for cases being tried before federal judges presiding in their states.[16]

Since January 2017, state attorneys general have increasingly played a leading and independent antitrust enforcement role. State antitrust enforcers have significantly increased their enforcement activity and willingness to act separately from their federal counterparts because many of them believe that there has been ‘under-enforcement’ by the DOJ and FTC.[17] State antitrust enforcers have also been able to enhance their influence over key competition policy issues and the antitrust enforcement agenda within the United States because there appears to have been a significant decline in the coordination and relationship between the DOJ and FTC.[18]

In once again flexing their enforcement muscle, state attorneys general have shown a willingness to publicly disagree with the DOJ and FTC on both policy and enforcement decisions, and have also sought to pressure their federal counterparts into more aggressively policing certain industries. Recent examples of the increased independence and assertiveness of state antitrust enforcers include:

* The DOJ, FTC and several state attorneys general have been actively investigating and prosecuting ‘no-poach’ agreements (i.e., where competitors for employees agree not to recruit or hire each other’s employees) in recent years. However, the DOJ and state attorneys general have taken directly opposing positions in private litigation challenging the legality of ‘no-poach’ clauses in corporate franchise agreements. The DOJ has argued that courts should review these clauses under the rule of reason whereas various state attorneys general have argued that these clauses should be deemed per se unlawful.[24]
* In their joint investigation into the T-Mobile/Sprint merger, nearly 20 state attorneys general sued to block the transaction in September 2019 even though the DOJ, along with seven state attorneys general, approved the deal after securing certain structural and behavioural remedies.[19] After the DOJ announced its proposed settlement with the companies, the Attorney General for New York, who led the states’ challenge to the merger, issued a press release dismissing the adequacy of the remedies negotiated by the DOJ: ‘The promises made by [the divestiture buyer] and [the merging companies] in this deal are the kinds of promises only robust competition can guarantee. We have serious concerns that cobbling together this new fourth mobile [phone] player, with the government picking winners and losers, will not address the merger’s harm to consumers, workers, and innovation.’[20] Thereafter, the DOJ opposed the states’ enforcement action by, among other things, moving to disqualify the private counsel hired by the states to represent them[21] and filing submissions that argued against the states’ requested injunction.[22] Ultimately, the state attorneys general were unsuccessful in their bid to block the deal.[23]
* None of the more than 20 state attorney general offices that actively investigated the AT&T/Time Warner merger joined the DOJ’s unsuccessful challenge to the transaction despite the DOJ’s concerted effort to secure their support.[25] In fact, nine state attorneys general filed an amicus brief opposing the DOJ’s appeal of the trial court’s decision.[26]
* After the FTC declined to seek any Colorado-related remedies in connection with Optum’s acquisition of DaVita Medical Group, the Attorney General for Colorado required the merging companies to lift the exclusivity provisions in contracts with certain healthcare providers and to extend their existing contracts with certain health insurers. In announcing this settlement, the Colorado Attorney General stated: ‘I recognize that this case marks an important step in state antitrust enforcement . . . . I am committed to protecting all Coloradans from anticompetitive consolidation and practices, and will do so whether or not the federal government acts to protect Coloradans.’[27]

After voicing displeasure with federal antitrust enforcement in the technology sector, numerous state attorneys general launched their independent investigations into ‘Big Tech’ companies even though the DOJ and FTC have ongoing investigations into these companies.[28]

### OFF---Multilat CP

#### The United States federal government should establish and advocate a framework for contingent international cooperation that substantially increase the weight afforded to the competitive process in the analysis of anticompetitive business practices.

#### The CP’s framework multilateralizes antitrust---explicit reciprocity bypasses generic barriers AND spills over to deep economic integration

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B. Between Contracts and Networks: Frameworks

Another dichotomy that dominates the integration of competition policy pertains to the forms of internationalization, which in the competition policy space have generally been dominated by contract-style treaties on the one hand and by open networks on the other.166 Between these two models lies what seems to be an under-utilized alternative, which I call a “framework for contingent cooperation.”

[FOOTNOTE] 166 This binary view dominates the literature. See, e.g., Edward M. Graham, “Internationalizing” Competition Policy: An Assessment of the Two Main Alternatives, 48 Antitrust Bull. 947, 949 (2003) (“[M]echanisms [for antitrust internationalization] range from bilateral treaties creating arrangements for cooperation between or among national competition law enforcement agencies to informal working arrangements among agencies.”); Eleanor M. Fox, International Antitrust and the Doha Dome, 43 Va. J. Int’l L. 911, 912 (2003) (contrasting “horizontalism” with “globalism”); Anu Piilola, Assessing Theories of Global Governance: A Case Study of International Antitrust Regulation, 39 Stan. J. Int'l L. 207, 247 (2003) (“Rather than drafting overarching multilateral agreements on antitrust laws, cooperation efforts in the immediate future are more likely to succeed in managing existing diversity and promoting voluntary convergence based on approximation of domestically applied standards. Networks of antitrust authorities are well-suited to facilitate this process of cooperation and voluntary convergence.”). [END FOOTNOTE]

A “framework” in the sense that I am using that term is a facilitative arrangement that does not constitute a treaty under international law,167 and which does not carry the charge of international legal obligation, but which involves an exchange of specific and reciprocally contingent commitments by participant jurisdictions to engage in mutually beneficial conduct. Specifically, each party states that it will extend certain benefits to each other party so long as each other does likewise; the parties may also create supplementary mechanisms to monitor and/or adjudicate compliance with these commitments.168

A framework of this kind is not a treaty: it is what Kal Raustiala calls a “pledge,”169 and what Charles Lipson calls an “informal” agreement,170 involving no legal obligation, and it involves no commitment of the parties’ reputation for law-abiding behavior.171 On the other hand, it differs from an open, information-sharing network because it precisely specifies behavioral commitments, and because each of the parties shares an understanding that concrete consequences will promptly follow—exclusion from the benefits provided by others—if its behavior materially deviates from the terms of the commitment.172 A framework is therefore essentially a specific declaration of intention to engage in conduct that benefits others, contingent upon parallel behavior by other participating states, without obligatory status under international law.

This is, in some sense, the direct opposite of the approach typically taken in competition policy chapters in trade agreements. The provisions of competition policy chapters partake of the substance of treaty law, but are generally framed in broad terms rather than specifics, and generally do not reflect a shared understanding that specific consequences will attend breach. By contrast, frameworks do not bind in international law, are framed in specific terms than aspirational generalities, and reflect an understanding that the benefits of cooperation will be withdrawn in the event of violation.

Contingent cooperation thus depends for its effectiveness primarily upon three important dynamics. The first and most important of these is the rationality of strategic cooperation. A familiar mainstream view holds that to a significant extent states behave in international society in ways that rationally serve their interests.173 And when cooperation over a series of interactions is overall in the interests of each member of a group, but when each member faces a rational incentive to defect from the terms of cooperation in individual cases, familiar economic theory teaches that a strategic cooperative equilibrium can be maintained among the parties.174 In contingent cooperation, each party understands that if it defects materially from the terms of the framework, the other participants will withdraw the excludable benefits of cooperation, and this provides the incentive to comply.175

Contingent cooperation can be made more stable by the introduction of certain structures designed to monitor compliance (just as with a cartel among private companies).176 This might among other things involve the creation of a central “facilitator” that is responsible, in a general sense, for obtaining, collecting, and processing information necessary to sustain a cooperative equilibrium.177 Depending on the purpose and scope of the cooperation project, this could include (for example): reviewing the text of laws, regulations, and policy documents for consistency with the terms of the framework; conducting peer-review-style evaluations and certifications; hosting voluntary dispute resolution processes, including mediation and/or arbitration, to determine whether and when the framework has been violated; or even receiving and handling complaints of violations ombudsman-fashion (i.e., receiving the complaint, giving the subject of the complaint an opportunity to respond, and publishing findings and conclusions). A central facilitator could also go beyond a policing function and offer a common forum for certain forms of cooperation and information sharing. The nature of such broader functions, and the extent to which they would be useful or desirable, would depend on the nature and purpose of the cooperation.

The second dynamic that powers contingent cooperation is the normative appeal of the project itself. The point here is not unlike what Gráinne de Búrca calls “mission legitimacy”: the normative force of the underlying purpose of a cooperative project, and specifically the power of that normativity to secure the acceptance and cooperation of those who participate.178 Parties joining projects of contingent cooperation can be expected to be in some sense self-selecting: they join such endeavors because, in part, they are genuinely committed to promoting and achieving the ends that the project represents, and they embrace the project of cooperation as worthwhile.179 It may sound a little naïve to suggest that a project of cooperation may be more likely to “stick” if it has some normative appeal to the participating polities, but legal scholarship has long recognized that states do what they undertake to do more often than strictly rational analysis would predict.180 And I think the proposition that genuine commitment to a goal can contribute to compliance is in truth somewhat less naïve than the converse idea that compliance is just as likely without it.

The third source of a framework’s effectiveness is to be found in the acculturative and socializing effects of interaction in an environment in which values and practices are shared and reinforced as normative, and in which attention is paid to the existence and nature of violations. There is a rich and complex literature on the ways in which states, state actors, and the individuals within them may be “socialized” or “acculturated” by repeated engagement with others through common institutions and shared environments of normativity, eventually contributing to the emergence of obligations with genuine normative force.181 Jutta Brunnée and Stephen Toope have pointed out ways in which the force of legal obligation itself arises from shared communities of practice grounded in social reality and shared understandings, not formal commitments.182 As they put it, “[s]tability may be aided by explicit articulation of a norm in a text, but it is ultimately dependent upon [an] underlying shared understanding and a continuous practice of legality.”183

Participation in an endeavor of contingent cooperation may help to engender the development of such understandings and practices, and these may contribute to the effectiveness of the framework. In the longer term, this may even result in the creation of a legal instrument. But this progression is not necessary for acculturation to exert a reinforcing effect: for, as Anu Bradford accurately notes, there is no reason to think that “the pathway from nonbinding to binding rules” is an inevitable or even a natural one.184

The distinctive value of a framework is that it provides a low-cost way for jurisdictions to explore and participate in possible arrangements of mutual benefit that depend upon shared concrete understandings regarding future behavior, but without bearing the burden of an obligation under international law, without running the reputational risk of having to break a treaty, and without facing the domestic hurdles (or political scrutiny) that a treaty would necessitate.185 Use of such a framework may help to reduce the concerns grounded in political morality that might otherwise attend inter-jurisdictional action in sensitive areas:186 to use a term I have coined elsewhere, as contingent practices from which states could withdraw at any time, frameworks would benefit from considerable resources of “exit legitimacy.”187

Frameworks are not suited to every application. They seem particularly apt for types of international cooperation that generate excludable benefits for other participants and can be reasonably well monitored: in the sphere of competition policy, for example, this would include commitments to provide nondiscriminatory access to procurement markets as well as many forms of antitrust cooperation (including cooperation with one another’s investigations, coordination of enforcement activity, the operation of joint filing systems for merger review and cartel leniency programs, and so on). Certain guarantees of nondiscriminatory treatment by SOEs could also be extended on a selective basis. On the other hand, contingent cooperation is much less suitable for projects that require strong and highly credible guarantees of commitment from the participants (in which case a traditional treaty-contract would seem more appropriate188) or groups of parties still lacking the prerequisite agreement on the terms and ambit of desirable cooperation. Nor is it suitable in the absence of sufficient confidence in the ability or incentive of other parties to deliver on their commitments: in these cases, open dialogue and information exchange through a network would seem preferable. Nor, obviously, is it a good fit for projects in which the benefits of cooperation are non-excludable.189 To pick an obvious example, contingent cooperation would not recommend itself as a natural choice for an international project to introduce SOE discipline: the benefits are non-excludable (there is no obvious way to withdraw them selectively in the event of defection) and compliance is very difficult to monitor, so the use of a framework is unlikely to make much of a contribution.190

#### Only harmonized transnational antitrust solves the case---compliance and competition require streamlining the regulatory drag of conflicting legal systems, but the plan’s ad hoc unilateralism proliferates it

Camilla Jain Holtse 20, Associate General Counsel in Maersk Line, LL.M in European Law from King’s College, Master’s Degree from University of Aarhus, “Navigating Through Uncertain Waters—The Importance of Legal Certainty, Predictability, and Transparency in Future Antitrust Enforcement”, Journal of European Competition Law & Practice, Volume 11, Issue 8, October 2020, p. 446-447

I. Global developments suggest increased need for legal certainty in rulemaking and enforcement

Companies today operate in an increasingly globalised world, interconnected via digital platforms and ecosystems. The technological revolution is accelerating at an ever-increasing speed. It promises to fundamentally alter both the competitive landscape and the tools by which competition is regulated. Against this backdrop, the world is facing substantial environmental challenges with mounting pressure on businesses to change the way they operate, including an increasing need for firms to collaborate to achieve social goals and increased efficiency that no one firm could achieve independently.

While some progress has been made towards a unified view of competition law, companies are also facing rising geopolitical tensions that have led to protectionist measures and the pursuit of industrial policy objectives under the guise of competition law enforcement. Concepts including national security, full employment, and ‘fair’ or ‘level’ pricing frequently introduce domestic protection concerns into traditional economic tests. With the proliferation of competition regimes, now well over 100, the potential for regulatory drag on the global markets increases exponentially. Having spent the last two decades as competition counsel, I can say with certainty that the complexity of the legal landscape and uncertainty and unpredictability as to compliance with competition law regulations have increased dramatically in recent years both at a global and EU level. Companies are struggling to achieve legal competition law compliance despite consistent efforts including scaling up their compliance departments.

As our markets continue to evolve in the face of technology and sustainability and other social goals, it is now more important than ever for the European Commission (‘the Commission’) to ensure legal certainty, both in rulemaking and in enforcement. The costs associated with uncertainty should not be underestimated, particularly as the Commission considers new enforcement tools designed to address competition structures and practices that may fall outside of traditional economic analyses. Not only is transparency and predictability vital for the proper functioning of the European Economic Area, but it would also send a much-needed signal to the rest of the world. Conversely, if, in any new enforcement system transparency and predictability do not prevail, the Commission’s efforts would likely serve to indirectly legitimise non-transparent and unpredictable protectionist systems in other countries, not founded on the rule of law and due process.

Even if one of the key roles of the Commission is to enforce competition law, it is important to keep in mind that competition policy and enforcement are tools of economic policy. Implemented well, competition policy can stimulate economic growth and competitiveness but, if not, it can be a significant regulatory brake on investment, economic development, and sustainability advances.

#### Normative convergence through antitrust harmonization prevents extinction from resource depletion, human rights abuse, and war

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A. The international political environment

At the root of international political theory is the fundamental maxim that relations between sovereign nations in the absence of mitigating factors is characterized by intense competition, mutual distrust, the inability to make credible commitments, and war.20

[FOOTNOTE] 20 Political scientists characterize the international system as “anarchic.” In the absence of world government (or other mitigating force), competition between states is largely unregulated by external laws or enforcement. The world is characterized by mistrust, the inability to contract, and the ultimate reliance on a state’s own devices. See THOMAS HOBBES, LEVIATHAN 80 (Edwin Curley ed., 1994) (in the state of nature “the condition of man . . . is a condition of war of everyone against everyone”). In fuller terms:

There is no authoritative allocator of resources: we cannot talk about a ‘world society’ making decisions about economic outcomes. No consistent and enforceable set of comprehensive rules exists. If actors are to improve their welfare through coordinating their policies, they must do so through bargaining rather than by invoking central direction. In world politics, uncertainty is rife, making agreements is difficult, and no secure barriers prevent military and security questions from impinging on economic affairs.

ROBERT O. KEOHANE, AFTER HEGEMONY: COOPERATION AND DISCORD IN THE WORLD POLITICAL ECONOMY 18 (1984). Efficiency-enhancing gains from trade are difficult to appropriate because trade itself (and any other form of exchange or agreement between nations) is characterized by the absence of credible commitments to future behavior. And underlying the problem is the ever-present threat of the use of force. See, e.g., Kenneth N. Waltz, Anarchic Orders and Balances of Power, in NEOREALISM AND ITS CRITICS 98, 98 (Robert O. Keohane ed. 1986) (“The state among states . . . conducts its affairs in the brooding shadow of violence . . . . Among states, the state of nature is a state of war.”). Although this dire characterization of the international environment is, of course, a stylized approximation of the real world—there are always overlying constraints on sovereign behavior in the form of norms, reputational effects, and customary international law, HEDLEY BULL, THE ANARCHICAL SOCIETY: A STUDY OF ORDER IN WORLD POLITICS (1977)—it is a useful and widely accepted heuristic for crafting a theory of international politics. [END FOOTNOTE]

As one commentator notes, “Nations dwell in perpetual anarchy, for no central authority imposes limits on the pursuit of sovereign interests.”21 And states are “unitary actors who, at a minimum, seek their own preservation and, at a maximum, drive for universal domination.”22 As a result, states operating on the international stage are unable to judge the sincerity of each others’ stated intentions when those intentions are contrary to this manifest interest. Because of self-help rules, states are forced in the main to assess their own security environment by assessing the capabilities of competitors, downplaying their motives. Given that the nature of the competition can implicate the fundamental survival of one (or more) of the actors, actions taken by one state to improve its own security must necessarily decrease the security of its competitor; in the absence of mitigation, security is a zero-sum game.23 In a world where cooperation is exceedingly difficult (because there is no authority to enforce agreements, nor any basis for assessing the reliability of another state’s commitments), international relations are characterized by a continuous race to the bottom, a mindless arms race rather than the opportunity to realize gains from cooperation.

It is obvious that not all relations between states are characterized by the security dilemma, however. Canada, for example, shares an unprotected border with the most powerful nation in the world without degenerating into a destructive and costly arms race. By some mechanism, then, Canada must be able reliably to judge U.S. intentions, even absent the apparent ability by the United States credibly to bind itself to a nonaggressive policy toward Canada. The key to mitigating the pressures of the security dilemma is the ability to distinguish a state with aggressive and expansionist tendencies from a benign one.24 States can be distinguished by their fundamental type. They can be classified as “revisionist,” that is, they seek to subvert the dominant order, or they can be classified as “status quo,” that is, they seek to support it.25 But, as noted, a state’s ability to judge another’s intentions (as opposed simply to counting its armaments) is extremely tenuous and comes at great cost. In fact, political science offers few well-understood mechanisms for judging a state’s propensity for aggression.

At the same time, hegemonic states have an abiding interest in spreading and maintaining their dominant worldview.26 Not only is it imperative that dominant states receive credible signals about other states’ intentions, but it is also important that dominant states attempt to inculcate their norms within other states that, over time, might mount credible challenges to the dominant states’ security.27 The spread of hegemony through internalization of norms occurs for three reasons. First, states with similar institutions and sympathetic domestic norms are simply better and more reliable trading partners, and it is in the hegemon’s economic interest to instill its norms.28 Second, states with defensive military postures and that adhere to the status quo present significantly less security risk to dominant states.29 And finally, the hegemon has a normative interest in the spread of its culture, its worldview, and its norms.30 This conception of the playing field upon which states interact leads to the conclusion that, entirely apart from the immediate and substantial economic benefits to a state from well-ordered interactions with other states, hegemonic states also have a national security and a normative interest in the information to be gleaned from the fact that these interactions are, in fact, well ordered.

In the absence of centralized enforcement, privately held and nonverifiable information as to a state’s fundamental type is the critical problem in assessing motives.31

[FOOTNOTE] 31 See KEOHANE, supra note 20, at 31 (“Order in world politics is typically created by a single dominant power [or hegemon].”). States are consequently classified as one of two types, “revisionist” or “status quo,” based on their acceptance and adherence to the political norms, institutions, and rules created by the hegemon. Status quo states are those that try to improve their condition from within the framework of the accepted world order. Revisionist states, by contrast, seek to gain position both by working outside that order and by working to subvert the hegemonic order itself. For instance, the existing world order is generally accepted to be that created by the United States after World War II. It comprises a liberal international economic order, the use of multilateral institutions (such as the United Nations and the WTO), negotiation for dispute resolution rather than the threat of violence, and the promotion of liberal democratic moral norms. See, e.g., Schweller, supra note 24, at 85; HANS J. MORGENTHAU, POLITICS AMONG NATIONS: THE STRUGGLE FOR POWER AND PEACE 32 (1948). Trade disputes between status quo states (like tariff disputes between the United States and Europe) are resolved through peaceful negotiation rather than the threat of war. Although status quo states do not entirely eschew the use of violence, they typically seek international authorization and legitimization before employing military force, as in the multilateral operations in Iraq, Kosovo, and Afghanistan. Revisionist states, on the other hand, such as North Korea, Iran, and China, will more readily use military force as a bargaining tool and are more reluctant fully to participate in transparent military, economic, and political negotiations. [END FOOTNOTE]

States wishing to escape the pressures of the security dilemma and engage in cooperative behavior need a means of conveying their preferences to others in a credible manner. There are, in general, two means by which such information can be transmitted: states can either bind themselves in such a way that they are unable to deviate from a stated behavior (known as “hands tying” in Schelling),32 or they can signal their intention to engage in a specified course of action by incurring costs sufficiently large that they discourage the misrepresentation of preference.33

International institutions can play a crucial role in facilitating the transmission of this information.34 In particular, international agreements over the terms of trade, even without binding supranational enforcement authority, provide a means for states to bind themselves to a desirable course of behavior in the short run and, more importantly, to signal their acquiescence to the ruling world order in the long run. Because compliance with treaty obligations often requires signatories to alter their domestic laws to reflect the terms of the treaty, the costs of compliance can be substantial. In the short run, to the extent that states enforce their domestic laws they can bind themselves to a certain course of behavior. In the long run, a state’s willingness to incur the substantial costs of changing its laws, both the transaction costs inherent in changing domestic laws and the even more substantial costs in domestic political capital, signals a willingness to engage other states on the terms set by the reigning international power. Moreover, there may be unintended effects, as changes in domestic laws result in a new set of domestic incentives to which actors respond, and new windows of opportunity may open up through which policy entrepreneurs can push for the internalization of new norms.35 Competition laws in particular are susceptible to this mode of analysis.

Most nations have adopted competition laws as a way to actualize (as well as to symbolize) a degree of commitment to the competitive process and to the prevention of abusive business practices . . . . The introduction of competition laws and policies has also gone hand in hand with economic deregulation, regulatory reform, and the end of command and control economies.36

The surest way to remove the threat of war, increase wealth, conserve resources, and protect human rights is through fundamental agreement between all states (or at least effective agreement between verifiably status quo states) under a normative umbrella that promotes all of those values. This normative convergence can be effected through the stepwise internalization of the sorts of economic and democratic values inherent in international economic liberalization, perhaps most notably through the adoption of principled international antitrust standards.37

### OFF---T Per Se

#### ‘Prohibiting’ a practice requires per se illegality.

Lee Mendelsohn 6, Director at Edward Nathan, “KIPA Conduct Amounts to Price Fixing”, Business Day (South Africa), 6/12/2006, Lexis

The first step in any competition law analysis is to define the relevant market. There are two components to an analysis of the relevant market, namely the relevant product market and the geographic market.

The relevant product market consists of those products and services that operate as a competitive constraint on the behaviour of the suppliers of those products and/or services.

The relevant product market is determined by ascertaining whether a small but significant non-transient increase in pricing of the product in question would cause buyers to substitute the product with another product or would cause suppliers of other products to begin producing the product in question.

The relevant geographic market is determined by ascertaining whether a small but significant non-transient increase in pricing of the product in question would cause buyers to purchase the product from other geographic areas, alternatively suppliers of the product in other geographic areas to supply those products into the area in question.

For the purposes of this case study, we are instructed to accept that each medical speciality constitutes a relevant product market and that the relevant geographic market for each of them is Kleindorpie.

The Competition Act provides that "an agreement between, or concerted practice by, firms, or a decision by an association of firms, is prohibited if it is between parties in a horizontal relationship and if … it involves … directly or indirectly fixing a purchase or selling price or any other trading condition".

An "agreement" is defined as including a contract, arrangement or understanding, whether or not legally enforceable. The term agreement is very widely defined. A "horizontal relationship" is defined as a "relationship between competitors".

The prohibition on the fixing of a purchase or selling price or any other trading condition is one of the so-called "per se" prohibitions which are included in our Competition Act. The prohibition is automatic and absolute and the fixing of prices or other trading condition cannot be justified on the basis of any technological, efficiency or other procompetitive gains that could outweigh the potential anticompetitive effect of the fixing of the price or trading condition. If the capitation plan of KIPA falls within the restrictive horizontal practice prohibiting price fixing and the fixing of other trading conditions, such practice will be a contravention of the act.

#### Limits---many standards, requiring distinct answers, make the topic unmanageable.

#### Ground---fringe standards dodge links and allow bidirectional permissiveness.

### OFF---Trade DA

#### The plan sends a protectionist shockwave that ends the last semblance of global free trade

Allison Murray 19, JD from the Loyola Law School, Los Angeles Law School, BS in Business Administration from the University of Redlands, Judicial Law Clerk at the U.S. Bankruptcy Courts, Former Corporate Paralegal at Boeing, Degree in Economics and Management from the University of Oxford, “Given Today's New Wave of Protectionism, Is Antitrust Law the Last Hope for Preserving a Free Global Economy or Another Nail in Free Trade's Coffin?”, Loyola of Los Angeles International and Comparative Law Review, Volume 42, Number 1, 42 Loy. L.A. Int'l & Comp. L. Rev. 117, Winter 2019, p. 117-119

INTRODUCTION

Trump. Le Pen. Brexit. Protectionist rhetoric has consumed the international political stage. Western countries and their leaders were once the drivers of economic globalization, relying on free-market speeches and the prospect of removing trade barriers to appeal to their constituents. 1They pointed fingers at other countries engaging in or encouraging protectionist behavior and challenged them in the court of public opinion and elsewhere to stop their antics. The "our country first, world trade after" mentality was widely politicized and vilified. Now, it seems that Western national leaders are championing the very protectionism that they once criticized. 2

Although a system of truly free world trade has never been perfected, past world leaders have eliminated most of the protectionist trade mechanisms that once ran rampant in the international economy. They did so by implementing multilateral and bilateral trade agreements. These webs of agreements have bolstered decades of support for free trade, or at least some version of it. By and large, tariff policies and other forms of protectionism were either eliminated or dramatically reduced. [\*118] Now, as we have seen in the media, when a government imposes a tariff, it becomes a rather extreme political statement which sends a shockwave of significant global consequences.

Protectionism did not end when the age of overbearing tariff policies did, despite then-leaders' best efforts to vilify it. Rather, the end of the tariff era forced nations to achieve protectionist goals through more subtle trade vehicles, like antitrust law. 3So, the recent resurgence of protectionist rhetoric should mean that these subtle trade vehicles, including antitrust law, will be relied on more heavily. It is a fear of many that antitrust law may become overused and inequitably applied to achieve and combat protectionist aims.

Notwithstanding the recent uptick in tariff threats, it is unlikely that all Western leaders will revamp or terminate the trade agreements set forth by their predecessors and bring back the kinds of tariff policies that once existed in their place. Although in the United States ("U.S."), President Trump recently imposed tariffs on steel imports, it appears that his intent is to limit this behavior to a specific industry rather than institute a widespread policy favoring the use of tariffs generally. 4To remedy bad behavior in a specialized set of industries is not to instigate a global paradigm shift. This purpose is underscored by his use of the national security exemption, which is largely interpreted as being used for individual situations rather than general policy schemes. 5 Many still hope that his course of action will be retracted and is merely a strong negotiation tactic. However, there is no doubt that Trump is far more comfortable than past leaders with subverting the status quo on trade relations.

Trump is not the only high-profile leader flirting with staunch protectionism. Western leaders in the E.U. appear to be growing more comfortable than their predecessors with considering similar policies. However, Western lawmakers themselves do not seem as persuaded by the statements of their leadership. The general sentiment among international policymakers is that there has been too much political wherewithal spent on loosening international trade barriers to take actions [\*119] that could counteract that progress. 6Presidential actions taken because of dissatisfaction with current global trade relations aside, a complete overhaul of trade agreements may be too daunting and difficult a task, especially absent ample political support in legislative bodies.

Given the anticipated continuation of cooperative trade agreements and the proliferation of protectionist rhetoric as the new norm of public opinion, leaders will be forced to rely on existing avenues to meet protectionist aims. Again, we find ourselves relying squarely on antitrust law, the more subtle and widely accepted mechanism of restricting trade, to address perceived inequities. In the words of the World Trade Organization ("WTO"), "once formal trade barriers come down, other issues become more important." 7 Among the important issues lies antitrust law. Antitrust and competition laws can form a subtle trade barrier resulting in the imposition of tariff-like measures.

Antitrust law can be enforced to reach protectionist aims and to combat them. It is a tool that allows nations to achieve individual protectionist aims without undermining the future of trade between countries and the cooperative framework underpinning the relatively delicate global free trade enjoyed today. However, the perception of enforcement of antitrust laws as an abusive and solely protectionist mechanism may cause the death of even the smallest semblance of international free trade that remains in the international marketplace today.

#### Nuclear war

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

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

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

Secular Stagnation

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

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

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

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

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

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

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

Illiberal Globalization

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

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

As such measures gain traction, it will become clear to states—and to companies—that a global trading system more responsive to raw power than to law entails escalating risk and diminishing benefits. This will be the end of economic globalization, and its many benefits, as we know it. It represents nothing less than the subordination of economic globalization, a system which many thought obeyed its own logic, to an international politics of zero-sum power competition among multiple actors with divergent interests and values. The costs will be significant: Bloomberg Economics estimates that the cost in lost US GDP in 2019- dollar terms from the trade war with China has reached $134 billion to date and will rise to a total of $316 billion by the end of 2020.19 Economically, the just-in-time, maximally efficient world of global supply chains, driving down costs, incentivizing innovation, spreading investment, integrating new countries and populations into the global system, is being Balkanized. Bilateral and regional deals are proliferating, while global, nondiscriminatory trade agreements are at an end.

Economies of scale will shrink, incentivizing less investment, increasing costs and prices, compromising growth, marginalizing countries whose growth and poverty reduction depended on participation in global supply chains. A world already suffering from excess savings (in the corporate sector, among mostly Asian countries) will respond to heightened risk and uncertainty with further retrenchment. The problem is perfectly captured by Tim Boyle, CEO of Columbia Sportswear, whose supply chain runs through China, reacting to yet another ratcheting up of US tariffs on Chinese imports, most recently on consumer goods:

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

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

Before the First World War started, powers great and small took a variety of steps to thwart the globalization of the 19th century. Each of these steps made it easier for the key combatants to conceive of a general war. We are beginning to see a similar approach to the globalization of the 21st century. One by one, the economic constraints on military aggression are eroding. And too many have forgotten—or never knew—how this played out a century ago.

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

…The primary lesson to draw from the years before 1914 is not that economic interdependence was a weak constraint on military conflict. It is that, even in a globalized economy, governments can take protectionist actions to reduce their interdependence in anticipation of future wars. In retrospect, the 30 years of tariff hikes, trade wars, and currency conflicts that preceded 1914 were harbingers of the devastation to come. European governments did not necessarily want to ignite a war among the great powers. By reducing their interdependence, however, they made that option conceivable.

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

### OFF---Aerojet DA

#### The Lockheed-Aerojet merger will be approved soon because of existing antitrust law

Marcus Weisgerber 21, Global Business Editor at Defense One, “Lockheed’s Proposed Aerojet Rocketdyne Purchase Sets Early M&A Test for Biden”, Defense One, 3/21/2021, https://seniordownsizingsolutions.com/rs1kstuq/frank-kendall-northrop-grumman

The Biden administration’s approval — or disapproval — of Lockheed Martin’s planned $4.4 billion acquisition of rocket engine maker Aerojet Rocketdyne could shape defense industry consolidation for years to come.

If approved, the deal would mean the absorption of the last independent American weapons-grade rocket maker. All U.S. rockets would be produced by Northrop, which bought Orbital ATK in 2018, and Lockheed, the world’s largest defense contractor. It would also turn Lockheed into a key supplier of Raytheon Technologies, its major rival in the missiles sector.

Lockheed executives told investors on a Monday morning call that the acquisition would allow the company to deliver weapons to the military faster and cheaper than it can today.

“This helps position us for even greater growth, in hypersonics, missile defense and space, which are key elements of the national defense strategy,” Lockheed CEO Jim Taiclet said.

Taiclet, who became Lockheed’s CEO in June, also cited flat U.S. defense spending projections as a reason for the sale.

“They're going to be asked to do more in these areas with a flattening budget,” Taiclet said. “Having a more efficient supplier and a more robust supplier ... in uncertain economic times is a positive for the Department of Defense and for NASA.”

The proposed deal — which is expected to close in late 2021 — comes two years after Northrop Grumman acquired rocket maker Orbital ATK, a deal stoked industry consolidation fears. The Federal Trade Commission put conditions on the deal that Northrop had to supply solid rocket motors to competitors.

“Our overall expectation is that that may be the same lens through which this particular transaction is viewed because of the similarities there,” Taiclet said.

Still, Boeing claimed Northrop’s buying Orbital ATK prevented it from entering a bid for an $85 billion contract to build new intercontinental ballistic missiles. That left Northrop as the only bidder.

Orbital ATK, now part of Northrop, and Aerojet Rocketdyne are the only two U.S. makers of the solid rocket motors used in ICBMs and missile interceptors.

“The proposed purchase of Aerojet Rocketdyne (AJRD) by Lockheed Martin (LMT) is the first test of the Biden Administration and its views on defense sector consolidation and structure,” Capital Alpha Partners analyst Byron Callan said in a Monday note to clients. “It may take weeks and months before those views are known.”

Loren Thompson, a consultant and defense industry analyst with the Lexington Institute, said Lockheed’s acquisition of Aerojet would create more competition for solid rocket motors.

“Aerojet Rocketdyne will now have the same kind of financial resources to draw on as Orbital did when it joined Northrop, assuring that both domestic suppliers of large solids can remain active in military and civilian markets,” Thompson wrote Monday in Forbes.

A number of government organizations — including the Defense Department — are involved in the regulatory approval process. When Lockheed acquired helicopter-maker Sikorsky in 2015, Frank Kendall, who served as the Pentagon’s top weapons buyer during the Obama administration, expressed concerns that the deal would reduce competition. Kendall is reportedly under consideration to become Biden’s deputy defense secretary.

#### The plan sets a precedent for a restrictive standard that causes denial

Hank Naughton 21, JD, Former Massachusetts State Legislator, Chaired the House Committee on Public Safety and Homeland Security and Served on the State Department’s International Security Advisory Board During the Obama Administration, “Biden Brings Back Hope for Rule of Law in Antitrust”, Lowell Sun, 6/20/2021, https://www.lowellsun.com/2021/06/20/biden-brings-back-hope-for-rule-of-law-in-antitrust/

Under the Trump administration, we saw the antitrust laws being perverted in order to advance the ambitions of one man: Donald Trump. The most notable being the Department of Justice blocking the merger of Time Warner and AT&T because the president objected to his coverage on CNN, owned by Time Warner. Again, this is reminiscent of governments led by men and women, not laws.

However, I was recently encouraged to see the news out of New York state, which has stepped up to be the vanguard of the antitrust movement. The 21st Century Anti-Trust Act has proposed legislation that has received support from 15 state and national labor and policy groups that wrote a letter to legislators supporting their effort to “rein in many abusive tactics corporations use against other firms and workers that are difficult to challenge under current antitrust law and precedent.” The act would replace the current “consumer welfare” standard with an “abuse of dominance” standard so those with a 40% market share would face stricter scrutiny.

This new standard would be of particular interest in the first big test of the Biden administration, which is currently considering whether or not to block the proposed acquisition of Aerojet Rocketdyne, by Lockheed Martin.

In December 2020, defense contractor Lockheed Martin announced its plan to acquire Aerojet Rocketdyne in a $4.4 billion deal. Lockheed Martin touts this acquisition as a strategic move to bolster our nation’s defense. In reality, this deal could possibly eliminate any serious and impactful competition for the development of new missile technology.

This is because Lockheed Martin is not the only contractor that Aerojet provides propulsion technology to; Lockheed, Boeing, Raytheon Technologies, and Northrup have all partnered with Aerojet for their technology, and these competitors will virtually be eliminated from the field if Lockheed and Aerojet combine.

#### Blocking the merger obliterates containment of hypersonic threats from Russia and China

Don Nickles 21, Chairman and CEO of The Nickles Group LLC, Former United States Senator, Former Director of Chesapeake Energy and Valero Energy, Degree in Business Administration from Oklahoma State University, “Why Lockheed's Acquisition of Aerojet Will Be A 'Boon for U.S. Innovation'”, Politico, 3/22/2021, https://www.politico.com/news/2021/03/22/lockheed-aerojet-acquisition-477491

The proposed acquisition by defense prime contractor Lockheed Martin of propulsion provider Aerojet Rocketdyne is facing some criticism due to alleged concerns that it would give Lockheed an unfair competitive advantage on missile and missile defense contracts.

Raytheon Technologies in particular has publicly complained that the combination would leave it dependent on a direct competitor for much of the propulsion in its missile offerings. Indeed, Aerojet Rocketdyne is a supplier of solid rocket motors and also is a source of defense technologies including hypersonic engines and the propulsive Divert and Attitude Control System that steers missile defense kill vehicles.

Such concerns ignore the important benefits, including the increased competition, which will result from this merger. And, Lockheed Martin has made it clear that Aerojet Rocketdyne will remain a merchant supplier, so these benefits will flow to all customers, including the U.S. government.

More importantly, the Lockheed-Aerojet merger will be a boon for U.S. innovation and competitiveness at a time when it faces growing threats from increasingly capable adversaries like China and Russia.

There are significant national advantages to bringing Aerojet Rocketdyne under the corporate roof of a prime contractor with $65 billion in annual revenue. Broadly speaking, it will provide financial stability for the propulsion provider while making more resources available for research and development in key technology areas.

As a stand-alone company with $2 billion in annual revenue, Aerojet Rocketdyne’s financial fortunes are tied to a few large programs that are subject to shifting political winds and the whims of prime contractors. A large program cancellation or a prime’s decision to change suppliers could substantially weaken the company, leaving it vulnerable to a takeover on unfavorable terms.

A well-resourced defense contractor like Lockheed Martin, by contrast, could be expected to invest in Aerojet Rocketdyne’s core propulsion capabilities. One area likely to see substantial investment is hypersonic weaponry, where the nation by some estimates has fallen behind Russia and China.

Moreover, by bringing a key link of its supply chain in house, Lockheed Martin will be positioned to offer better prices to its government customers and the transaction also will lead to efficiencies and innovation that will benefit the whole industry.

Such national benefits are not unique to the proposed Lockheed Martin-Aerojet Rocketdyne deal. Consider, for example, what United Technologies Corp. said in announcing its planned merger with none other than Raytheon, a deal which closed last year:

"By joining forces, we will have unsurpassed technology and expanded R&D capabilities that will allow us to invest through business cycles and address our customers' highest priorities,” said then-UTC chair and CEO Greg Hayes, who now sits at the helm of the combined company. “Merging our portfolios will also deliver cost and revenue synergies that will create long-term value for our customers and shareowners."

One of the public comments about the Lockheed Martin-Aerojet Rocketdyne deal is rooted in a commonly held assumption that vertical integration, in which primes take ownership of supply chains, stifles competition by giving these companies excessive marketplace clout. That view is myopic, especially in industries that are highly dynamic such as the defense industry.

Consider the case of United Launch Alliance, the Boeing-Lockheed Martin joint venture that until about a decade ago had a de facto monopoly on the business of launching operational U.S. government satellites. That monopoly was toppled by SpaceX, which builds some 85 percent of the components for its Falcon rockets, notably the engines, in house.

Experts have long cited SpaceX’s vertically integrated structure as the source of the company’s competitive strength, in large part because it eliminates supply chain profit margins. SpaceX founder Elon Musk has applied the same in-sourcing strategy in building up his Tesla electric car company, which has put U.S. industry at the forefront of a global trend in automobile manufacturing.

Vertical integration has been a fact of life in the aerospace and defense industry since the early 1990s, when the end of the Cold War triggered a wave of consolidation that continues today. On the propulsion side, a flurry of activity over a three-year period starting in 2001 reduced the number of U.S. solid rocket motor providers from five to just two: Aerojet Rocketdyne (then known as Aerojet); and ATK.

That situation lasted until 2014, when ATK merged with rocket and satellite maker Orbital Sciences Corp. to create the vertically integrated Orbital ATK. Less than five years later, Orbital ATK was acquired by aerospace and defense giant Northrop Grumman, a direct competitor to Lockheed Martin with nearly $37 billion in annual revenue.

Already the dominant supplier of large-diameter solid rocket motors, ATK can now draw on the resources of Northrop Grumman to advance its capabilities and boost competitiveness. Northrop Grumman recently won the prime contract for the nation’s next-generation ICBM, the Ground Based Strategic Deterrent, ensuring a healthy workload for its solid rocket motor business for years to come and ratcheting up the competitive pressure on Aerojet Rocketdyne.

As it happens, Northrop Grumman tapped Aerojet Rocketdyne for a smaller but significant role on its GBSD team, demonstrating that primes will join forces with competitors when it makes business sense.

Perhaps a better example — one that directly refutes assertions that competition requires subcontractor independence — is Northrop Grumman’s role in the Space Force’s all-important launch services program, where it supplied solid rocket motors for ULA’s Vulcan rocket even as it vied for that business with its own OmegA vehicle. In a similar vein, Blue Origin’s entry into that competition with its New Glenn vehicle didn’t stop it from supplying the main engine for Vulcan, which ultimately won the biggest share of launches.

The defense industry is replete with examples of companies supplying hardware and technology to rivals, even for programs where they compete head-to-head. Another relevant example: Raytheon in 1998 won a lucrative contract to supply missile defense kill vehicles incorporating DACS technology that at the time was supplied by Boeing — a competitor for that same contract.

For acquisitions that raise questions about access to critical capabilities, government regulators sometimes require consent decrees that commit the buyer to make these technologies available to competitors at market rates and to wall off proprietary information they might obtain in the process. In recent years, antitrust agencies have not shied away from investigating and enforcing compliance with consent decrees, including in the defense industry. There is no reason to think that would change in the future.

Some observers view the Lockheed Martin-Aerojet Rocketdyne merger as an early test of the Biden administration’s antitrust enforcement policies, and regulators will no doubt scrutinize it thoroughly to ensure competition is preserved. But there’s much more at stake here: This is about how the administration intends to deal with growing threats posed by peer and near-peer adversaries, who have eroded many of the technological advantages this nation has long taken for granted.

If the U.S. is to retake, and maintain, the lead in areas like hypersonic weaponry, a healthy and vibrant propulsion industry featuring players competing on a level playing field is essential. Regulators and policymakers should view this merger through that lens and render their decision accordingly.

#### Nuclear war

Dr. Richard H. Speier 17, Adjunct Staff with the RAND Corp, Founded the Office of Non- Proliferation Policy at the DOD, Recipient of the Meritorious Civilian Service Medal as the “Father of the MTCR,” now Consults in the Washington DC area; George Nacouzi, Senior Engineer at the RAND Corporation, Supports Projects within PAF (Project Air Force) and NSRD (National Security Research Division), Carrie A. Lee, Researcher at RAND, and Richard M. Moore, Researcher at RAND. 2017. “Hypersonic Missile Nonproliferation: Hindering the Spread of a New Class of Weapons.” RAND. https://www.rand.org/pubs/research\_reports/RR2137.html

Strategic Implications of Hypersonic Weapons Compressed Timelines The U.S. military uses an acronym to describe the decisionmaking and action process cycle: OODA (Observe, Orient, Decide, Act). These four steps take time, and hypersonic missiles compress available response time to the point that a lesser nation’s strategic forces might be disarmed before acting. As an illustration of the time required to act with respect to an existential missile threat, the Nuclear Threat Initiative organization estimated a timeline for a U.S. response to a massive Russian intercontinental ballistic missile (ICBM) attack, as follows:9 • 0 minutes—Russia launches missiles • 1 minute—U.S. satellite detects missiles • 2 minutes—U.S. radar detects missiles • 3 minutes—North American Aerospace Defense Command (NORAD) assesses information (2 minutes max) • 4 minutes—NORAD alerts White House • 5 minutes—first detonations of submarine-launched ballistic missiles • 7 minutes—locate president and advisers, assemble them, brief them, get decision (8 minutes max) • 13 minutes—decision • 15 minutes—transmit orders to start launch sequence • 20 minutes—launch officers receive, decode, and authenticate orders • 23 minutes—complete launch sequence (2 minutes max) • 25 minutes—Russian ICBM detonations. This timeline is not, of course, representative of two hostile parties in closer proximity or with less effective warning systems than Russia and the United States. Nor is it representative of less-than-Armageddon possibilities. However, for adjacent enemies within a 1,000-km range, a hypersonic missile traveling at ten times the speed of sound could cover that distance and reduce response times to about six minutes.10 Targets As discussed earlier, hypersonic missiles increase the threat over current generations of missiles in cases where the target nation has missile defenses. The targets in such nations would primarily be high value and heavily defended. Prime targets could include destroying a nation’s leadership and command and control, referred to as “decapitation,” to prevent the target nation from responding with an effective follow-on attack. Other key targets could be carrier strike groups, with the objective of striking a key blow or pushing the naval formation further from the coast. And, because of their time sensitivity, strategic forces and storage facilities for weapons of mass destruction (WMDs) could warrant hypersonic attack. Implications for Targeted Nations Any government faced with the possibility that hypersonic missiles would be employed against it—particularly in a decapitating attack— would plan countermeasures, many of which could be destabilizing. For example, countermeasures could include devolution of strategic forces’ command and control so that lower levels of authority could execute a strategic strike, which would obviously increase the risk of accidental strategic war; or strategic forces could be more widely dispersed— a tactic risking greater exposure to subnational capture. An obvious measure would be a launch-on-warning posture—a hair-trigger tactic that would increase crisis instability. Or the target nation could adopt a policy of preemption during a crisis—guaranteeing highly destructive military action. To be sure, such measures could be invoked against threats from current types of missiles.11 But, for nations with effective ballistic mis- sile and/or cruise missile defenses in the time frame when hypersonic missiles might proliferate, the hard choices would be forced when facing hypersonic threats. Advanced nations with adequate resources could take other steps against hypersonic threats. They could strengthen the resilience of their command and control, harden the siting of their strategic forces, and make a deterrent force mobile or sea-based. These tactics may or may not be effective, especially for lesser nations. And they certainly will be expensive—putting them out of reach of some. Even for major powers, the proliferation of hypersonic missiles will create new threats by allowing lesser powers to hold them at risk of effective missile attacks especially against “unhardened” targets, e.g., cities. Over the coming decades, the ability of a lesser nation with a handful of ICBMs to threaten major powers will continue to decrease as wide area missile defenses continue to improve. However, HGVs and HCMs will be more difficult to defend against. Implications for Major Powers The ability of hypersonic missiles to penetrate advanced missile defenses will increase the risks for nations with such defenses. Lesser powers with hypersonic weapons may see these weapons as a deterrent against greater power intervention, and feel free to pursue potentially destabilizing regional agendas. Moreover, lesser nations with hypersonic missiles could affect the force deployments of major powers. As noted above, carrier strike groups might be pushed further out to sea or an intervening power’s regional military bases might become exposed to more effective attacks. The Broader Picture of Increased Risk The ability of hypersonic forces to penetrate defenses and compress decision time could aggravate the instabilities in regions that are already tense—for example, Iran-Israel and North Korea–Japan. Conflicts in these regions could evolve to include major powers aligned on opposite sides. An Israel-Iran conflict, with the United States and much of Europe aligned with Israel and Russia and perhaps China aligned with Iran, would create new paths for escalation to an even-larger conflict. The basic roles of external actors would not necessarily change—the alignments would stay the same—but external powers might suddenly find themselves in a more-unstable situation in which their patron states are increasingly trigger-happy. As noted previously, lesser powers could gain influence over major powers by threatening a hypersonic attack. At the least, lesser powers might be emboldened if they saw themselves as possessing a deterrent against major power intervention. Finally, because hypersonic weapons increase the expectation of a disarming attack, they lower the threshold for military action.

### OFF---Infrastructure DA

#### Biden PC will get BBB passed despite disagreements, but timing and focus is key

Laura Barron-Lopez 11/11, White House Correspondent for POLITICO, “Dems to White House: The only prescription is more Biden”, <https://www.politico.com/news/2021/11/11/dems-white-house-biden-520946>, November 11th, 2021

After months of deference to Congress, President Joe Biden moved more assertively last week to shepherd half his domestic agenda into law. With the other half still in limbo, Democrats want some of that Biden punch again.

Outside groups fear that congressional Democrats could come up short on Biden’s social spending package. They are concerned that moderates in the House may end up buckling if the budget scores on the bill come back worse than anticipated. And there is residual anxiety that one of the two wavering Senate Democrats — Joe Manchin of West Virginia and Kyrsten Sinema of Arizona — could vote “no” over concerns about inflation and long-term debt.

The clearest solution to avoiding this, they argue, is more Biden.

“All eyes are on the president, all expectations are on the president,” said Lorella Praeli, co-president of the progressive Community Change Action. “We are playing our role. We are mobilizing. We're reminding people everyday what this is about.”

Praeli added that Biden must ensure there aren’t future cuts to the package, which dropped from $3.5 trillion to $1.75 trillion to accommodate centrist Democrats in the House and Senate. “This is what he campaigned on. Only the president can deliver it in the end.”

Until last week, Biden’s involvement in negotiations had been more deferential than managerial. That befuddled lawmakers, who were waiting for him to draw red lines about which priorities he wants in and out of the deal or to even demand votes. To date, Biden has publicly refrained from drawing a red line around including paid leave in the final version of the legislation, leaving the leadership in the House at odds with centrists in the Senate.

But Biden did ramp up his involvement in the negotiations last week. And Democrats viewed that as key to getting an agreement in the House on their infrastructure bill, as well as on a rule to move forward with their social spending package, which funds universal pre-K, expands Medicare access, cuts taxes for families with children 18 years old and under, and combats climate change.

Now they want more. Expectations are high for Biden to keep the House to its promise of a vote on that social spending plan the week of Nov. 15.

“They basically made a promise,” said Rahna Epting, executive director of the progressive advocacy group MoveOn. “And Biden was able to get enough progressives to vote for the bipartisan infrastructure bill, on that promise. We are expecting Biden and the Democratic Caucus will make good on their word and pass the Build Back Better Act no later than Nov 15th as stated.”

White House officials contend that Biden and his team remain in close touch with the Hill, and their legislative affairs staff continues to push the social spending bill toward a vote. The White House said it is communicating regularly with a range of lawmakers including Manchin, but did not answer when asked whether Biden has spoken to the West Virginia senator or other moderates in recent days.

“There has been no kind of slowdown when it comes to our Hill outreach,” a White House official said.

The growing demands for Biden to stay heavily involved reflect a fear in the party that the window to act on the agenda is quickly closing, especially as concerns mount about lingering inflation and the midterms near. If the House meets its deadline next week and passes the social spending bill, some Democrats want Biden to issue a deadline for the Senate to act. Others noted that the end-of-year legislative calendar is short and brutal.

The “dynamic has totally changed,” said a Democratic strategist. “The president secured this agreement with the five holdouts for House passage of BBB next week and it’s on him to enforce it.”

A top climate operative echoed that assessment telling POLITICO that Biden “will have failed” on tackling climate change if the second piece of the agenda doesn’t pass.

But the operative also expressed a newfound fear that Biden’s current effort to sell the benefits of the infrastructure bill could distract or complicate Democrats’ attempt to keep public interested in the social spending plan.

"They need to sell [physical infrastructure] but also act like it's not enough," said the activist.

"How are they also creating the urgency for BBB to get done, for it to stay on the timeline of getting it done by Thanksgiving? It's a balancing act.”

Matt Bennett, co-founder of the moderate group Third Way, agreed that the dynamics were “tricky” in trying to sell one just-passed bill as historic while simultaneously making the case that another ambitious bill is needed. Biden will travel to New Hampshire and Michigan next week to highlight the money the infrastructure bill will direct toward new roads, bridges and transit projects across the country.

“This moment that we're in is hard,” said Bennett. “It will be much, much easier when both bills are completed. There is a very profound political imperative for Democrats to get this finished, to end the infighting and sausage-making and shift to creating a narrative about what Democrats have just done for Americans because they've been utterly unable to do that.”

A number of groups plan to amp up pressure next week as Congress returns. House Speaker Nancy Pelosi and the White House have repeated their desire to have a vote on the social spending plan by the end of next week. The Service Employees International Union will descend on Capitol Hill with some 500 union members, said Mary Kay Henry, the union’s president.

“We are escalating phone calls, text messages,” said Henry. “We're bringing members into Washington next Tuesday, we have the president's back, to get Congress to act quickly and get the full back package.”

Democratic outside groups have spent more than $150 million on TV and digital ads promoting the president’s social spending plan, known as “Build Back Better.” The League of Conservation Voters and Climate Power launched new digital ads calling on the five moderates who reached an agreement with the White House and House leadership last week to follow through on their commitment to pass the second piece of Biden’s economic agenda “next week.”

The longer it takes to pass the social spending plan, the harder it becomes to keep the party unified, Democrats warn, especially amid up-and-down economic news. A new report Wednesday revealed inflation hit 6.2 percent in October, its highest point in 31 years, contributing to high gas, car and food prices. It forced Biden to quickly issue a statement addressing the issue and ever-so-slightly shift his messaging, arguing that passage of the social spending plan would combat inflation.

“Inflation hurts Americans’ pocketbooks, and reversing this trend is a top priority for me,” Biden said in a statement. “It is important that Congress pass my Build Back Better plan, which is fully paid for and does not add to the debt, and will get more Americans working by reducing the cost of child care and elder care, and help directly lower costs for American families.”

#### The plan trades-off

Peter C. Carstensen 21, Fred W. & Vi Miller Chair in Law Emeritus at the University of Wisconsin Law School, LL.B. from Yale Law School, MA in Economics from Yale University, “The “Ought” and “Is Likely” of Biden Antitrust”, Concurrences – Antitrust Publications & Events, February 2021, https://www.concurrences.com/en/review/issues/no-1-2021/on-topic/the-new-us-antitrust-administration-en

14. Similarly, despite bipartisan murmurs about competitive issues, the potential in a closely divided Congress that any major initiatives will survive is limited at best. In part the challenge here is how the Biden administration will rank its commitments. If it were to make reform of competition law a major and primary commitment, it would have to trade off other goals, which might include health care reform or increases in the minimum wage. It is likely in this circumstance the new administration, like the Obama administration’s abandonment of the pro-competitive rules proposed under the PSA, would elect to give up stricter competition rules in order to achieve other legislative priorities.

15. Another key to a robust commitment to workable competition is the choice of cabinet and other key administrative positions. Here as well, the early signs are not entirely encouraging. In selecting Tom Vilsack to return as secretary of agriculture, the president has embraced a friend of the large corporate interests dominating agriculture who has spent the last four years in a highly lucrative position advancing their interests. Given the desperate need for pro-competitive rules to implement the PSA and control exploitation of dairy farmers through milk-market orders, the return of Vilsack is not good news. Who will head the FTC and who will be the attorney general and assistant attorney general for antitrust is still unknown, but if those picks are also centrists with strong links to corporate America the hope for robust enforcement of competition law will further attenuate!

16. In sum, this is a pessimistic prognostication for the likely Biden antitrust enforcement agenda. There is much that ought to be done. But this requires a willingness to take major enforcement risks, to invest significant political capital in the legislative process, and to select leaders who are committed to advancing the public interest in fair, efficient and dynamically competitive markets. The early signs are that the new administration will be no more committed to robust competition policy than the Obama administration. Events may force a more vigorous policy—I will cling to that hope as the Biden administration takes shape.

#### Failure causes extinction

Jeff Goodell 21, American Author and Contributing Editor to Rolling Stone Magazine, Senior Fellow at the Atlantic Council and 2020 Guggenheim Fellow, “Joe Manchin Just Cooked the Planet,” Rolling Stone, 10-1-2021, https://www.rollingstone.com/politics/political-commentary/joe-manchin-reconcilation-bill-big-coal-1235597/amp/

West Virginia Sen. Joe Manchin just cooked the planet. I don’t mean that in a metaphorical sense. I mean that literally. Unless Manchin changes his negotiating position dramatically in the near future, he will be remembered as the man who, when the moment of decision came, chose to condemn virtually every living creature on Earth to a hellish future of suffering, hardship, and death.

Quite a legacy. But he has earned it.

Last night, during the insane and at times comical negotiations over President Biden’s infrastructure bill and his $3.5 trillion Build Back Better agenda (aka the reconciliation bill), Manchin let it be known that he was not going to vote for any measure above $1.5 trillion. And because Democrats can’t afford to lose a single vote in the Senate, if Manchin won’t vote for it, the reconciliation bill won’t pass.

The $3.5 trillion reconciliation bill includes a long list of programs and tax reforms that will help reduce poverty and improve the social safety net, such as universal child tax credit, universal pre-K, free community college, and an expansion of Medicare. But it is also the primary vehicle for President Biden’s ambitious climate action agenda, including cuts in subsidies for the fossil fuel industry, and, most importantly, the Clean Energy Performance Package (CEPP), which is a clean energy standard that incentivizes power companies to shift away from fossil fuels.

From a climate point of view, the importance of these climate policy measures is impossible to overstate. In order to have a decent chance at maintaining a habitable planet, scientists agree that the world needs to zero out carbon pollution by 2050. And to have any shot at that, we have to start moving now. Every year, every month, every hour of delay makes that goal more difficult to achieve, and increases the risks of accelerated climate chaos that will make this past summer of hellish wildfires, storms, and droughts look like the good old days.

The zero carbon by 2050 goal is not a political slogan or environmentalist’s dream. It is what the best scientists in the world are telling us we need to do to avert climate catastrophe. It is also the basis for Biden’s goal of a 100 percent clean energy grid by 2035, and a 50 percent reduction in CO2 pollution by 2030. For Biden, taking strong action on climate is not just important in itself. It is also key to giving the U.S. climate negotiators something to bring to the table at the upcoming Glasgow climate talks, which begin on October 31st. After President Trump pulled the U.S. out of the Paris climate deal, the rest of the world has looked at the U.S. with distrust. Passage of strong climate measures in Congress before the Glasgow meeting would not only rehabilitate America’s standing as a nation that takes its contribution to solving the climate crisis seriously, but give U.S. negotiators leverage to push other nations to take action.

For Biden, and for the world, it all rests on the ability to get the reconciliation bill through Congress. With Republicans not willing to do anything, this was the only chance they had to get climate policy through. It was a gamble, but it was a gamble they had to take.

## Market Concentration ADV

### Market Concentration ADV---1NC

#### No monopsony AND antitrust is irrelevant for labor concentration

Joshua D. Wright 19, Former Commissioner of the Federal Trade Commission, Ph.D. in Economics from the University of California, Los Angeles; Elyse Dorsey, Adjunct Professor at the Antonin Scalia Law School at George Mason University, Deputy Chair of the Antitrust & Consumer Protection Working Group at the Regulatory Transparency Project, J.D. from the Antonin Scalia Law School at George Mason University; Jonathan Klick, Professor of Law at the University of Pennsylvania Carey Law School, J.D. from the Antonin Scalia Law School at George Mason University; Jan M. Rybnicek, Adjunct Professor and Senior Fellow at the Global Antitrust Institute at the Antonin Scalia Law School at George Mason University, J.D. from the Antonin Scalia Law School at George Mason University, “Requiem for a Paradox: The Dubious Rise and Inevitable Fall of Hipster Antitrust,” Arizona State Law Journal, Volume 51, Spring 2019, Lexis

While documenting potential changes in monopsony power over time and across markets is an important research project, and these economists should be applauded for contributing to our knowledge of an understudied phenomena, there is a substantial gap between our current state of knowledge and substantiating a belief that dramatic antitrust policy change would improve welfare. Several pieces of evidence render it difficult to conclude that lax antitrust enforcement has allowed labor market concentration and an anticompetitive increase of monopsony power. The claim and its underlying arguments are not compelling because they do not appropriately consider the level of current antitrust enforcement in labor markets, the theory and empirics supporting the claim are ambiguous, and even if an increase in monopsony power is assumed, it is unlikely (and certainly not established) that lax antitrust enforcement played a causal role. 223

The first piece of evidence opposing the Hipster Antitrust claim is the existing presence of antitrust enforcement in labor markets. The DOJ has issued several high-profile complaints against companies using "no-poaching" agreements to decrease labor competition. 224 For example, in United States v. Adobe, the DOJ filed a complaint alleging that major technology firms (Adobe, Apple, Google, Intel, Intuit and Bixer) anticompetitively agreed to not pursue each other's highly trained [\*348] technology employees. 225 That same year, the DOJ also successfully enjoined similar no-poaching agreements in the motion picture film industry. 226 Antitrust enforcement involving no-poaching agreements has not tapered in recent years. The DOJ issued joint guidance with the FTC in October 2016 warning that naked no-poach agreements would be treated as price fixing, and Assistant Attorney General for Antitrust Makan Delrahim recently signaled the potential for forthcoming criminal cases on no-poach agreements among employers. 227

The FTC also recently enjoined the American Guild of Organists from restricting any members' ability to solicit or accept work from any "consumer" who was currently utilizing another member. 228 The FTC challenged this no-poaching arrangement under § 5 of the FTC Act as a method of unfair competition that increased prices for consumers. 229 However, apart from federal enforcement, employers restricting labor competition has also been the subject of private antitrust class action litigation. 230 A recent class action filed against Carl's Jr. Restaurants, LLC alleged that Carl's and its independent franchises used "no-hire agreements" to collude and prohibit competitive franchisees from hiring employees from other franchisees. 231

The claim that modern antitrust ignores labor markets is certainly incorrect. That said, no credible attempt has been made to systematically measure antitrust enforcement activity as it relates to labor markets and its potential effects on monopsony power. Given the recent series of antitrust cases involving labor claims, it is difficult to view the recent antitrust enforcement in labor markets as a gaping hole in antitrust enforcement that invites anticompetitive abuses. If concentration in labor markets has awarded corporations with the monopsony power to suppress labor shares, it would be unwise to conclude without more evidence that antitrust enforcement's presence or lack thereof in labor markets is the cause.

[\*349] A second piece of evidence undermining the Hipster Antitrust position concerning monopsony power is potentially even more fundamental-it is not clear that monopsony power is, in fact, increasing. The most cited-to stylized fact in support of the conclusion that monopsony power is widespread and increasing in the United States economy is that the labor share is decreasing. 232 There are, of course, many reasons why one might observe a decrease in the labor share. Lax antitrust allowing the creation of monopsony power is one hypothesis. Though the theoretical effects of a massive increase in monopoly and monopsony power through generally lax antitrust enforcement are ambiguous. Indeed, some studies have found a positive relationship between employer size and wages (i.e. bigger employers pay larger wages). 233 It is also unsettled whether employers with more market power pay lower wages. 234 Neither economic theory nor empirical evidence paint a clear picture that an increase in antitrust activity in labor markets would result in a reduction of monopsony power or upward pressure on wages. 235

Finally, even if the increase in monopsony power were empirically assumed to be present, the available evidence does not suggest that consumer welfare focused antitrust enforcement played any meaningful role in that change. 236 Consider the figure below:

The decrease in labor share has been a worldwide phenomenon--with the United States experiencing a comparatively modest drop. However, if the U.S. drop in labor share is indeed attributed to the lax antitrust enforcement of regulatory regimes shackled to consumer welfare, it becomes difficult to explain the global phenomenon (surely the ghost of Robert Bork has not infiltrated each competition authority around the globe). Instead, the global statistics suggest that there are other explanatory variables external to antitrust enforcement that help to explain the recent decrease in labor share. As long as the Hipster Antitrust movement remains transfixed on antitrust enforcement as the cause and solution to decreasing labor shares, it will represent time lost--failing to identify the true causes and most prudent solutions.

#### No connection between inequality and conflict

Elise Must 16, PhD Candidate at the London School of Economics, “When And How Does Inequality Cause Conflict? Group Dynamics, Perceptions And Natural Resources”, Doctoral Dissertation, http://etheses.lse.ac.uk/3438/1/Must\_When\_and\_how\_does\_inequality.pdf

Does economic inequality lead to conflict? This question has attracted the attention of prominent scholars at least since the time of Aristotle (Nagel 1974). The frequent assumption that unequal distribution somehow fuels rebellion has resulted in a vast amount of theoretical as well as empirical work. For long, results remained mixed. Despite countless qualitative studies asserting that inequality is a major reason for conflict outbreak, quantitative studies struggled to establish a firm relationship between the two (Blattman and Miguel 2010, Cramer 2005, Lichbach 1989).

These quantitative studies, including the most influential ones by Collier and Hoeffler (2004) and Fearon and Laitin (2003), rely on analysis of individual measures of inequality. However, as most prominently set forth by Frances Stewart, it is minority groups or collectives of individuals who rebel, not the whole population, nor individuals (Stewart 2002). Stewart’s theoretical development has given rise to several quantitative studies which uniformly support the role of economic group inequality in inducing conflict (Buhaug, Cederman, and Gleditsch 2014, Cederman, Weidmann, and Bormann 2015, Cederman, Weidmann, and Gleditsch 2011, Deiwiks, Cederman, and Gleditsch 2012, Østby 2008a, b, Østby, Nordås, and Rød 2009). Hence, there is an emerging consensus in the literature that inequality causes civil conflict when it overlaps with relevant group identities.

Promising as these studies are, they nevertheless neglect a potential crucial part of the inequality-conflict causal chain. Seemingly all studies of inequality and conflict, including those measuring group inequalities, are based on objective inequalities. Yet, as Stewart (2010, 14) herself notes, ‘People take action because of perceived injustices rather than because of measured statistical inequalities of which they might not be aware’. Economic inequality measured by the Gini coefficient, or by local GDP data, is most commonly used as proxies, leaving completely aside how economic inequality is actually interpreted and perceived by both groups and individuals (ref. Zimmermann 1983). It remains obvious, however, that in order for people to take action to address inequalities, the first step is to recognize them and to consider them unjust (Han et al. 2012). The use then, of objective measures in current empirical studies, is based on the assumption that both objective and perceived horizontal inequalities essentially amount to the same thing. Put another way it is assumed that all objective inequalities are actually perceived as inequalities by relevant groups, and conversely all perceived inequalities have an objective basis. These are strong claims that are so far largely untested. Existing studies of the link between objective and perceived horizontal inequalities range from concluding that there is no such link (Langer and Smedts 2013) to documenting imperfect correlations – ranging from 0.27 to 0.30 depending on indicators and datasets (Holmqvist 2012).

While cross-country analyses of conflict have neglected perceptions of inequality, the case study literature does offer some examples demonstrating their importance. Interviewing Muslim immigrants in London and Madrid, Gest (2010, 178) finds that what distinguishes democratic activists from those who engage in anti-system behavior, is the nature of their individual expectations and perceptions about shared economic realities. Moving on to larger conflicts, a recent World Bank report concludes that the so called ‘Arab Spring’ was driven by a decrease in popular subjective satisfaction, while the objective economic situation actually improved in the years before the widespread mobilization (Ianchovichina, Mottaghi, and Shantayanan 2015). The report also points to the importance of inter-group inequality as opposed to individual inequality.

My main argument is that in order to better capture the role of inequality in inducing civil conflict, measures have to account for relevant groups as well as for the perception of inequality in these groups. In addition, my analyses fill two other gaps in the literature. While Stewart emphasizes how groups can mobilize around different identities, current studies have almost exclusively focused on ethnic groups. However, a regional identity might be just as relevant (ref. Posner 2004). I will therefor look at the effect of regional economic inequality on civil war. And finally, most of the studies, and all of those with a global scope, rely on time invariant measures of economic horizontal inequality. This is commonly defended by referring to the demonstrated ‘stickiness’ of horizontal inequalities (see e.g. Stewart and Langer 2008, Tilly 1999). Still, a recent study covering 1992 to 2013 demonstrates a global decline of ethnic inequality (Bormann et al. 2016), while Kanbur and Venables (2005) compare case studies of 26 developing countries and conclude that regional inequalities are rising. The data used in this analysis also show that horizontal inequalities change quite substantially over time. Using inequality data from one particular year to analyze decades of conflict incidents is therefore questionable. Hence, my study represents the first time-variant analyses of the effect of both objective and perceived regional inequality on civil war covering developed and developing countries in all world regions14 .

Analysing data for the period 1989 to 2014 from the World Values Survey (WVS), I find that countries with a high level of perceived regional economic inequality have an elevated risk of civil war outbreak. On the other hand, mere objective regional economic inequalities do not have any significant effect. The group aspect remains essential, as neither objective nor perceived individual inequality is linked to increased civil conflict risk.

#### Grid’s resilient---no collapse

Jim Avila 12, Senior National Correspondent at ABC News, “A U.S. Blackout as Large as India’s? ‘Very Unlikely’”, http://abcnews.go.com/blogs/headlines/2012/07/a-u-s-blackout-as-large-as-indias-very-unlikely/

As India recovers from a blackout that left the world’s second-largest country — and more than 600 million residents — in the dark, a ripple of uncertainty moved through the Federal Regulatory Commission’s command center today in the U.S. The Indian crisis had some people asking about the vulnerability of America’s grid. “What people really want to know today is, can something like India happen here? So if there is an outage or some problem in the Northeast, can it actually spread all the way to California,” John Wellinghoff, the commission’s chairman, told ABC News. “It’s very, very unlikely that ultimately would happen.” Wellinghoff said that first, the grid was divided in the middle of the nation. Engineers said that it also was monitored more closely than ever. The grid is checked for line surges 30 times a second. Since the Northeast blackout in 2003 — the largest in the U.S., which affected 55 million — 16,000 miles of new transmission lines have been added to the grid. And even though some lines in the Northeast are more than 70 years old, Wellinghoff said that the chances of a blackout like India’s were very low.

#### No nuclear retal

Patrick Tucker 18, Technology Editor for Defense One, MA from Johns Hopkins University, BA from Sarah Lawrence College, Former Deputy Editor for The Futurist, “No, the US Won’t Respond to A Cyber Attack with Nukes”, Defense One, 2/2/2018, https://www.defenseone.com/technology/2018/02/no-us-wont-respond-cyber-attack-nukes/145700/

No, the US Won’t Respond to A Cyber Attack with Nukes

Defense leaders won’t completely rule out the possibility. But it’s a very, very, very remote possibility.

The idea that the U.S. is building new low-yield nuclear weapons to respond to a cyber attack is “not true,” military leaders told reporters in the runup to the Friday release of the new Nuclear Posture Review.

“The people who say we lowered the threshold for the use of nuclear weapons are saying, ‘but we want these low-yield nuclear weapons so that we can answer a cyber attack because we’re so bad at cyber security.’ That’s just fundamentally not true,” Gen. Paul Selva, vice chairman of the Joints Chiefs of Staff, said Tuesday at a meeting with reporters.

It’s an idea that military leaders have been pushing back against since the New York Times ran a Jan. 16 story headlined, “Pentagon Suggests Countering Devastating Cyberattacks With Nuclear Arms.”

When would the U.S. launch a nuclear attack in response to a non-nuclear event? The Defense Department says the threshold hasn’t changed since the Obama administration’s own nuclear posture review in 2010, but a draft of the new review that leaked online caused a bit of drama in its attempts to dispel “ambiguity.”

The new review gives examples of “non-nuclear strategic attacks,” Robert Soofer, deputy assistant secretary for nuclear and missile defense policy, told reporters on Thursday. “It could be catastrophic attacks against civilian populations, against infrastructure. It could be an attack using a non-nuclear weapon against our nuclear command-and-control [or] early-warning satellites. But we don’t talk about cyber.”

In his own conversation with reporters, Selva broadened “early warning” systems to include ones that provide “indications of warning that are important to our detection of an attack.” He also emphasized, “We never said ‘cyber.’”

There’s a reason for that. While cyber attacks on physical infrastructure can be very dangerous, they are unlikely to kill enough people to provoke a U.S. nuclear response.

An National Academies of Science and Engineering analysis of the vulnerability of U.S. infrastructure makes that point. A major cyber attack could cut off electrical power, resulting in “people dying from heat or cold exposure, etc.,” said Granger Morgan, co-director of the Carnegie Mellon Electricity Industry Center and one of the chairs of the report. “A large outage of long duration could cover many states and last for weeks or longer. Whether and how many casualties there could be would depend on things like what the weather was during the outage.”

It’s a huge problem but not an event resulting in tens of thousands of immediate deaths.

Contrast that with a nuclear attack on a city like Moscow, even one using a device of 6 kilotons, much smaller than the ones the United States used against Japanese targets in World War II. The immediate result: there would be 40,000 deaths, according to the online nuclear simulation tool NukeMap.

Russia has demonstrated a willingness to take down power services with cyber attacks, as they did in Ukraine on Christmas Eve 2015. But these attacks were brief and occured in the context of actual fighting.

In other words, the worst cyber physical attack that top experts believe credible likely does not meet the threshold that the Defense Department has set out for deploying a nuclear weapon.

## Convergence ADV

### Convergence ADV---1NC

#### Convergence is coming now---the U.S. and EU will meet in the middle, without requiring antitrust changes

Dr. Robert D. Atkinson 9-17, President of the Information Technology and Innovation Foundation, Ph.D. in City and Regional Planning from the University of North Carolina, Chapel Hill, “How to Improve Transatlantic Relations Without Caving to Europe on Technology and Trade”, The Hill, 9/17/2021, https://thehill.com/opinion/technology/572707-how-to-improve-transatlantic-relations-without-caving-to-europe-on

Washington and Brussels later this month will send senior delegations of economic and trade ministers to the first meeting of a new U.S.-EU Trade and Technology Council, dubbed the “TTC.” Their goal, as the name suggests, is to foster high-level cooperation on trade and technology issues of mutual interest. Given the long-simmering tensions between the two governments on matters such as digital taxation, cross-border data flows, antitrust, and more, such an effort is overdue.

Whether the United States and European Union succeed in using the TTC to rebuild the transatlantic relationship holds broad implications, because the alternative — strained engagement between major trading partners — would contribute to the global fragmentation of the digital economy. And worse, it would be a strategic gift to China, because it would represent a fatal dissolution of a key alliance needed to limit China’s technology mercantilism and counter its digital authoritarianism.

Forward-looking policymakers on both sides of the Atlantic need to recognize this and redouble their efforts to build a better, stronger, and deeper digital-trading relationship.

But to do that, U.S. and EU negotiators will need to meet in the middle on some critical issues. The White House should not define success as increasing cooperation for its own sake — particularly if the price of comity is embracing the EU’s precautionary approach to regulating competition and technological innovation. The administration’s emissaries should instead focus on advancing key U.S. economic interests in ways that also maintain cordial relations with Europe.

For example, no matter how desperately the Biden administration’s trade negotiators may hope to restore harmonious transatlantic relations after watching in dismay as they deteriorated during the Trump administration, the United States cannot agree to a digital services tax or acquiesce to discriminatory regulation of internet platforms, as the European Commission seeks to do with its proposed Digital Markets Act. Either of those would skewer America’s leading technology companies (and kill U.S. jobs) and fundamentally alter longstanding regulatory principles at the expense of innovation and growth. By contrast, the administration and Congress could, and should, meet the EU somewhere in the middle on data protection — not by emulating its heavy-handed General Data Protection Regulation, but by passing a national privacy law that establishes a common set of protections across state lines while improving transparency and enforcement. That would hopefully persuade the EU to support robust cross-border data flows, while at the same time defending America’s pro-innovation regulatory system.

#### Multiple alt causes make further alignment impossible---antitrust is already synced, but not key

Dr. Alina Polyakova 21, President and CEO of the Center for European Policy Analysis, Ph.D. and MA in Sociology from the University of California, Berkeley, BA in Economics and Sociology from Emory University, and Eileen Donahoe, Executive Director of the Global Digital Policy Incubator (GDPI) at Stanford University, “Heal the Transatlantic Technology Policy Rift to Combat China’s Digital Authoritarian Model”, Center for European Policy Analysis, 1/20/2021, https://cepa.org/heal-the-transatlantic-technology-policy-rift-to-combat-chinas-digital-authoritarian-model/

The incoming Biden-Harris foreign policy team recognizes well that technology now sits at the epicenter of geopolitics: all aspects of government power — military, economic, and normative — increasingly derive from dominance in technology. The new U.S. team also recognizes that the transatlantic alliance should be working together to drive a 21st-century digital agenda that reflects democratic values. Unfortunately, during the Trump administration, the prospect of such cooperation diminished. Instead, the transatlantic rift over technology policy has grown. Disagreements over government surveillance, private sector data collection and sharing, platform content restrictions, digital competition, and protection of fundamental freedoms like privacy and free expression mean that Europe and the United States find themselves increasingly at odds.

Just this summer, the EU Court of Justice struck down the Privacy Shield arrangement, negotiated during the Obama-Biden administration to facilitate cross-border data transfers, putting $7 trillion in digital trade at risk. Instead of democratic unity, some European leaders have embraced a concept of “digital sovereignty” (similar to the Chinese concept of “cyber sovereignty”) in the face of a perceived technology cold war between the U.S. and China.

Ironically, one area of agreement seems to be the threat posed by dominant U.S. technology companies. Last month, the European Union unveiled new regulation that would impose fines of up to 10 percent of revenue on large “gatekeeper” companies -- a euphemism for US “Big Tech” -- that abuse their market power. In the waning days of the Trump administration, the Federal Trade Commission (FTC) filed an anti-trust lawsuit against Facebook and launched an investigation into data collection at nine companies. At a time when Europe and the United States are divided on many tech issues, they have converged on one point: big tech companies are bad for democracies.

No doubt, a democratic regulatory framework for digital services is long overdue. This should be a focal point for the new administration. The heart of that framework should be protection of fundamental rights to privacy, free expression, freedom of assembly and association, as well as transparency and accountability mechanisms that support user’s procedural rights.

But policymakers on both sides of the Atlantic need to be careful not to hit the wrong target. The real threat to democracies isn’t the size or dominance of U.S. tech companies: it’s China’s rapidly spreading model of digital authoritarianism. Rather than focusing primarily on competition within their borders, Europe and the United States need to raise their sights and consider the much more ominous competitive threat posed by Chinese technological dominance.

#### ITU is irrelevant and could never disrupt the internet

Milton Mueller 12, Founder of the Internet Governance Project, Internationally Prominent Scholar Specializing in the Political Economy of Information and Communication, Author of Will the Internet Fragment?, “ITU Phobia: Why WCIT was Derailed”, Internet Governance Project, 12/18/2012, https://www.internetgovernance.org/2012/12/18/itu-phobia-why-wcit-was-derailed/

ITU realism

The realist view of the ITU is that it is a weak and declining intergovernmental organization (IGO). The industry on which it is based, circuit-switched telephony, is everywhere in decline. The ITU is a traditional intergovernmental institution, yet information and communication technologies and industries are driven by transnational standards, private sector organizations and businesses. Even within its own industry, the ITU was cuckolded during the 1990s by the World Trade Organization, which redefined telecommunications as trade in services and bypassed the ITU to create new global rules liberalizing the telecommunications industry.

The ITU is an organization with no enforcement powers of its own; it is entirely dependent on its member states to enforce its rules. Unlike ICANN or WIPO, which thrive and fatten on fees generated by the industries they oversee, the ITU’s financial model is in trouble. In a world of open standards and open access to information its budget depends heavily on hefty membership fees that give state and industry (sector) members privileged access to closed standards documents. Aside from that, it relies heavily on donations from states like other UN organizations, donations that can easily be withdrawn if it behaves too badly.

The ITU realist knows that ITU’s centrality as a technical standard developer has been in decline since the 1980s. It has not been in the lead on any widely adopted networking standard since the rise of the Internet. Its role in standardizing other telecommunication procedures or communication equipment has been largely displaced by smaller, more specialized private sector standards forums. As this process of attrition progresses, the level of technical expertise resident in the ITU and its subcommittees keeps shrinking. Only in international radio coordination (ITU-R) does the ITU play a significant role.

Most importantly, the ITU has a very tenuous nexus to the Internet and very few prospects of enlarging that nexus. It does not control Internet standards, routing processes, naming resources or numbering resources, and it never will. Unlike IETF, ICANN, the RIRs or Internet service providers, it has no leverage over how the Internet actually works. People who speak of an ITU takeover or major ITU threat can only do so by refusing to acknowledge this basic and irreversible fact.

#### AI Impact is wrong

Stephen **Pinker 18**, professor of psychology at Harvard, “Enlightenment Now: The Case for Reason, Science, Humanism, and Progress”

Prominent among the existential risks that supposedly threaten the future of humanity is a 21st-century version of the Y2K bug. This is the danger that we will be subjugated, intentionally or accidentally, by artificial intelligence (AI), a disaster sometimes called the Robopocalypse and commonly illustrated with stills from the Terminator movies. As with Y2K, some smart people take it seriously. Elon Musk, whose company makes artificially intelligent self-driving cars, called the technology “more dangerous than nukes.” Stephen Hawking, speaking through his artificially intelligent synthesizer, warned that it could “spell the end of the human race.”19 But among the smart people who aren’t losing sleep are most experts in artificial intelligence and most experts in human intelligence. The Robopocalypse is based on a muzzy conception of intelligence that owes more to the Great Chain of Being and a Nietzschean will to power than to a modern scientific understanding.21 In this conception, intelligence is an all-powerful, wish-granting potion that agents possess in different amounts. Humans have more of it than animals, and an artificially intelligent computer or robot of the future (“an AI,” in the new count-noun usage) will have more of it than humans. Since we humans have used our moderate endowment to domesticate or exterminate less well-endowed animals (and since technologically advanced societies have enslaved or annihilated technologically primitive ones), it follows that a supersmart AI would do the same to us. Since an AI will think millions of times faster than we do, and use its superintelligence to recursively improve its superintelligence (a scenario sometimes called “foom,” after the comic-book sound effect), from the instant it is turned on we will be powerless to stop it.22 But the scenario makes about as much sense as the worry that since jet planes have surpassed the flying ability of eagles, someday they will swoop out of the sky and seize our cattle. The first fallacy is a confusion of intelligence with motivation—of beliefs with desires, inferences with goals, thinking with wanting. Even if we did invent superhumanly intelligent robots, why would they want to enslave their masters or take over the world? Intelligence is the ability to deploy novel means to attain a goal. But the goals are extraneous to the intelligence: being smart is not the same as wanting something. It just so happens that the intelligence in one system, Homo sapiens, is a product of Darwinian natural selection, an inherently competitive process. In the brains of that species, reasoning comes bundled (to varying degrees in different specimens) with goals such as dominating rivals and amassing resources. But it’s a mistake to confuse a circuit in the limbic brain of a certain species of primate with the very nature of intelligence. An artificially intelligent system that was designed rather than evolved could just as easily think like shmoos, the blobby altruists in Al Capp’s comic strip Li’l Abner, who deploy their considerable ingenuity to barbecue themselves for the benefit of human eaters. There is no law of complex systems that says that intelligent agents must turn into ruthless conquistadors. Indeed, we know of one highly advanced form of intelligence that evolved without this defect. They’re called women. The second fallacy is to think of intelligence as a boundless continuum of potency, a miraculous elixir with the power to solve any problem, attain any goal.23 The fallacy leads to nonsensical questions like when an AI will “exceed human-level intelligence,” and to the image of an ultimate “Artificial General Intelligence” (AGI) with God-like omniscience and omnipotence. Intelligence is a contraption of gadgets: software modules that acquire, or are programmed with, knowledge of how to pursue various goals in various domains.24 People are equipped to find food, win friends and influence people, charm prospective mates, bring up children, move around in the world, and pursue other human obsessions and pastimes. Computers may be programmed to take on some of these problems (like recognizing faces), not to bother with others (like charming mates), and to take on still other problems that humans can’t solve (like simulating the climate or sorting millions of accounting records). The problems are different, and the kinds of knowledge needed to solve them are different. Unlike Laplace’s demon, the mythical being that knows the location and momentum of every particle in the universe and feeds them into equations for physical laws to calculate the state of everything at any time in the future, a real-life knower has to acquire information about the messy world of objects and people by engaging with it one domain at a time. Understanding does not obey Moore’s Law: knowledge is acquired by formulating explanations and testing them against reality, not by running an algorithm faster and faster.25 Devouring the information on the Internet will not confer omniscience either: big data is still finite data, and the universe of knowledge is infinite. For these reasons, many AI researchers are annoyed by the latest round of hype (the perennial bane of AI) which has misled observers into thinking that Artificial General Intelligence is just around the corner.26 As far as I know, there are no projects to build an AGI, not just because it would be commercially dubious but because the concept is barely coherent. The 2010s have, to be sure, brought us systems that can drive cars, caption photographs, recognize speech, and beat humans at Jeopardy!, Go, and Atari computer games. But the advances have not come from a better understanding of the workings of intelligence but from the brute-force power of faster chips and bigger data, which allow the programs to be trained on millions of examples and generalize to similar new ones. Each system is an idiot savant, with little ability to leap to problems it was not set up to solve, and a brittle mastery of those it was. A photo-captioning program labels an impending plane crash “An airplane is parked on the tarmac”; a game-playing program is flummoxed by the slightest change in the scoring rules.27 Though the programs will surely get better, there are no signs of foom. Nor have any of these programs made a move toward taking over the lab or enslaving their programmers. Even if an AGI tried to exercise a will to power, without the cooperation of humans it would remain an impotent brain in a vat. The computer scientist Ramez Naam deflates the bubbles surrounding foom, a technological Singularity, and exponential self-improvement: Imagine that you are a superintelligent AI running on some sort of microprocessor (or perhaps, millions of such microprocessors). In an instant, you come up with a design for an even faster, more powerful microprocessor you can run on. Now . . . drat! You have to actually manufacture those microprocessors. And those fabs [fabrication plants] take tremendous energy, they take the input of materials imported from all around the world, they take highly controlled internal environments which require airlocks, filters, and all sorts of specialized equipment to maintain, and so on. All of this takes time and energy to acquire, transport, integrate, build housing for, build power plants for, test, and manufacture. The real world has gotten in the way of your upward spiral of self-transcendence.28 The real world gets in the way of many digital apocalypses. When HAL gets uppity, Dave disables it with a screwdriver, leaving it pathetically singing “A Bicycle Built for Two” to itself. Of course, one can always imagine a Doomsday Computer that is malevolent, universally empowered, always on, and tamperproof. The way to deal with this threat is straightforward: don’t build one. As the prospect of evil robots started to seem too kitschy to take seriously, a new digital apocalypse was spotted by the existential guardians. This storyline is based not on Frankenstein or the Golem but on the Genie granting us three wishes, the third of which is needed to undo the first two, and on King Midas ruing his ability to turn everything he touched into gold, including his food and his family. The danger, sometimes called the Value Alignment Problem, is that we might give an AI a goal and then helplessly stand by as it relentlessly and literal-mindedly implemented its interpretation of that goal, the rest of our interests be damned. If we gave an AI the goal of maintaining the water level behind a dam, it might flood a town, not caring about the people who drowned. If we gave it the goal of making paper clips, it might turn all the matter in the reachable universe into paper clips, including our possessions and bodies. If we asked it to maximize human happiness, it might implant us all with intravenous dopamine drips, or rewire our brains so we were happiest sitting in jars, or, if it had been trained on the concept of happiness with pictures of smiling faces, tile the galaxy with trillions of nanoscopic pictures of smiley-faces.29 I am not making these up. These are the scenarios that supposedly illustrate the existential threat to the human species of advanced artificial intelligence. They are, fortunately, self-refuting.30 They depend on the premises that (1) humans are so gifted that they can design an omniscient and omnipotent AI, yet so moronic that they would give it control of the universe without testing how it works, and (2) the AI would be so brilliant that it could figure out how to transmute elements and rewire brains, yet so imbecilic that it would wreak havoc based on elementary blunders of misunderstanding. The ability to choose an action that best satisfies conflicting goals is not an add-on to intelligence that engineers might slap themselves in the forehead for forgetting to install; it is intelligence. So is the ability to interpret the intentions of a language user in context. Only in a television comedy like Get Smart does a robot respond to “Grab the waiter” by hefting the maître d’ over his head, or “Kill the light” by pulling out a pistol and shooting it. When we put aside fantasies like foom, digital megalomania, instant omniscience, and perfect control of every molecule in the universe, artificial intelligence is like any other technology. It is developed incrementally, designed to satisfy multiple conditions, tested before it is implemented, and constantly tweaked for efficacy and safety (chapter 12). As the AI expert Stuart Russell puts it, “No one in civil engineering talks about ‘building bridges that don’t fall down.’ They just call it ‘building bridges.’” Likewise, he notes, AI that is beneficial rather than dangerous is simply AI.

## 2NC

### Biz Con DA---2NC

#### here’s another impact card

David Kampf 20, Senior PhD Fellow at the Center for Strategic Studies at The Fletcher School, MA in International Affairs from Columbia University, BA in Political Science from Bates College, “How COVID-19 Could Increase the Risk of War”, World Politics Review, 6/16/2020, https://www.worldpoliticsreview.com/articles/28843/how-covid-19-could-increase-the-risk-of-war

But that overlooked the ways in which the risk of interstate war was already rising before COVID-19 began to spread. Civil wars were becoming more numerous, lasting longer and attracting more outside involvement, with dangerous consequences for stability in many regions of the world. And the global dynamics most commonly cited to explain the falling incidence of interstate war—democracy, economic prosperity, international cooperation and others—were being upended.

If the spread of democracy kept the peace, then its global decline is unnerving. If globalization and economic interdependence kept the peace, then a looming global depression and the rise of nationalism and protectionism are disconcerting. If regional and global institutions kept the peace, then their degradation is unsettling. If the balance of nuclear weapons kept the peace, then growing risks of proliferation are disquieting. And if America’s preeminent power kept the peace, then its relative decline is troubling.

Now, the pandemic, or more specifically the world’s reaction to it, is revealing the extent to which the factors holding major wars in check are withering. The idea that war between nations is a relic of the past no longer seems so convincing.

The Pessimists Strike Back

More than any other individual, it was cognitive scientist Steven Pinker who popularized the idea that we are living in the most peaceful moment in human history. Starting with his 2011 bestseller, “The Better Angels of Our Nature: Why Violence Has Declined,” Pinker argued that the frequency, duration and lethality of wars between great powers have all decreased. In his 2019 book, “Enlightenment Now: The Case for Reason, Science, Humanism, and Progress,” he wrote that war “between the uniformed armies of two nation-states appears to be obsolescent. There have been no more than three in any year since 1945, none in most years since 1989, and none since the American-led invasion of Iraq in 2003.”

Optimists like Pinker held that, rather than the world falling apart, as a quick glance at headline news might suggest, the opposite was true: Humanity was flourishing. More regions are characterized by peace; fewer mass killings are occurring; governance and the rule of law are improving; and people are richer, healthier, better educated and happier than ever before.

In their book, “Clear and Present Safety: The World Has Never Been Better and Why That Matters to Americans,” Michael A. Cohen and Micah Zenko argued that the evidence is so overwhelming that it is difficult to argue against the idea that wars between great powers, and all other interstate wars, are becoming vanishingly rare. Even when wars do break out, they tend to be shorter and less deadly than they were in the past. John Mueller, a senior fellow at the Cato Institute, also reasoned that the idea of war, like slavery and dueling before it, was in terminal decline, while Joshua Goldstein, an international relations researcher at American University, credited the United Nations and the rise of peacekeeping operations for helping win the “war on war.”

But in recent years, a range of critics have begun to poke holes in these arguments. Tanisha M. Fazal, an international relations professor at the University of Minnesota, contends that the decline in war is overstated. Major advances in medicine, speedier evacuations of wounded soldiers from the field of battle and better armor have made war less fatal—but not necessarily less frequent. Fazal and Paul Poast, who is at the University of Chicago, further assert that the notion of war between great powers as a thing of the past is based on the assumption that all such conflicts resemble World War I and II—both are historical anomalies—and overlooks the actual wars fought between great powers since 1945, from the Korean War and the Vietnam War to proxy wars from Afghanistan to Ukraine. Meanwhile, Bear F. Braumoeller, an Ohio State political science professor, analyzed the same historical data on conflicts used by Pinker, Mueller and Goldstein, and found no general downward trend in either the initiation or deadliness of warfare over the past two centuries. What’s more, Braumoeller contends that the so-called “long peace”—the 75 years that have passed without systemic war since World War II—is far from invulnerable, and that wars are just as likely to escalate now as they used to be. Just because a major interstate war hasn’t happened for a long time, doesn’t mean it never will again. In all probability, it will.

And by focusing solely on interstate wars, the optimists miss half the story, at least. Wars between states have declined, but civil wars never disappeared—and these internal conflicts could easily escalate into regional or global wars.

The number of conflicts in the world reached its highest point since World War II in 2016, with 53 state-based armed conflicts in 37 countries. All but two of these conflicts were considered civil wars. To make matters worse, new studies have shown that civil wars are becoming longer, deadlier and harder to conclusively end, and that these internal conflicts are not really internal. Civil wars harm the economies and stability of neighboring countries, since armed groups, refugees, illicit goods and diseases all spill over borders. Some 10 million refugees have fled to other countries since 2012. The countries that now host them are more likely to experience war, which means states with huge refugee populations like Lebanon, Jordan and Turkey face legitimate security challenges. Even after the threat of violence has diminished in refugees’ countries of origin, return migration can reignite conflicts, repeating the brutal cycle.

A Yugoslav Federal Army tank.

Perhaps most importantly, recent research indicates that civil wars increase the risk of interstate war, in large part because they are attracting more and more outside involvement. In a 2008 paper, researchers Kristian Skrede Gleditsch, Idean Salehyan and Kenneth Schultz explained that, in addition to the spillover effects, two other factors in civil wars increase international tensions and could possibly provoke wider interstate wars: external interventions in support of rebel groups and regime attacks on insurgents across international borders.

Immediately after the Cold War, none of the ongoing civil wars around the world were internationalized. According to the Uppsala Conflict Data Program, there were 12 full-fledged civil wars in 1991—in Afghanistan, Iraq, Peru, Sri Lanka, Sudan, and elsewhere—and foreign militaries were not active on the ground in any of them. Last year, by contrast, every single full-fledged civil war involved external military participants. This is due, in part, to the huge growth in U.S. military interventions abroad into civil conflicts, but it’s not only the Americans. All of today’s major wars are in essence proxy wars, pitting external rivals against one another. Conflicts in Syria, Yemen and Libya are best understood not as civil wars, but as international warzones, attracting meddlers including the United States, Russia, Saudi Arabia, Turkey, Iran, France and many others, which often intervene not to build peace, but to resolve conflicts in a way that is favorable to their own interests. These internationalized wars are more lethal, harder to resolve and possibly more likely to recur than civil wars that remain localized. It is not that difficult to imagine how these conflicts could spark wider international conflagrations. Wars, after all, can quickly spiral out of control.

As Risks Increase, Deterrents Decline

To make matters worse, most of the global trends that explained why interstate war had decreased in recent decades are now reversing. The theories that democracy, prosperity, cooperation and other factors kept the peace have been much debated—but if there was any truth to them, their reversals are likely to increase the chance of war, irrespective of how long the coronavirus pandemic lasts.

Democracy is often considered a prophylactic for war. Fully democratic countries are less likely to experience civil war and rarely, if ever, go to war with other democracies—though, of course, they do still go to war against non-democracies. While this would be great news if democracy and pluralism were spreading, there have now been 14 consecutive years of global democratic decline, and there have been signs of additional authoritarian power grabs in countries like Hungary and Serbia during the pandemic. If democracy backslides far enough, internal conflicts and foreign aggression will become more likely.

Other theories posit that economic bonds between countries have limited wars in recent decades. Dale Copeland, a professor of international relations at the University of Virginia, has argued that countries work to preserve ties when there are high expectations for future trade, but war becomes increasingly possible when trade is predicted to fall. If globalization brought peace, the recent wave of far-right nationalism and populism around the world may increase the chances of war, as tariffs and other trade barriers go up—mostly from the United States under President Donald Trump, who has launched trade wars with allies and adversaries alike.

The coronavirus pandemic immediately elicited further calls to reduce dependence on other countries, with Trump using the opportunity to pressure U.S. companies to reconfigure their supply chains away from China. For its part, China made sure that it had the homemade supplies it needed to fight the virus before exporting extras, while countries like France and Germany barred the export of face masks, even to friendly nations. And widening economic inequalities, a consequence of the pandemic, are not likely to enhance support for free trade.

This assault on open trade and globalization is just one aspect of a decaying liberal international order, which, its proponents argue, has largely helped to preserve peace between nations since World War II. But that old order is almost gone, and in all likelihood isn’t coming back. The U.N. Security Council appears increasingly fragmented and dysfunctional. Even before Trump, the world’s most powerful country ratified fewer treaties per year under the Obama administration than at any time since 1945.

Trump’s presidency only harms multilateral cooperation further. He has backed out of the Paris Agreement on climate change, reneged on the Iran nuclear deal, picked fights with allies, questioned the value of NATO and defunded the World Health Organization in the middle of a global health crisis. Hyper-nationalism, rather than international collaboration, was the default response to the coronavirus outbreak in the U.S. and many other countries around the world.

It’s hard to see the U.S. reluctance to lead as anything other than a sign of its inevitable, if slow, decline. The country’s institutionalized inequalities and systemic racism have been laid bare in recent months, and it no longer looks like a beacon for others to follow. The global balance of power is changing. China is both keen to assert a greater leadership role within traditionally Western-led institutions and to challenge the existing regional order in Asia. Between a rising China, revanchist Russia and new global actors, including non-state groups, we may be heading toward an increasingly multipolar or nonpolar world, which could prove destabilizing in its own right.

Finally, the pacifying effect of nuclear weapons could be waning. While vast nuclear arsenals once compelled the United States and the Soviet Union to reach arms control agreements, old treaties are expiring and new talks are breaking down. Mistrust is growing, and the chance of an unwanted U.S.-Russia nuclear confrontation is arguably as high as it has been since the Cuban missile crisis.

The theory of nuclear peace may no longer hold if more countries are tempted to obtain their own nuclear deterrent. Trump’s decision to abandon the Iran nuclear deal, for one thing, has only increased the chance that Tehran will acquire nuclear weapons. It’s almost easy to forget that, just a few short months ago, the United States and Iran were one miscalculation or dumb mistake away from waging all-out war. And despite Trump’s efforts to negotiate nuclear disarmament with Kim Jong Un’s regime in Pyongyang, it is wishful thinking to believe North Korea will give up its nuclear weapons. At this point, negotiators can only realistically try to ensure that North Korea’s nuclear menace doesn’t get even more potent.

In other words, by turning inward, the United States is choosing to leave other countries to fend for themselves. The end result may be a less stable world with more nuclear actors.

If leaders are smart, they will take seriously the warning signs exposed by this global emergency and work to reverse the drift toward war.

If only one of these theories for peace were worsening, concerns would be easier to dismiss. But together, they are unsettling. While the world is not yet on the brink of World War III and no two countries are destined for war, the odds of avoiding future conflicts don’t look good.

The pandemic is already degrading democracies, harming economies and curtailing international cooperation, and it also seems to be fostering internal instability within states. Rachel Brown, Heather Hurlburt and Alexandra Stark argue that the coronavirus could in fact sow more civil conflict. If this proves accurate, the increase in civil wars is likely to lead to more external meddling, and these next proxy wars could soon precipitate all-out international conflicts if outsiders aren’t careful. With the usual deterrents to conflict declining around the world, major wars could soon return.

#### It causes terrorism, civil wars, and diversion that go global---nothing checks

Dr. Qian Liu 18, PhD in Economics from Uppsala University, Former Visiting Researcher at the University of California, Berkeley, Managing Director for Greater China at The Economist Group, Guest Lecturer at New York University, Tsinghua University, the Chinese Academy of Social Sciences and Fudan University, “The Next Economic Crisis Could Cause A Global Conflict. Here's Why”, World Economic Forum, 11/13/2018, https://www.weforum.org/agenda/2018/11/the-next-economic-crisis-could-cause-a-global-conflict-heres-why

The next economic crisis is closer than you think. But what you should really worry about is what comes after: in the current social, political, and technological landscape, a prolonged economic crisis, combined with rising income inequality, could well escalate into a major global military conflict.

The 2008-09 global financial crisis almost bankrupted governments and caused systemic collapse. Policymakers managed to pull the global economy back from the brink, using massive monetary stimulus, including quantitative easing and near-zero (or even negative) interest rates.

But monetary stimulus is like an adrenaline shot to jump-start an arrested heart; it can revive the patient, but it does nothing to cure the disease. Treating a sick economy requires structural reforms, which can cover everything from financial and labor markets to tax systems, fertility patterns, and education policies.

Policymakers have utterly failed to pursue such reforms, despite promising to do so. Instead, they have remained preoccupied with politics. From Italy to Germany, forming and sustaining governments now seems to take more time than actual governing. And Greece, for example, has relied on money from international creditors to keep its head (barely) above water, rather than genuinely reforming its pension system or improving its business environment.

The lack of structural reform has meant that the unprecedented excess liquidity that central banks injected into their economies was not allocated to its most efficient uses. Instead, it raised global asset prices to levels even higher than those prevailing before 2008.

In the United States, housing prices are now 8% higher than they were at the peak of the property bubble in 2006, according to the property website Zillow. The price-to-earnings (CAPE) ratio, which measures whether stock-market prices are within a reasonable range, is now higher than it was both in 2008 and at the start of the Great Depression in 1929.

As monetary tightening reveals the vulnerabilities in the real economy, the collapse of asset-price bubbles will trigger another economic crisis – one that could be even more severe than the last, because we have built up a tolerance to our strongest macroeconomic medications. A decade of regular adrenaline shots, in the form of ultra-low interest rates and unconventional monetary policies, has severely depleted their power to stabilize and stimulate the economy.

If history is any guide, the consequences of this mistake could extend far beyond the economy. According to Harvard’s Benjamin Friedman, prolonged periods of economic distress have been characterized also by public antipathy toward minority groups or foreign countries – attitudes that can help to fuel unrest, terrorism, or even war.

For example, during the Great Depression, US President Herbert Hoover signed the 1930 Smoot-Hawley Tariff Act, intended to protect American workers and farmers from foreign competition. In the subsequent five years, global trade shrank by two-thirds. Within a decade, World War II had begun.

To be sure, WWII, like World War I, was caused by a multitude of factors; there is no standard path to war. But there is reason to believe that high levels of inequality can play a significant role in stoking conflict.

According to research by the economist Thomas Piketty, a spike in income inequality is often followed by a great crisis. Income inequality then declines for a while, before rising again, until a new peak – and a new disaster. Though causality has yet to be proven, given the limited number of data points, this correlation should not be taken lightly, especially with wealth and income inequality at historically high levels.

This is all the more worrying in view of the numerous other factors stoking social unrest and diplomatic tension, including technological disruption, a record-breaking migration crisis, anxiety over globalization, political polarization, and rising nationalism. All are symptoms of failed policies that could turn out to be trigger points for a future crisis.

Voters have good reason to be frustrated, but the emotionally appealing populists to whom they are increasingly giving their support are offering ill-advised solutions that will only make matters worse. For example, despite the world’s unprecedented interconnectedness, multilateralism is increasingly being eschewed, as countries – most notably, Donald Trump’s US – pursue unilateral, isolationist policies. Meanwhile, proxy wars are raging in Syria and Yemen.

Against this background, we must take seriously the possibility that the next economic crisis could lead to a large-scale military confrontation. By the logic of the political scientist Samuel Huntington , considering such a scenario could help us avoid it, because it would force us to take action. In this case, the key will be for policymakers to pursue the structural reforms that they have long promised, while replacing finger-pointing and antagonism with a sensible and respectful global dialogue. The alternative may well be global conflagration.

#### Turns every impact

Geoffrey Kemp 10, Director of Regional Strategic Programs at The Nixon Center, Served in the White House Under Ronald Reagan, Special Assistant to the President for National Security Affairs and Senior Director for Near East and South Asian Affairs on the National Security Council Staff, Former Director, Middle East Arms Control Project at the Carnegie Endowment for International Peace, 2010, The East Moves West: India, China, and Asia’s Growing Presence in the Middle East, p. 233-234

The second scenario, called Mayhem and Chaos, is the opposite of the first scenario; everything that can go wrong does go wrong. The world economic situation weakens rather than strengthens, and India, China, and Japan suffer a major reduction in their growth rates, further weakening the global economy. As a result, energy demand falls and the price of fossil fuels plummets, leading to a financial crisis for the energy-producing states, which are forced to cut back dramatically on expansion programs and social welfare. That in turn leads to political unrest: and nurtures different radical groups, including, but not limited to, Islamic extremists. The internal stability of some countries is challenged, and there are more “failed states.” Most serious is the collapse of the democratic government in Pakistan and its takeover by Muslim extremists, who then take possession of a large number of nuclear weapons. The danger of war between India and Pakistan increases significantly. Iran, always worried about an extremist Pakistan, expands and weaponizes its nuclear program. That further enhances nuclear proliferation in the Middle East, with Saudi Arabia, Turkey, and Egypt joining Israel and Iran as nuclear states. Under these circumstances, the potential for nuclear terrorism increases, and the possibility of a nuclear terrorist attack in either the Western world or in the oil-producing states may lead to a further devastating collapse of the world economic market, with a tsunami-like impact on stability. In this scenario, major disruptions can be expected, with dire consequences for two-thirds of the planet’s population.

#### Decline turns the case---agencies will cease enforcement during the downturn

Anika Dandekar 21, Political Science at University of California, San Diego, “Politics of Antitrust Enforcement: The Influence of Ideology and Party Control on Regulatory Behavior”, Senior Thesis, 3/29/2021, https://polisci.ucsd.edu/undergrad/departmental-honors-and-pi-sigma-alpha/A.Dandekar\_Senior-Honors-Thesis.pdf

1.3.3 Bureaucratic Approach

Some scholars have tried to explain varying antitrust by changing makeup or preferences of regulatory agencies themselves.

Some suggest that the agencies respond to external factors. Amacher et al. (1985) examined FTC enforcement of the Robinson- Patman Act and found that it was influenced by economic conditions, decreasing during business contractions and increasing during periods of expansion. They suggested that this means "the FTC moves to cushion producer losses" during hard economic times, but transfers "wealth to consumers" during economic upswings. Lewis-Beck (1979) found that while small increases in the division's budget did not reduce anticompetitive behavior, a major increase in the division's budget might significantly stem merger activity because of a "threshold effect”.

#### War rolls back antitrust reform AND enforcement

Dr. Bruce A. Khula 3, Juris Doctor Candidate at Notre Dame Law School, Ph.D. and MA from The Ohio State University, Associate General Counsel at Progressive Insurance, “Antitrust at the Water's Edge: National Security and Antitrust Enforcement”, Notre Dame Law Review, Volume 78, Issue 2, 78 Notre Dame L. Rev. 629, January 2003, Lexis

A comprehensive historical analysis of the origins and development of antitrust law is clearly beyond the scope of the present work. [\*632] Besides, other scholars have already written quite excellent ones. Instead, this Note will address a specific and often under-appreciated element of antitrust politics: the intersection between antitrust law and national security. Underscoring the narrative that follows is the conviction that national security issues exert a powerful - indeed, in a great many cases, inexorable - influence on the enforcement of antitrust laws, often forcing aside domestic political considerations and efficiency goals alike. In the years since World War II, national security issues have become extremely pervasive and far-reaching, permeating many aspects of American politics and culture. The immediate concerns of national security include foreign relations, defense policy, and internal security, and this Note will limit itself to a consideration of these issues. It will demonstrate that the national security ethos acts as a political check of the highest level on antitrust law - and, in so doing, it will make plain that, like it or not, politics does indeed play a role in antitrust enforcement.

Part I of this Note briefly lays out the history and development of antitrust, placing particular emphasis on the political nature of the law. Part II considers the historical impact of foreign policy and national security concerns on antitrust law. Such an impact necessarily includes a brief assessment of the development of foreign antitrust traditions, as well as the obstacles to enforcement stemming from comity or the involvement of multinational enterprise. The narrative and descriptive heart of this Note lies in Part III. This Part contains a case study of the dynamics of national security upon antitrust law, focusing on litigation against the United Fruit Company during the 1950s. Finally, Part IV serves as an epilogue of sorts, providing an unfinished contemporary outline of the possible political effect of national security on the Microsoft litigation.

[\*633]

I. Antitrust Law: History and Development

A good starting point for examining the origins of antitrust law might fruitfully be found in the etymology of the word "antitrust" itself. The study of etymology is not history per se, of course, but it is the history of words. And such a history - even an amateurish history, like that which follows - may be useful if one is to consider how the concept of antitrust developed as a legal and political concept. Postmodernist concerns aside, one can still assume that what a group of people call a thing can provide insight into the nature of that thing. Proceeding on this assumption, it is instructive to dissect the word "antitrust" and attempt to place the word into the context of the late nineteenth century.

Thankfully, one does not have to be a practiced etymologist to pull content out of the word "antitrust," for it breaks down quite neatly into two distinct parts. The meaning of the first part, "anti," is obvious enough, and the Oxford English Dictionary (OED) describes it as a Greek derivative, meaning "opposed, in opposition, opponent, rival." The second half of the word "antitrust" is clearly the more significant of the two.

In the 1840s, the word "trust" was a "duty or office … entrusted to one" that was commonly thought to be "created for the benefit of the whole people, and not for the benefit of those who may fill them." Rudolph Peritz claims that by the 1880s and 1890s, in the minds of Americans, the word "trust" lost this former meaning and acquired a radically different one: "trust as a fearsome concentration of economic power that unjustly enriched a select few at the expense of the commonwealth." The OED affirms this claim, and cites a passage from late nineteenth century writer James Bryce as exemplary of the transformation of the meaning of "trust." Because of its descriptive nature, Bryce's passage is worth quoting in full:

Those anomalous giants called Trusts - groups of individuals and corporations concerned in one branch of trade or manufacture, which are placed under the irresponsible management of a small knot of persons, who, through their command of all the main producing or distributing agencies, intend and expect to dominate the market.

[\*634] Peritz's claims and Bryce's diction suggest that the public discourse regarding the so-called "trust" in the late nineteenth century went far beyond concern for mere economic efficiency. Judging from the tone and insistence of Bryce's writing alone, it seems clear that the motivating sense of fear, anguish over unjust enrichment, and concern for the well-being of democratic society did not emanate from a desire for economic efficiency or consumer choice. The object of such language was concentrated power, not efficiency. Hofstadter makes this same connection, seeing fear of concentrated power as the logical thread running from "pre-Revolutionary tracts through the Declaration of Independence and The Federalist to the writings of the states' rights advocates, and beyond the Civil War into the era of the antimonopoly writers and the Populists."

This observation removes us from etymology and brings us back to history itself. As a matter of history, nineteenth century public discourse over concentrated power and the transformation of the word "trust" was rooted specifically in the rise of big business. It is difficult to date the beginnings of big business in the United States, but a general historical consensus holds that large-scale enterprise began to rise in the aftermath of the Civil War and grew almost exponentially in the following decades. Facilitated by the advent and spread of the telegraph and railroad, big business germinated in the United States and gradually acquired the following traits or characteristics: capital-intensiveness, economy of scale, separation of ownership from management, enhanced geographic scope, vertical integration, complex managerial organization, and impersonal labor relations. Technical words such as these may provide a fairly accurate description of what big business was, but they utterly fail to capture the enormous social, political, and economic impact that such business had on Americans.

The establishment of big business "constituted a massive social change" and provided a "seedbed of a new social and economic order." [\*635] Richard Hofstadter notes that the "American tradition of democracy was formed on the farm and in small villages, and its central ideas were founded in rural sentiments and on rural metaphors." The very nature of big business explicitly challenged time-honored traditions, for it accelerated urbanization, encouraged mass immigration from Southern and Eastern Europe, established new classes of industrial laborers and middle-class managers, and ultimately jarred the nation's sensibilities by creating a mass society built around mass consumption. Though not all of these transformations happened at once, most all of them were underway by the late nineteenth century and were deeply felt by Americans at all levels of society. The most important political and social movements of the late nineteenth and early twentieth century - namely, the labor movement, agrarian Populism, and Progressivism - all originated in the dislocations brought by the rise of big business. By the 1880s and 1890s, Americans were therefore struggling to place their lives back in order and reestablish control over their nation's economic institutions, particularly the new and fearsome "trusts."

Exactly what blame, one might ask, did Americans affix to the "trusts"? Or more fruitfully, what social, political, or economic ill did Americans not blame on them? William Letwin sums up nicely the broad range of anger that Americans harbored for big business:

trusts, it was said, threatened liberty, because they corrupted civil servants and bribed legislators; they enjoyed privileges such as protection by tariffs; they drove out competitors by lowering prices, victimized consumers by raising prices, defrauded investors by [\*636] watering stocks, put laborers out of work by closing down plants, and somehow or other abused everyone.

Fair or not, a significant number of Americans blamed big business for the totality of woes stemming from modern society. And just as their accusations were loud and clear, so too was their preferred remedy: "a law to destroy the power of the trusts."

It was in such an environment that modern-day American antitrust law was born. It is necessary to add such qualifiers as "modern-day" and "American" because competition law developed long before the 1890s as an element of English common law. In its incipiency, competition law sought "to encourage competitive forces by its traditional emphasis on individual liberty and economic independence." As early as the 1500s, English common law attempted to fulfill this charge by curtailing practices such as "forestalling, engrossing, and regrating," which sought to manipulate prices at the wholesale stage of the distributive process. This doctrine evolved such that its eventual usage in American common law treated "combination" or "restraint of trade" as a tort, and suits based on this kind of tort theory were brought almost exclusively by private litigants, not by municipalities or states. As Hans Thorelli notes, neither in England nor the [\*637] United States did common law competition policy accomplish very much. Enforcement was scattershot, penalties were inadequate, litigation was driven only by private parties, and results fluctuated considerably. The rise of big business and the "trusts" made all too clear the inadequacy of the common law, even if the values of liberty and economic independence that animated the common law remained as strong as ever.

The first seeds of modern antitrust law grew at the state level. Before 1890, and particularly from 1888 through 1890, a total of twenty-one states and territories adopted provisions against restraints of trade. These sorts of laws attempted to deal with the trust problem by undercutting means of collusion, holding agreements and contracts in restraint of trade to be void and unenforceable. Thorelli attributes this rush of state legislative action to strongly felt "public agitation" and adds that the state-level effort "was not enough to satisfy popular opposition to 'trusts.'" Such dissatisfaction and continued anxiety about big business surely set the stage for the passage of the Sherman Act in 1890. The specific machinations that led Sen. John Sherman to introduce his antitrust resolution on July 10, 1888, and that culminated in its enactment as law two years later is a long story, interesting in its own right, yet not the province of this Note. It suffices to note that deeply felt public sentiment - drawing upon a venerable history of antimonopoly tradition steeped in a desire for liberty and a sense of commonweal - animated Congress and the President to ensure that a federal antitrust statute became law on July 2, 1890.

In the decades following passage of the Sherman Act, the development of antitrust was pulled thither and yon by various, explicitly [\*638] political currents. The "trusts" did not, of course, immediately recede into the darkness following passage of the Sherman Act, and neither did public agitation - ostensibly the "antitrust movement" of which Hofstadter writes - dissipate. Antitrust remained one of the highest priorities in the United States well into the Progressive Era, eclipsing other social welfare issues. Early on, the battle took the form of literalists (who sought enforcement of the Sherman Act without regard to the "reasonableness" of restraints) against restorationists (who wanted the common law distinction between reasonable and unreasonable restraints restored to the Sherman Act). In essence, literalists wanted the jurisprudence of United States v. Trans-Missouri Freight Ass'n to prevail, whereas the restorationists championed the Sixth Circuit's jurisprudence in United States v. Addyston Pipe & Steel Co. This debate, it must be emphasized, was by no means strictly - or even principally - judicial; rather, it was carried on with great vigor by political figures, businessmen, farmers, labor leaders, and scholars, in addition to jurists and lawyers. The restorationists ultimately won this battle in 1911, with the establishment of the "standard of reason" in Standard Oil Co. v. United States and the contemporaneous case, United States v. American Tobacco Co.

By the time antitrust law passed its third decade and entered the 1920s, the mood of the nation had changed. The "trust" issue had been thrust aside by the First World War, and an "ethic of cooperative competition," championed by Herbert Hoover and the Republican Party more generally, prevailed. Under Hoover's secretariat, the newly invigorated Department of Commerce took the lead in creating a closer and more cooperative relationship between big business and government, and the importance of the Sherman Act waned and became principally a means to rein in those businesses whose bigness was obtained with few benefits to society at large. Hooverian politics and "cooperative competition" managed to survive the early dark days [\*639] of the Great Depression and to a considerable degree manifested themselves in the codes of competition of the National Industrial Recovery Act of 1933 (NIRA).

In the years after the U.S. Supreme Court scuttled NIRA, however, the administration of Franklin Roosevelt began to take a very different approach to antitrust law. In April 1938, Roosevelt informed Congress that his administration was concerned that the persistence of depression was abetted by monopolistic practices, and he recommended suitable action. Congress responded by creating the Temporary National Economic Committee (TNEC), and for three years the TNEC worked hand-in-hand with the Assistant Attorney General for Antitrust, Thurman Arnold, to launch a "barrage of antimonopoly action." As with most New Deal policies, this "barrage" was calculated to win political support, and, in this respect it did not fail. But this born-again antitrust zeal would not survive the coming of yet another global war.

#### Decline causes lash-out and war with the U.S.

Dr. Brandon **Tozzo 18**. Ph.D in Political Studies. Commentator. Political Science Professor at Trent University. 2018. “The Demographic and Economic Problems of China.” American Hegemony after the Great Recession, Palgrave Macmillan UK. CrossRef, doi:10.1057/978-1-137-57539-5.

So far, China’s high level of economic growth has meant that widening social cleavages have not presented a serious threat to the rule of the CCP, which has managed to bolster its legitimacy by positioning itself as a regime capable of delivering prosperity to its people.14 However, it must be kept in mind that China’s developmental model is predicated on economic growth and positive relations with the USA, the country that its rise is supposedly threatening to unseat as hegemon of the international system. Despite the global economic downturn, the USA remains China’s most important export market, making up close to 20% of China’s foreign trade in 2010.15 There are two major reasons why this is the case. The frst has to do with the value of the Renminbi vis-à-vis the US dollar. By comparative standards, China’s currency is pegged well below its US counterpart, providing an immediate economic incentive to American consumers to buy Chinese goods. The second has to do with the low wages paid to Chinese workers. Although the wages of China’s urban workforce have increased over the past decade, they still remain extremely low by American standards. These low wages decrease production costs, which further lowers the price of goods and encourages US consumption.16 As a result of these factors, Washington has been placing pressure on China to revalue the Renminbi, arguing that it provides an unfair advantage to Chinese producers while at the same time hindering domestic production and consumption.17 Beijing’s resistance to this pressure stems from its fear that increasing the value of the Renminbi too rapidly could serve as a disincentive for investment, slowing exports to the USA and leading to unemployment to China. Since a major downturn in the economy could lead to protests and riots against the ruling party, as well as reducing the resources available for programs designed alleviate China’s social ills, the Chinese government remains dependent on US consumer demand in order to provide the prosperity that it uses to justify its rule. One consequence of China’s reliance on American consumption to ensure its own economic prosperity has been willingness of the Chinese government to invest heavily in US debt. Throughout the 2000s, Americans were able to borrow massive sums of money at low interest rates without having to worry about a negative reaction from fnancial markets, and much of that money was provided by Chinese banks. The Chinese were willing to invest in American debt for a number of reasons, the most important being that US Treasury bonds were seen as a safe investment, but also because buying up these assets allowed American consumers to keep spending money on Chinese goods. The trillion dollar obligation the US owes the Chinese places Washington in a weakened position, and on the surface, it does seem as if China holds a great deal of economic leverage over the USA. However, China’s vast exposure to American debt is a double-edged sword. The Chinese are too invested in the USA to withdraw their fnancing, which in turn decreases any leverage Beijing might have over American economic policy. This reason behind this entrapment has to do with several important pathologies of Chinese development. Stateowned enterprises continue to be a key component of China’s domestic economy; they depend upon growth in China’s privately owned foreign investment for growth and proftability (Vermieren 2014). This has led to a broad penetration of the use of fxed assets in both state-owned enterprises and in private enterprises that rely upon exports (Ibid 2014). Deleveraging itself from the USA would be diffcult. Even if the government slowly started selling off Treasury bonds, it would shake the confdence of international investors, leading to an increase in interest rates as the USA struggled to fnance its defcit and avoid default.18 Higher interest rates would also slow US consumer spending, hurting Chinese exports and its state-owned enterprises and leading to unemployment as factories close and workers are laid off. In addition to the domestic repercussions, any remaining US debt held by the Chinese government would decline in value, since it would become harder to sell off bonds as US interest rates rose. China’s economic future is therefore tightly bound to that of America, since any action that undermined the US economy would have dire consequences for the Chinese economy as well. Also, China has not completely insulated itself from domestic and international economic turmoil. It has started to reach a development plateau with its low-wage workforce requiring higher value-added industries in order to keep up its economic growth.19 Similar to other Asian countries, China must diversify its economic and political system if it wants to continue to develop. This does not suggest China will democratize in the near future, however, China’s continued development requires increasing the value of the Renminbi to lower the cost of purchasing foreign technology and reducing the intervention of the Chinese government in order to better meet domestic and foreign consumer demand.20 Thus far, the CCP has been willing to gradually increase the Renminbi but has been far more reluctant to withdraw its control from the economy—a testament to a regime that is highly self-conscious. Though China’s growth since 2008 had been mainly due to domestic consumption, there are limits on how protracted this recovery can be if the EU and America fall back into recession. Despite a burgeoning middle class, China still relies on foreign exports in order to keep its job market growing. If another major fnancial crisis hits a major trading partner, despite the resources of the CCP, it could hamper China’s economic growth. There are also fears China could experience a housing market collapse similar to the USA and Europe. Since the crisis occurred in 2008, the CCP introduced a series of stimulus measures coupled with low interest rates on loans from Chinese banks.21 The intent of these policies was to prevent a protracted economic recession from threatening China’s growth and ipso facto the legitimacy of the regime. Similar to the USA in the early 2000s, many Chinese people took out cheap loans and began to speculate on the value of their property.22 This has led to a housing market boom in areas of China, but has led many to worry that a collapse of the market may harm the Chinese economy. The government has begun to raise interest rates to lower demand, but a correction in the value of the market of this scale could represent the loss of the billions in equity for many Chinese people. While China’s banks have considerable government oversight—preventing a similar bankruptcy to Lehman Brothers in the USA—there is potential for a major recession to hit the Chinese economy. So, despite its institutional barriers in place by the CCP, the liberalization of the economy has made China vulnerable to fnancial markets. This could have massive potential consequences on the stability of the Chinese regime and on global economic stability. More recently, China’s economy has experienced a stock market crisis in 2015, though this has not translated into a broader economic downturn in the economy. There is, of course, some diffculty in relying upon government-based reports, since the government has a political incentive to promote data favourable to the regime. Nonetheless, despite the lack of reliable information there has been a slowdown in private-sector investment, from growth of more than 40% in 2011 to just 2.8% in the frst half of 2016 (Economist 2016). Rather than an anomaly, the lack of private-sector investment is indicative of other worrying signs in the economy. Although the Chinese economy is still growing, there are other sign of underlying economic strain. The credit market in China is on a sharp increase compared to nominal growth, growing at 16% this year, meaning loose monetary policy set by the central bank is allowing for both private and state-owned enterprises to leverage at a rapid pace. Moreover, China’s debt-to-GDP level has exploded—from roughly 150% before the 2008 global fnancial crisis to more than 250% in 2016 (Economist 2016). This puts it similar to countries such as Spain and Japan, both have long-term structural economic problems that will undermine growth for the foreseeable future. In a period of eight years since the onset of the fnancial crisis, China has gone from a country that was praised for its resilience, to one of the most in debt large economies in the world. While it would be premature to suggest China will face similar economic problems, the sheer amount of debt in China has led the IMF to publish a working paper on how to ease China’s debt problems before they lead to a crisis that will affect the domestic and international economy. The IMF report identifed several measures to ease China’s debt burden and aid its economy to transition from a middle-income country to a higher income country. The paramount recommendation is that the Chinese government must recognize and cease supporting, through favourable loans and government-backing, failing and bankrupt companies (IMF 2016). The Chinese government has long protected industries that have close ties to the party. Though there has been a recognition by the Chinese government to tackle corruption within state-owned enterprises, there is still a reluctance by offcials to let companies go bankrupt if they face signifcant economic problems. There is excessive corporate debt and a reluctance among the political establishment to lift the implicit guarantees on SOEs and make the necessary structural changes to reform China’s economy including the privatization of telecommunications and energy sectors (Economist 2016). While these economic recommendations may be necessary to avoid a crisis in China’s economy by providing some “short-term pain for long-term gain”, the political will to implement them is lacking (IMF 2016). There is a reluctance within the Chinese political establishment to accept policies that may undermine economic growth for fear of causing political strife in the country, even if in the long-term it may be benefcial to the country. These economic problems have not gone unnoticed by the people of China—there has been an exponential increase in the quality and quantity of strikes and protests from Chinese workers and social groups. As economic growth has slowed, wages and job growth have declined as well—many workers have been denied wages, leading to strikes and labour protests erupting across the country (Hernandez 2016). A labour rights group based in Hong Kong—the Chinese Labour Bulletin— recorded more than 2700 strikes and protests in 2015, more than double the number in 2014; the strife appears to have intensifed in the early months of 2016, with more than 500 protests in January alone (Ibid). Yet again, we get a signifcant tension between the top-down policy from the Chinese government and the response from people who are faced with precarious working conditions and less pay. If the Chinese government does implement structural reform to the economy, it will lead to the failure of many SOEs that have been propped up through favourable conditions by the Chinese government. However, if they are allowed to fail, more protests with erupt from angry workers who are either unemployed or must continue to accept less wages. Despite the sophisticated mechanisms for repression from the Chinese government, the protests are becoming increasingly better organized and sophisticated. Since protests have become widespread, protesters have been using social media as an organizational tool (Minter 2016). The response of the Chinese government to these protests across stateowned and private enterprises has been the same: to arrest dissidents, clamp down on social media and delete news reports on strikes (Ibid). In particular, the Chinese government has devoted more resources to limiting social media and quickly deleting protests and anti-government riots from dissenting workers. The Chinese government has a long-standing policy to block platforms that may be used to organize dissent or spread messages that threaten its legitimacy. For example, some of the largest social media sites used in the West, like Facebook and Twitter, have been blocked by the Chinese government and politically sensitive phrases are often quickly deleted from blogs and other websites (Bamman 2012). Even with these obvious impediments, labour groups use social media platforms to organize and spread their discontent. Some of the largest and well-organized protests, typically numbering in the thousands though diffcult to confrm, have come from China’s north-eastern state-owned coal industry, which has been hit by the slowing of the Chinese economy. The demands of the workers are commonplace payment of wages and better working conditions. However, the state-owned coal industry is caught in a bind: demand for coal has declined by 6% in 2015, while the industry must provide the supply at below market prices to keep energy prices low for other Chinese industries and for growing cities (Hornby 2016). The case of the coal worker strike highlights a growing tension within China: between the economic restructuring that is necessary to prevent a widespread recession throughout the country and the expedient political and economic policies that maintain control for the Communist Party. Indeed, the crackdown on worker protests and censorship is not a sign of strength, but speaks to the fragility of the regime: Despite appearances, China’s political system is badly broken, and nobody knows it better than the Communist Party itself. China’s strongman leader, Xi Jinping, is hoping that a crackdown on dissent and corruption will shore up the party’s rule. He is determined to avoid becoming the Mikhail Gorbachev of China, presiding over the party’s collapse. But instead of being the antithesis of Mr. Gorbachev, Mr. Xi may well wind up having the same effect. His despotism is severely stressing China’s system and society—and bringing it closer to a breaking point. (Shambaugh 2015: 2) The actions of the Chinese party against dissent are not a testament to its power, but a sign of its weakness. Unlike democratic countries, where people can voice their dissent and periodically vote their leaders out, the Chinese government is unwilling to tolerate political opposition to the regime. While the methods to combat protesters are getting more sophisticated, every time the Chinese government intervenes, it shows the vulnerability of the government: it is a self-conscious regime that is aware that its own legitimacy may be threatened. The actions of the business elite in China are another sign of discontent with the regime: 64% of 393 millionaires and billionaires polled by the Hurun Research Institute are currently emigrating or planning to leave China, and they are sending their children to study abroad (Shambaugh 2015). While it is far too premature to tell if the regime is threatened, the protests from industrial workers and the reluctance of elites to commit to the country’s future offer worrying signs for the regime. Moreover, China’s rapid development has not gone unnoticed by the American security establishment. Currently, two contradictory streams of thought about the relative rise of China are common among Washington policy-makers. First is that a prosperous China will be a positive outcome for regional and global security and development.23 Some policy-makers argue China has already integrated peacefully into the international institutions and a wealthier China could be a large market for imports from the USA. Thus far, at least, Beijing has been relatively accommodating to Western interests and open to Western investment. Even when tension has occurred in the past, such as when the Americans bombed a Chinese embassy in Kosovo, the close economic ties have been a stabilizing force in China’s relationship to the West.24 Thus China’s ascent could be peaceful if both sides are willing to continue compromising on economic and security matters. Indeed, thus far, the relationship between China and the USA has been called “interdependent hegemony”: the two powers have built a political and economic framework that provides accommodation and integrates China into the pre-existing hegemonic system where confict can be resolved through institutional channels (Christensen and Xing 2016). On the other hand, some in the security establishment believe it is only a matter of time before China becomes more assertive over Taiwan and scarce oil and other natural resources.25 They argue a rising China will displace the contemporary balance of power and instigate conflict with the USA. The past may not be indicative of the future and China is facing a series of domestic and international challenges moving from a middle-income to high income country. Also due to US pressure, China is facing growing pressure to realign its currency, a greater number of trade investment and intellectual property disputes, a more hostile security environment and exclusionary regional trans-Pacifc and transAtlantic trade agreements, such as the Trans-Pacifc Partnership (Glenn 2017). While US–China relations have been relatively stable for the past 40 years, it is not necessarily an indication that they will remain so inevitably as China continues to grow as a global power and the USA becomes more protectionist. With recent historical examples such as the ascent of Germany leading to the two world wars or the Soviet Union’s 50-year Cold War, they argue Washington should take precautions over a rapidly developing China. These policy-makers advocate heightened preparedness with increased military spending and stronger ties to allies in Southeast Asia.26 Washington should not be reluctant to take a hard line to defend its economic and security interests when they will be, inevitably, threatened by Beijing. This has led to a contradiction between those in the security establishment and those in the economic and business community. China is both a potential threat and a potential stabilizing force. As discussed earlier, China and the USA are highly interdependent with the Chinese holding trillions in US debt while relying upon the Americans to consume Chinese-made products. Many realists often point out Europe was highly integrated prior to the First World War, particularly Britain and Germany, but this did not prevent a catastrophic conflict from engulfing the continent.27 This ignores the fact many European leaders believed the war would be short and inexpensive, and not a long, protracted, violent affair that left millions dead and four empires in ruins.28 The war also displaced international economic integration for the next 50 years— not exactly a predictable outcome from a confict that was supposed to be over by the Christmas of 1914. Few, if any, scholars or policy-makers are under the illusion that a confict between China and the America would be cheap in terms of materiel or human lives or easily resolvable once started. Both Beijing and Washington recognize their mutual economic reliance and the advent of nuclear weapons, perhaps a key reason the Cold War did not cascade into a full out war, raises the costs of great power confict even further. Yet, many in Washington still view China as threat to American interests. While seemingly unaffected by the fnancial crisis, by 2015, China began to experience an economic downturn of its own. In many ways, China is a victim of its own economic model. Its stock market, which continued to grow after many in the West were mired in recession, experienced a rapid decline in the summer of 2015, losing almost $5 trillion in value. While stock markets are not the only, or even the best, test of a country’s economic vitality, there are other worrying signs China may be in for a diffcult period. The very industrial process behind China’s economic development—manufacturing goods for export—is being adopted by other countries in the region with cheaper labour markets, such as Vietnam. Though China is still a strong regional power, it seems to be experiencing a middle-income country trap. It is fnding the transition from middle-income status to high income, diffcult for a series of international and domestic economic problems. The rise of China could lead to tension with the USA, but conflict between these two countries would have dire economic consequences for the global economy. It is possible that domestic or international factors could lead Beijing to be more aggressive on issues such as Taiwan leading to a direct confrontation with the USA, but if the economic consequences of 9/11 or the fnancial crisis are any indication, fnancial markets will limit the policies of these countries. Both countries are reliant upon the free mobility of goods and fnance to maintain economic growth and prosperity. In China’s case, the regime depends on job creation for stability. The international economy in this case has conditioned the two countries to, at least thus far, peacefully co-exist with each other, with neither country willing to destabilize the global economy. Financial markets have the capacity to punish countries for acting contrary to the demands of capital and the USA and China are no exception.

#### Growth’s stabilizing, driven by business rebound, but it’s fragile with no room for missteps

Tom Fairless 11-7, European Economic Reporter at the Wall Street Journal, Mike Cherney, BS in Journalism from Northwestern University, and David Harrison, Federal Reserve and Economics Reporter at the Wall Street Journal, “The Economic Rebound From Covid-19 Was Easy. Now Comes the Hard Part.”, The Wall Street Journal, 11/7/2021, https://www.wsj.com/articles/the-economic-rebound-from-covid-19-was-easy-now-comes-the-hard-part-11636299941

The global economy’s comeback from last year’s deep contraction is approaching a delicate juncture, as policy makers and executives grapple with the bumpy transition from the post-pandemic reopening to a more normalized pace of growth.

Central banks in the U.S. and elsewhere are trying to chart a path that will curb inflation but not choke off growth as they navigate the process of weaning economies off the extraordinary measures—including rock-bottom interest rates and enormous bond-buying programs—deployed to support their economies.

The surge in U.S. consumer demand over the past year—turbocharged by trillions in stimulus—has ricocheted outward and caused disruptions to global supply chains that are now worsening and may stretch through 2022, say executives. The resulting higher prices and the struggle to secure raw materials and labor are piling the pressure on some companies and weighing on major economies such as Germany.

Meanwhile, China is in the midst of an ambitious effort to reform its economy, including reining in household and corporate debt, particularly in the country’s housing market, clamping down on the technology sector and pursuing ambitious climate goals—factors that could slow growth there and globally.

As a result, the global recovery—while still robust—is at a precarious point, with the risk of missteps.

“This is the hard part of the recovery,” said Neil Shearing, chief economist at Capital Economics in London. “Policy makers need to work out what’s permanent and what’s likely to be short-lived.”

China is in the midst of an ambitious effort to reform its economy, including reining in household and corporate debt, particularly in the country’s housing market.

If central banks move too slowly, inflation could continue to rise, with price increases and higher wages feeding off each other. But if they increase rates too quickly, that could choke off the economic recovery in a world of high debt.

“It’s very, very difficult to forecast and not easy to set policy,” Federal Reserve Chairman Jerome Powell told reporters Wednesday after unveiling plans to begin scaling back its $120-billion-a-month bond-buying program this month.

“Inflation has come in higher than expected and bottlenecks have been more persistent and more prevalent,” he added. “We see that they’re now on track to persist well into next year. That was not expected by us, not by other macro forecasters.”

Some moves are catching investors by surprise.

The Bank of England’s decision Thursday not to raise interest rates triggered the biggest moves in U.K. bond yields in years. The same day, the Czech central bank hiked its key rate by much more than expected, to 2.75% from 1.5%.

Only about a fifth of businesses judge that the worst of the supply-chain disruptions has passed, according to an October survey of large businesses by Oxford Economics. A third of respondents said the disruption would likely extend through the end of next year or beyond.

California’s Port of Los Angeles is struggling to keep up with the crush of cargo containers arriving at its terminals, creating one of the biggest choke points in the global supply-chain crisis. This exclusive aerial video illustrates the scope of the problem and the complexities of this process. Photo: Thomas C. Miller

The challenges are especially stiff in the U.S., where fiscal stimulus worth almost $6 trillion has driven consumer spending about 9% above its pre-pandemic level and where supply bottlenecks helped push inflation up to 5.4% in September, a 13-year high.

“It’s a tough time we’re in,” said Jeffrey Edwards, chief executive at Cooper-Standard Holdings Inc., an auto-parts manufacturer, last week. “We’ve not been able to offset the widespread inflationary impacts we’re seeing in materials, energy, transportation and labor.”

The company reported lower sales and a loss in the third quarter. Mr. Edwards said the company is considering selling off some assets.

At ports along the east and west coasts, container volume was almost one fifth above its 2019 level in the three months through June, according to Fitch Ratings.

“In the spring I was pretty sure things would start to ease up in the fall. What happened is things actually got worse,” said Lars Mikael Jensen, head of network at containership giant A.P. Moller-Maersk A/S. “So I’ve stopped forecasting.”

The U.S. economy produced more than half a million new jobs in October as businesses sprang back from a summer slowdown caused by the Delta variant of Covid-19, the Labor Department said Friday. It also said about a quarter million more jobs were added in August and September than it had previously estimated. The average hourly wage for private sector workers rose by 4.9%, roughly double the annual average wage gain in the 15 years before the pandemic.

#### Recovery is strong on all indices. Only our evidence assumes revised data AND prices in every downturn.

Das ’11-8 [Nalak; November 8; Finance analyst; Yahoo News, “Three Encouraging News on U.S. Economic Recovery: 5 Top Picks,” <https://www.yahoo.com/now/three-encouraging-news-u-economic-120412188.html>]

On Nov 5, Wall Street rejoiced on three impressive news related to U.S. economic recovery. These are the October job data from the Department of Labor, a new set of data on COVID-19 vaccine and development on a government infrastructure bill.

Market participants immediately welcomed these developments. Consequently, the three major stock indexes — the Dow, the S&P 500 and the Nasdaq Composite — ended the first week of November gaining 1.4%, 2% and 3.1%, respectively.

The robust pace of U.S. economic recovery was reconfirmed despite the pandemic, higher inflationary pressure, prolonged supply-chain disruptions and acute labor shortage. On Nov 3, Fed Chairman Jerome Powell also mentioned strong U.S. economic recovery while initiating the tapering of the central’s bank’s quantitative easing program.

Robust Job Additions in October

The U.S. economy added 571,000 jobs in October, exceeding the consensus estimate of 442,000. Moreover, September’s job additions were revised upward to 312,000 from a disappointing 194,000 reported earlier. August’s data was also revised upward to 483,000 from 366,000 reported earlier.

Total private payrolls rose 604,000 in October, partially offset by 73,000 declines in government jobs. The unemployment rate came down to 4.6% in October from 4.8% in September. The consensus estimate was 4.7%.

In October, the leisure and hospitality sector, which is directly related to the reopening of the economy added the maximum 1jobs of h64,000 — reflecting a sharp reduction in new cases of the Delta variant of coronavirus. The manufacturing sector added 60,000, doubling the consensus mark. Notably, manufacturing accounts for 12% of U.S. GDP.

Hourly wage rate dropped to 0.4% in October from 0.6% in September. However, the year-over-year, wage rate increased 4.9% in October from 4.6% in September. The average workweek fell marginally to 34.7 in October from 34.8% in September.

Good News on Covid-19 Treatment

On Nov 5, Pfizer Inc. PFE reported that the clinical trial data of its COVID-19 pill when used in combination with a widely used HIV drug, reduce the risk of hospitalization or death by 89% in high-risk adults. The company will submit the data to the FDA before Thanksgiving.

Aside from Merck & Co. Inc. MRK, Pfizer is the second company to demonstrate the strong effectiveness of easy-to-administer COVID-19 pills in clinical trials. In an interview with CNBC, Pfizer board member Dr. Scott Gottlieb said, “The Covid-19 pandemic could be over in the U.S. by the time President Joe Biden’s workplace vaccine mandates take effect in early January.”

Progress on Infrastructure Bill

On Nov 5, in a majority voting of 228-206, the House of Representative passed a $1.2 trillion bipartisan infrastructure bill. The bill, cleared by the Senate in August, will go to White House for President Joe Biden’s approval.

The bill includes transport, drinking-water, broadband, manufacturing and construction infrastructure developments. Segments like basic materials, industrials, telecommunications and utilities will benefit immensely with more job creation for the economy.

Our Top Picks

We have narrowed down our search to five large-cap stocks (market capital > $10 billion) that have strong growth potential for the rest of 2021. These stocks have seen positive earnings estimate revisions within the last 30 days. Each of our picks carries a Zacks Rank #1 (Strong Buy) and has a Growth Score A or B. You can see the complete list of today’s Zacks #1 Rank stocks here.

#### Recovery’s sustainable because CEOs remain confident---new regulatory risks end the upswing

Lananh Nguyen 10-19, Wall Street Reporter for the New York Times, BA from Tufts University, “Wall Street Sees a Record Deal Spree as a Reason for Optimism”, New York Times, 10/19/2021, https://www.nytimes.com/2021/10/15/business/wall-street-banks-earnings-mergers.html

The dealmakers at the nation’s biggest banks are the busiest they’ve ever been. Interest rates are low, private equity firms flush with cash are looking for promising investments, and companies are aggressively pursuing mergers at a breakneck pace.

Wall Street banks announced blockbuster quarterly profits this week from a record wave of transactions that shows no signs of ebbing: Even in the face of surging inflation and shaky consumer sentiment, corporate clients are ready to deal — and bank leaders say that’s a reason to be optimistic about the economic recovery.

“Whenever C.E.O. confidence is high, M&A activity increases,” David M. Solomon, Goldman Sachs’s chief executive, said in an interview Friday after the bank reported third-quarter earnings of $5.38 billion, surpassing analyst forecasts. “The world’s resettled a bit coming out of the pandemic, and that is now giving a lot of companies an opportunity to really take note of where they want to go.” A record $1.6 trillion in mergers and purchases were struck worldwide in the quarter, according to a research report from Refinitiv. That, in turn, set records for advisory businesses across Wall Street: Goldman Sachs and Morgan Stanley tallied record revenues, JPMorgan Chase and Bank of America announced all-time high fees, and Citigroup’s mergers and acquisitions bankers had their best quarter in a decade.

Goldman Sachs has already had the most profitable year in its history — earning $17.7 billion so far — with three months to go. In the most recent quarter, its bankers closed transactions including the $32 billion spinoff of Universal Music Group by the French conglomerate Vivendi and Salesforce.com’s $28.1 billion purchase of Slack Technologies. Those were two of the 10 biggest deals completed in the three-month period ending in September, according to Dealogic.

Morgan Stanley also had two top-10 deals: the chip maker Analog Devices’s $20 billion acquisition of a competitor, Maxim Integrated, and the $12.3 billion purchase of Proofpoint, a cybersecurity company, by the private equity firm Thoma Bravo.

Sharon Yeshaya, Morgan Stanley’s chief financial officer, said the financial, health care and technology industries in the Americas and Europe have been the hottest areas, but momentum was building elsewhere, too.

“What we’re seeing is really strong pipelines,” Ms. Yeshaya said in an interview after the bank reported a jump in profits to $3.7 billion. “The strength is broadening.”

The frenetic pace has persisted despite the economic upheaval caused by the pandemic, trade disputes and geopolitical tension, Matt Toole, director of deals intelligence at Refinitiv, wrote about the record quarter. Buoyant stock markets, low borrowing costs and the emergence of new buyers from special purpose acquisition companies will continue to prop up activity, he wrote.

“With the all-time full-year deal making record broken in less than nine months and five consecutive quarters of more than $1 trillion in M&A activity, we have very little data to make true historical comparisons,” Mr. Toole wrote.

Even so, there are plenty of factors that could put the brakes on. Tougher regulators in the United States, rising prices for goods and services and central banks’ moves to cut back on stimulus efforts “will all contribute to how much further this cycle has to go,” he wrote.

Even as they maintained an optimistic outlook, bank chiefs acknowledged there were many factors that could slow things down, including supply-chain problems that have lasted for months and driven up prices for materials and goods. And economic indicators remain mixed: While bank bosses cited increasing consumer spending as a positive sign, consumer confidence is falling.

Perhaps the biggest potential disrupter remains the Federal Reserve. Officials at the central bank could dial back some of their support measures for the economy as soon as next month, and have begun debating when they might need to raise interest rates to tame inflation.

But Jason Goldberg, an analyst at Barclays, said the uneven recovery just isn’t a major concern for the banks right now, especially when it comes to the deals they’re helping line up. Volatility is historically the biggest hurdle to dealmaking, he said, so analysts are watching the stock market closely. But he expected global deal activity to remain high for some time.

“You’re seeing many companies across industries re-examining their business models coming out of the pandemic,” Mr. Goldberg said. And they have a range of reasons to strike deals, he said: building scale, bolstering their digital operations, smoothing out their supply chains and making use of stockpiled cash.

Mr. Solomon of Goldman Sachs says the number of deals the bank is working to complete is evidence of an “extraordinarily robust” climate. Still, he cautioned that deal making may recede slightly from its breakneck pace.

“We’re clearly recovering coming out of the pandemic, but it’ll be interesting to see the trajectory of the recovery” and what other economic factors come into play, Mr. Solomon said. “But at the moment, with high corporate confidence, that’s having an impact on M&A in a positive way.”

#### It's cautiously growing

Brian Wesbury 11-10, Chief Economist at First Trust Advisors L.P., MBA from the Kellogg School of Management at Northwestern University, BA in Economics from the University of Montana, and Robert Stein, Deputy Chief Economist at First Trust Advisors, BA in Economics from Georgetown University, JD from the George Washington University School of Law, “The 2022 Economic Outlook”, Real Clear Markets, 11/10/2021, https://www.realclearmarkets.com/articles/2021/11/10/the\_2022\_economic\_outlook\_802777.html

From a forecasting point of view, 2021 was simple. Solid economic growth, higher inflation, and a bull market in stocks have been our mantra all year along. As we focus on 2022, the Fed is still pumping money, interest rates remain low, and the economy continues to add back the jobs it lost during lockdowns. At the same time, election results show a backlash against bigger government. For 2022, we watch with cautious optimism.

#### COVID has peaked and will abate BUT won’t derail growth regardless

Dr. Vivekanand Jayakumar 21, Associate Professor of Economics at the University of Tampa, “The Delta Variant Will Slow But Not Derail The Ongoing Economic Recovery”, The Hill, 8/23/2021, https://thehill.com/opinion/finance/568957-the-delta-variant-will-slow-but-not-derail-the-ongoing-us-economic-recovery

Despite growing downside risks, the likelihood of a return to lockdowns (which could derail the U.S. economic recovery) is quite small. Once the virus spread peaks in the next few weeks and then gradually abates, it is likely that the economy will regain its momentum and some of the activity that was slated to take place in the third quarter will end up being shifted to the fourth quarter, thus boosting year-end growth.

Even as vaccines exhibit reduced efficacy against the delta variant, and despite a general waning in vaccine effectiveness over time, it is critical to note that they are still able to lower the odds of hospitalization, prevent serious illness and dramatically reduce mortality risks. Fear of the delta variant has boosted vaccination rates of late. The Biden administration’s push for a booster shot, though controversial, should offer U.S. residents additional protection.

Furthermore, the overall economic impact of each successive wave of the COVID-19 outbreak has lessened as both employers and workers in the U.S. have learned to adapt to the pandemic. In places like the U.S. and UK, there is a growing realization that we need to learn to live with the coronavirus. The Atlantic’s Sarah Zhang recently observed: “When enough people have gained some immunity through either vaccination or infection – preferably vaccination – the coronavirus will transition to what epidemiologists call ‘endemic.’ It won’t be eliminated, but it won’t upend our lives anymore.”

#### It won’t derail recovery

Dr. Mark Zandi 21, Chief Economist of Moody's Analytics, PhD from the University of Pennsylvania, BS from the Wharton School, “Here's What the Delta Variant Means for the Economic Recovery”, CNN, 8/18/2021, https://www.cnn.com/2021/08/18/perspectives/economic-recovery-delta-variant/index.html

The US economy's immediate prospects appear inextricably tied to how the wave of infections and hospitalizations set off by the Delta variant of Covid-19 plays out. While it seems unlikely that the variant would become so disruptive that it undermines the recovery, there are mounting reasons to be worried that it may become a significant headwind to near-term economic growth.

#### Underlying strength will power through it

Simon Kennedy 21, Executive Editor for Economics at Bloomberg News, Degree in Economics and Journalism from the City University of London and Concordia University, “The Global Economy Is Shrugging Off the Delta Variant, For Now”, Bloomberg News, 8/11/2021, https://www.bloomberg.com/graphics/global-economic-recovery-q3-nowcast/

Even as delta risks loom, early signs from the third quarter show growth accelerating and inflation peaking after its recent jump, a reassuring sign for policy makers and investors worried about the risks of faltering demand and surging prices.

Global gross domestic product in the third quarter is on track for a 1.8% expansion from the previous three months, according to a “nowcast” from Bloomberg Economics. That’s an improvement from the solid pace in the previous quarter, and leans against fears that the delta variant will slow the recovery from last year’s recession.

At the same time, consumer prices are set to advance at a less troubling pace, as inflation in the U.S. peaks and then eases back from elevated summer readings. That will be welcomed by central bankers such as Federal Reserve Chair Jerome Powell who had bet the inflation spike would prove temporary.

“Nowcasts can’t see into the future and the delta variant means the picture could change quickly,” said Bjorn Van Roye and Tom Orlik, economists at Bloomberg Economics. “For now though, the data is flagging a positive start to the third quarter, with the global recovery accelerating, and inflation moderating.”

Back on Track

For the world as a whole, output is recovering back toward the pre-pandemic trajectory

Chart, line chart

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From U.S. retail sales to China factory output, Bloomberg Economics nowcasts bring together hundreds of data points to provide a high frequency read on the pace of growth across major economies ahead of the official GDP data.

#### Antitrust will stall in the courts---only the plan’s success signals a sea change in the law

Tara L. Reinhart 10-6, Partner for Antitrust/Competition at Skadden, Arps, Slate, Meagher & Flom LLP, J.D. from the Catholic University of America Columbus School of Law, B.A. from the University of North Carolina, et al., “FTC Chair Khan Highlights Key Policy Priorities Going Forward, but Aggressive Agenda Faces Uphill Climb”, JD Supra – Newstex Blogs, 10/6/2021, Lexis

Practical Limitations on Implementation of Chair Khan's Policy Priorities

Chair Khan describes the antitrust agenda outlined in her memorandum as 'robust,' and the memo communicates her intention to attempt to reshape antitrust policy and enforcement. However, a revolutionary shift in antitrust enforcement by the FTC will face substantial practical challenges.

Most significantly, the path to reshaping antitrust enforcement will be constrained by the substantial body of existing antitrust law and the need to convince a federal judge that the conduct in question is unlawful. Chair Khan's memo generally advocates for a new, more expansive and holistic approach to identifying antitrust harms beyond the traditional focus on consumer welfare and price effects. However, courts have — and will likely continue to — rely on existing standards developed in the case law over many decades. Those standards focus on consumer welfare and predominantly price effects. Absent legislative change, then, a practical gap will persist between Chair Khan's vision of refocused and more assertive antitrust enforcement, on the one hand, and the law that would apply to any FTC enforcement action, on the other.2[2]

Moreover, Chair Khan's plan to revise the merger guidelines and her desire to target 'facially illegal deals' will also face constraints based on current law. First, the antitrust guidelines typically incorporate existing legal standards, making radical change difficult to achieve. The 1982 Guidelines, which impactfully affected merger enforcement with the implementation of the hypothetical monopolist test, provide the last dramatic revision. Whether courts will accept major revisions at this stage will be an open question. Second, agency merger review is shaped by the existing review process enacted by the Hart-Scott-Rodino Act, regardless of whether the FTC believes a deal is facially illegal. Unlike regulators in other jurisdictions, the FTC must file a lawsuit and prevail in court if the agency wants to block a pending transaction.

Relatedly, Ms. Khan's ability to implement her ambitious agenda will be subject to the fact that changing these legal frameworks will depend on either Congressional action, which is far from certain, or litigation victories, which require the commitment of significant resources at a time when the FTC claims to already be stretching its capacity. Despite her recognition of the demands already imposed on FTC staff and plan for 'intentional' resource allocation, Chair Khan envisions the FTC undertaking increased vigilance and a more assertive agenda. If the existing resource constraints grow in response to Chair Khan's enhanced enforcement ambitions, the FTC could face difficulty balancing its investigatory agenda with the ability to litigate those cases, particularly considering the complex nature of antitrust matters, which often take years to resolve and require millions of dollars for experts and other related costs as well as a large team of attorneys and staff to manage. In addition, though Chair Khan referenced her hope for increased cross-bureau coordination in cases, it is unclear that such coordination would be efficient or create the capacity needed to fulfill the new agenda, especially when attorneys from other government divisions have already been recruited to help reduce burdens on matters of antitrust enforcement.

Finally, Chair Khan's desire to expand the agency's regional footprint and supplement the staff with various nonlawyer roles may further strain the budgetary resources needed to keep pace with the new agenda and present their own management challenges. Whether funding from Congress is imminent, whether it would be used to onboard lawyers or the other potential staff Ms. Khan desires, and how quickly hiring could reach the scale necessary to support the FTC's newly announced enforcement priorities are not yet clear.

Conclusion

Given the challenges to implementing the generalized policy goals set by Chair Khan, we do not expect an immediate fundamental sea change in antitrust enforcement. The practical obstacles described above mean that Chair Khan's FTC will be unable to contest every instance of what the agency might perceive to be unlawful conduct or unfair competition. We expect that the FTC will need to continue to be selective in the cases that it brings, which may mean that in the near-term, it will focus available resources on sectors of the economy perceived as involving 'the most significant actors,' such as large technology firms that Chair Khan has frequently referenced, particularly to the extent they engage in transactions that implicate the novel considerations under the proposed 'holistic' approach to identifying antitrust harms.3[3] We still expect to see some matters receive extensive investigations and proceed to litigation, and the outcomes of these matters will likely partially signal the success of the new agenda.

#### That generates uniqueness---court losses increase biz con and make the FTC look weak

David McLaughlin 21, Economics and Antitrust Reporter for Bloomberg, “Antitrust Crusader Lina Khan Faces a Big Obstacle: The Courts”, Bloomberg News, 6/23/2021, https://www.bloomberg.com/news/articles/2021-06-23/tech-antitrust-lina-khan-faces-courts-as-challenge-to-ftc-s-progressive-agenda?sref=iKB6XOvf

Instead, hours after the Senate confirmed her, Biden put the 32-year-old Khan—one of the most prominent antagonists of big business—in charge of the agency, where she’ll be responsible for challenging mergers and taking on companies when they use their market muscle to snuff out competition.

Now comes the hard part: putting her agenda into action. The biggest hurdle, say antitrust experts, is a judiciary that has made it very difficult for competition watchdogs to win ambitious cases. And to make any change of consequence, whether breaking up a monopoly or stopping a takeover, enforcers must prevail in court.

“None of that is easy, and it’s particularly not easy when courts are very conservative, as they are today,” says Stephen Calkins, a law professor at Wayne State University and a former general counsel at the FTC. “She’s certainly talked about breaking up companies but, my golly, that’s incredibly hard to do.”

Khan made her mark in 2017, with a law review article she wrote while still a student at Yale Law School. Titled “Amazon’s Antitrust Paradox,” it traced how the online retailer came to control key infrastructure of the digital economy and how traditional antitrust analysis fails to consider the danger to competition the company poses. The paper was widely talked about in antitrust circles and was read by senior enforcement officials.

U.S. tech titans are at the center of the antitrust debate in Washington. They are ever more powerful, with Apple Inc., Amazon.com Inc., Alphabet Inc., and Facebook Inc. among the top 10 largest companies in the world, by market value. A House of Representatives investigation last year accused the companies of abusing their dominance to thwart competition, and lawmakers are considering a raft of bills to impose new rules on how the companies operate. Federal antitrust enforcers and state attorneys general have sued Google and Facebook for what authorities say are monopoly abuses.

Khan, who was counsel to the House antitrust committee during its probe, was one of the main authors of the House report. It recommended a series of reforms to antitrust laws that she and anti-monopoly activists have long championed, like restricting which markets the companies can operate in and requiring them to treat other businesses on their platforms fairly and without favoritism.

Khan’s work helped revolutionize competition-policy debates and shift support for a more forceful approach that abandoned the playbook inspired decades ago by Robert Bork, the conservative legal scholar and judge. That framework came to be known as the consumer welfare standard and relies on price effects as the measure of competitive harm. Khan argued in her paper for a new approach, focused on the competitive process and the structure of markets, that she said would more fully capture harms that the consumer welfare standard misses.

Once considered on the fringes of antitrust thinking, Khan and her acolytes—often dubbed the New Brandeis School, after Supreme Court Justice Louis Brandeis—are now firmly mainstream with Khan’s appointment as FTC chairwoman.

The FTC has suffered some stinging defeats recently. Last year, the agency lost a major monopoly case filed against chipmaker Qualcomm. In April, a unanimous Supreme Court eliminated a tool used by the FTC to recover money for defrauded consumers. Later this month, a federal judge in Washington is expected to rule on whether the agency’s monopoly lawsuit against Facebook can proceed.

Still, there’s widespread agreement that the status quo is no longer tenable. Over the last two decades, concentration has risen in industries across the economy. Some economists say dominant companies can use their market power to suppress wages, for example, exacerbating inequality. The worries are bipartisan. Republicans and Democrats alike are pushing for antitrust reforms to rein in the biggest tech platforms, and Khan was confirmed by the Senate with significant Republican support.

Big losses in the courts would eventually hurt Khan’s authority and demoralize her staff, says William Kovacic, a former FTC chairman who now teaches at George Washington University Law School. “You become like a sports team that is known to its opponents as unable to win,” he says. But defeats also could provide the foundation for the kind of sweeping antitrust legislation that Khan and her supporters want.

“If you want to change the world, at some point it goes to the courts or it goes to the legislature,” Kovacic says. “But you can’t do it by yourself.”

#### It's not law---changes to statute won’t happen

Joseph Charles Folio 21 III, Lawyer at Morrison Forrester, and Lisa M. Phelan Co-chair Global Antitrust Law Practice Group at Morrison Forrester, Jeff Jaeckel, Co-chair Global Antitrust Law Practice Group at Morrison Forrester, and Alexander Paul Okuliar, Co-chair Global Antitrust Law Practice Group at Morrison Forrester, “Antitrust Update: Up and Down the Avenue”, 3/22/2021, https://www.mofo.com/resources/insights/210322-atr-update.html

Are the stars aligning for antitrust reform? President Biden is filling key positions in the White House (Timothy Wu, National Economic Council) and at the FTC (Lina Khan, nominee for commissioner) with lawyers who have advocated for increased antitrust enforcement, especially against “big tech.” In Congress, the House antitrust subcommittee concluded a year-long investigation in October 2020 and found bipartisan agreement on discrete areas for reform. With Democrats now in control of both houses of Congress, antitrust legislation seems close. But not so fast.

The House and Senate antitrust subcommittees have held four hearings since February 25, 2021, but it is crucial to view these recent developments in their proper context. Even when politicians and enforcers appear to agree on a goal, it can still be a long and winding road to actual policy reform.

Two to go

Although antitrust reform advocates cheered President Biden’s initial appointments, two of the most consequential antitrust positions—the assistant attorney general (AAG) for antitrust and the FTC chair—remain open. Both the AAG and FTC chair wield tremendous authority; they approve cases, guide investigations, and will decide how to proceed with ongoing litigation. It is unlikely that the Biden administration will make any significant decisions, or support any particular legislation, before its key personnel are firmly in place. And that can take time. Former AAG Makan Delrahim was nominated in March 2017 but not confirmed until September 2017.

Interestingly, the pressure to nominate like-minded antitrust reformers for these two positions is coming from multiple angles. One public interest group recently sent a letter to White House chief of staff Ron Klain and, after “highly commend[ing]” the nomination of Ms. Khan to be an FTC commissioner, warned against the influence of certain White House and DOJ officials over the AAG and FTC chair nominations because of their links to “big tech” companies.[1] Additionally, many in the press have been critical of the level of tech enforcement activity during the Obama administration and want to avoid a replay of those years.[2]

#### The XO is empty talk that’s years from being implemented

Jeff Jaeckel 21, Co-Chair Global Antitrust Law Practice Group at Morrison & Foerster, Alexander Paul Okuliar, Co-Chair Global Antitrust Law Practice Group at Morrison & Foerster, and Lisa M. Phelan Co-Chair Global Antitrust Law Practice Group at Morrison & Foerster, and Megan E. Gerking Partner at Morrison & Foerster, “Charting a New Course for Antitrust: President Biden’s Executive Order Promoting Competition in the American Economy”, Client Alert, 7/14/2021, https://www.mofo.com/resources/insights/210714-president-biden-executive-order-antitrust.html

Despite its breadth, the immediate effect of the EO on law or regulation is less clear. The EO itself does not enact any new law or regulation. Rather, the EO often uses vague language in instructing or guiding the actions of agencies. This is likely purposeful in many instances, including when the EO refers to independent agencies, like the FTC, Federal Communications Commission, Maritime Commission, Consumer Financial Protection Bureau, and the Surface Transportation Board. Nonetheless, for almost every initiative, there is likely to be a significant gap between the action directed or encouraged by the EO and the time it will take for the relevant agency to investigate, evaluate, and potentially implement a new rule or policy. Even where the direction to an agency is explicit, issuing a new rule or regulation takes time. An agency must first draft a rule, allow for a notice-and-comment period, make any necessary revisions, and then issue and start to enforce a final rule. And this does not account for likely legal challenges. In some instances, the EO directs the agencies to submit a report on the issue first rather than make any immediate changes, pushing any resulting regulatory activity out at least until the period following completion of the report.

#### Growth is fragile AND economic spending cuts social services, sparking instability

Tyler Beckelman 21, Director of International Partnerships at the U.S. Institute of Peace, Master’s Degree in Conflict Resolution from Georgetown University, BA in Political Science, International Studies, and Economics from Macalester College, and Amanda Long, Senior International Partnerships Assistant at the U.S. Institute of Peace, BA in International Relations and Global Studies from the University of Texas at Austin, “A New U.S. Approach to Help Fragile States Amid COVID-Driven Economic Crisis”, United States Institute of Peace, 3/5/2021, https://www.usip.org/publications/2021/03/new-us-approach-help-fragile-states-amid-covid-driven-economic-crisis

Without a financial lifeboat, a prolonged economic and fiscal crisis will make fragile states even more fragile.

The ability of governments to spend their way to recovery is considerably strained; highly indebted regimes must confront the difficult choice of servicing debt payments or scaling up spending on social services like health care, infrastructure, and education, with most nations forced to reduce investments in services just as they’re needed most. Diminished spending on services results in widening inequality, declining trust in government, and further erosion of the social contract. With more than three-quarters of the population classified as “extremely poor” in fragile states, the potential for new waves of civil resistance, insecurity—and repression—is considerable.

#### Unpredictable shifts ruin biz con AND overall growth

Sarah Chaney Cambon 21, Reporter on The Wall Street Journal's Economics Team, BA in Business Journalism from the University of North Carolina-Chapel Hill, “Capital-Spending Surge Further Lifts Economic Recovery”, Wall Street Journal, 6/27/2021, https://www.wsj.com/articles/capital-spending-surge-further-lifts-economic-recovery-11624798800

Business investment is emerging as a powerful source of U.S. economic growth that will likely help sustain the recovery.

Companies are ramping up orders for computers, machinery and software as they grow more confident in the outlook.

Nonresidential fixed investment, a proxy for business spending, rose at a seasonally adjusted annual rate of 11.7% in the first quarter, led by growth in software and tech-equipment spending, according to the Commerce Department. Business investment also logged double-digit gains in the third and fourth quarters last year after falling during pandemic-related shutdowns. It is now higher than its pre-pandemic peak.

Orders for nondefense capital goods excluding aircraft, another measure for business investment, are near the highest levels for records tracing back to the 1990s, separate Commerce Department figures show.

“Business investment has really been an important engine powering the U.S. economic recovery,” said Robert Rosener, senior U.S. economist at Morgan Stanley. “In our outlook for the economy, it’s certainly one of the bright spots.”

Consumer spending, which accounts for about two-thirds of economic output, is driving the early stages of the recovery. Americans, flush with savings and government stimulus checks, are spending more on goods and services, which they shunned for much of the pandemic.

Robust capital investment will be key to ensuring that the recovery maintains strength after the spending boost from fiscal stimulus and business reopenings eventually fades, according to some economists.

Rising business investment helps fuel economic output. It also lifts worker productivity, or output per hour. That metric grew at a sluggish pace throughout the last economic expansion but is now showing signs of resurgence.

The recovery in business investment is shaping up to be much stronger than in the years following the 2007-09 recession. “The events especially in late ’08, early ’09 put a lot of businesses really close to the edge,” said Phil Suttle, founder of Suttle Economics. “I think a lot of them said, ‘We’ve just got to be really cautious for a long while.’”

Businesses appear to be less risk-averse now, he said.

After the financial crisis, businesses grew by adding workers, rather than investing in capital. Hiring was more attractive than capital spending because labor was abundant and relatively cheap. Now the supply of workers is tight. Companies are raising pay to lure employees. As a result, many firms have more incentive to grow by investing in capital.

Economists at Morgan Stanley predict that U.S. capital spending will rise to 116% of prerecession levels after three years. By comparison, investment took 10 years to reach those levels once the 2007-09 recession hit.

Company executives are increasingly confident in the economy’s trajectory. The Business Roundtable’s economic-outlook index—a composite of large companies’ plans for hiring and spending, as well as sales projections—increased by nine points in the second quarter to 116, just below 2018’s record high, according to a survey conducted between May 25 and June 9. In the second quarter, the share of companies planning to boost capital investment increased to 59% from 57% in the first.

“We’re seeing really strong reopening demand, and a lot of times capital investment follows that,” said Joe Song, senior U.S. economist at BofA Securities.

Mr. Song added that less uncertainty regarding trade tensions between the U.S. and China should further underpin business confidence and investment. “At the very least, businesses will understand the strategy that the Biden administration is trying to follow and will be able to plan around that,” he said.

### Market Concentration ADV---2NC

#### Inequality doesn’t cause nationalism or diversionary war

Gal Ariely 16, senior lecturer in the Department of Politics & Government, Ben-Gurion University of the Negev, PhD from the University of Haifa’s School of Political Sciences, “Does National Identification Always Lead to Chauvinism? A Cross-National Analysis of Contextual Explanations,” Globalizations, vol. 13, no. 4, Routledge, 07/03/2016, pp. 377–395

With respect to internal explanations, the effects of income inequality and ethnic diversity are presented in Table 3. Models 3.1 and 3.2 indicate that neither directly affects chauvinism. H4 is therefore not supported. The results suggest, however, that both have a negative effect on the national-identification slopes. Contrary to our expectations, countries with higher levels of economic and ethnic division appear to exhibit a weaker relation between national identification and chauvinism. While these findings might seem to contradict H5, the pattern was caused by outliers. After excluding South Africa—the most unequal and ethnic diverse country in our sample—the effect of ethnic diversity is not even of borderline significance. After excluding Chile—the most unequal country in our sample—the interaction effects for economic inequality were also far from significant. The results, therefore, do not support H5.21

Conclusions

During the historic phone call between President Obama and Iranian President Sheikh Hasan Rouhani in September 2013, the latter stated that his country’s nuclear program ‘represents Iran’s national dignity’.22 This declaration reflects the common perception that Iran’s nuclear program mobilizes Iranians in support of resisting further national humiliation at the hands of foreigners (Moshirzadeh, 2007). This reflects the important role national feelings play in the contemporary international arena. Evidence from other examples—such as the Israeli-Palestine conflict—indicates that national identity serves as a key factor in conflict resolution. The prominence of national feelings is not limited to the Middle East, their effect on public attitudes towards international issues, and conflicts also being manifest in the West (Billig, 1995; Kinder & Kam, 2010).

It is thus hardly surprising that scholars seeking to develop a better understanding of conflicts adopt a social-psychology perspective, replacing the deterministic view that identification with one’s in-group necessarily leads to antagonism towards out-groups with an examination of the broader social context. In line with this approach, the present paper focuses on the way in which political and social contexts encourage chauvinistic views towards the international arena and how they affect the relation between national identification and chauvinism.

Integrating various social and psychological theories, we investigated two external contextual explanations (globalization and conflict) and an internal explanation (social division). Employing cross-national survey data, we examined the relation between national identification and chauvinism across 33 countries. The findings indicate that a positive relationship exists between national identification and chauvinism across most of the countries, although the level differs from country to country. Using a multilevel regression analysis, we tested to see whether globalization, conflict, and social division correlate with this variation. The results indicate that social and political contexts are related to chauvinism and the ways national identifi- cation and chauvinism are linked. Although a closer relation exists between national identification and chauvinism in more globalized countries, globalization failed to explain the variation in chauvinism itself. These findings support the notion that globalization highlights the importance of national identity (Calhoun, 2007; Castells, 2011). While those sections of globalized societies that are attached to their country also tend to resist international cooperation and endorse hostile views, the complexity of the phenomenon—as evinced by the divergent findings of previous studies (e.g. Jung, 2008; Norris & Inglehart, 2009)—calls for further research of this interpretation. The fact that the current study is cross-sectional must also be taken into account, the findings adducing the relation but not the causal relations between the variables. In contrast to experimental studies, the present design is similarly limited in its ability to offer a robust control for alternative explanations.

Another external factor found to be relevant—to a certain degree—was conflict. Countries that suffered large numbers of deaths in conflicts and mobilized resources and personnel exhibited higher levels of chauvinism. When other indices for conflict were used, however, these results were not replicated. A possible explanation for this finding lies in the inherent limitation in the way in which conflicts are measured across various countries. Measuring international conflicts is a challenging task (Anderton & Carter, 2011). While the ways of measuring conflict were chosen because they reflect different dimensions of conflict in order to be representative of a wide range of countries, the problem of comparability cannot be ignored. An alternative explanation may derive from the fact that only deaths from conflict and resources/personnel mobilization are sufficiently significant to contribute to chauvinism. The limitations of our measurements of conflict and research design mean that this idea must remain speculative, however. In addition, it is important to emphasize that the sample of countries is also limited as many countries are not involved in conflict and there is also limited variation in the types of conflicts.

Contrary to what the divisionary theory of national mobilization would lead us to expect, neither economic inequality nor ethnic diversity were related to chauvinism or affected the relation between national identification and chauvinism. This finding might also be explained by the limitation of the current research design. The number of countries included in the ISSP 2003 National Identity Module being relatively small and the sample only covering countries with available survey data, the results relate solely to this specific sample of countries. Across another set of countries, social division might play a far more significant role. Another explanation might be the meaning given to national identification and chauvinism across the countries. While evidence exists for the comparability of the scales across most of the countries, the divergent meaning probably attributed to them in Germany, the United States, and Israel might form an additional limitation.

#### Cyber attacks won’t take down the grid

Victoria Craig 16, Analyst at Fox Business, Citing the Senior Manager of Industrial Control Systems at Mandiant, “The U.S. Power Grid is 'Vulnerable,' But Don't Panic Just Yet”, http://www.foxbusiness.com/features/2016/02/02/u-s-power-grid-is-vulnerable-but-dont-panic-just-yet.html

The idea of the nation's power grids becoming the next battleground for cyber warriors could make hacking into consumers’ credit card accounts and personal information seem like child’s play. While U.S. power companies are likely targeted by foreign governments and others in increasingly sophisticated breaches, actually shutting off the lights and causing chaos is far more complicated than many pundits make it seem. Dan Scali, senior manager of industrial control systems at Mandiant, a cybersecurity consulting arm of FireEye ([FEYE](http://www.foxbusiness.com/quote.html?stockTicker=FEYE)), explained that while cyber criminals may gain access to power and utility data systems, it doesn’t necessarily mean the result will be a power outage and a total takedown of power grid control systems. In other words, the power grid is controlled by more than just a panel of digital buttons. “Losing the control system is bad from the perspective that it takes you out of your normal mode of operations of being able to control everything from one command center, but it doesn’t mean you’ve lost control or all the lights go out [in the city],” Scali explained. While many of the systems have been modernized to include digitized control panels, if a hacker were to infiltrate the system, a utility worker could still have the ability to manually control the machines by flipping a switch, pushing a button, or tripping a breaker. As the world saw with the recent attack in Ukraine, which caused a blackout for 80,000 customers of the nation’s western utility, the biggest problem may be ensuring the power grid’s control systems are not vulnerable to cyber break ins. The January attack in Ukraine was likely caused by a corrupted Microsoft Word attachment that allowed remote control over the computer, according to the U.S. Department of Homeland Security. Scali said there was no evidence from the incident in Ukraine that the hacker’s malware was able to physically shut down the power. “It wiped out machines, deleted all the files. Kill disk malware made it impossible to remotely control things. It caused chaos on the business network, and the area where control system operations sat. But the attacker, we believe, would have had to actually used the control system to cause load shedding, which caused the power to go out, or trip breakers to cause the actual problem. Malware itself didn’t turn the power out,” Scali said. He said what most likely happened in that incident was the hacker stole user credentials and logged into the system remotely. The bottom line: Yes, a similar event could happen in the U.S. And corporate America is concerned. A recent survey released in January on the state of information security, conducted by consulting firm Pricewaterhouse Coopers, showed cybersecurity as one of the biggest concerns among the top brass at U.S. power and utilities firms. Part of the problem, Brad Bauch, security and cyber sector leader at PwC said, is the interconnectedness of the industry’s tools. “Utilities want to be able to get information out of [their] systems to more efficiently operate them, and also share that information with customers so they have more real-time information into their usage,” he explained. While allowing access to their own consumption data allows the companies to give their customers more of what they want, it also opens up a host of access points for hackers, making the systems more vulnerable than they otherwise would be. But to say that the power grid is susceptible to cyber hackers is a bit of an oversimplification.

#### It’ll stay low-level and de-escalatory

Erica D. Borghard 19, Assistant Professor in the Army Cyber Institute at the United States Military Academy at West Point, and Shawn W. Lonergan, Assistant Professor of International Relations in the Department of Social Science at USMA, “Cyber Operations as Imperfect Tools of Escalation”, Strategic Studies Quarterly, Fall 2019, p. 123-124

However, there are important empirical reasons to suspect that the risks of cyber escalation may be exaggerated. Specifically, if cyberspace is in fact an environment that (perhaps even more so than others) generates severe escalation risks, why has cyber escalation not yet occurred? Most interactions between cyber rivals have been characterized by limited volleys that have not escalated beyond nuisance levels and have been largely contained below the use-of-force threshold.5 For example, in a survey of cyber incidents and responses between 2000 and 2014, Brandon Valeriano et al. find that “rivals tend to respond only to lower-level [cyber] incidents and the response tends to check the intrusion as opposed to seek escalation dominance. The majority of cyber escalation episodes are at a low severity threshold and are non-escalatory. These incidents are usually ‘tit-for- tat’ type responses within one step of the original incident.”6 Even in the two rare examples in which states employed kinetic force in response to adversary cyber operations—the US counter-ISIL drone campaign in 2015 and Israel’s airstrike against Hamas cyber operatives in 2019—the use of force was circumscribed and did not escalate the overall conflict (not to mention that force was used against nonstate adversaries with limited potential to meaningfully escalate in response to US or Israeli force).7

We posit that cyber escalation has not occurred because cyber operations are poor tools of escalation. In particular, we argue that this stems from key characteristics of offensive cyber capabilities that limit escalation through four mechanisms. First, retaliatory offensive cyber operations may not exist at the desired time of employment. Second, even under conditions where they may exist, their effects are uncertain and often relatively limited. Third, several attributes of offensive cyber operations generate important tradeoffs for decision-makers that may make them hesitant to employ capabilities in some circumstances. Finally, the alternative of cross-domain escalation—responding to a cyber incident with noncyber, kinetic instruments—is unlikely to be chosen except under rare circumstances, given the limited cost-generation potential of offensive cyber operations. In this article, we define cyber escalation and then explore the implications of the technical features and requirements for offensive cyber operations. We also consider potential alternative or critical responses to each of these logics. Finally, we evaluate the implications for US policy making.

### Convergence ADV---2NC

#### No Chinese ITU threat OR impact

Michael D. Swaine 21, Director of the East Asia program at the Quincy Institute, Ph.D. in Government from Harvard University, “China Doesn’t Pose an Existential Threat for America,” Foreign Policy, 04/21/2021, https://foreignpolicy.com/2021/04/21/china-existential-threat-america/

Finally, the latter set of supposedly existential normative or ideological threats consists of many elements, including Beijing’s possible overturning of the so-called global liberal international order, Chinese influence operations aimed at U.S. society, the export of China’s political values and state-directed economic approach, and its sale of surveillance technologies and other items that facilitate the rise or strengthening of authoritarian states. These threats all seem hair-raising at first glance. But while significant, they are greatly exaggerated and do not rise to the level of constituting an existential threat.

Beijing has little interest in exporting its governance system, and where it does, it is almost entirely directed at developing countries, not industrial democracies such as the United States. In addition, there is no evidence to indicate that the Chinese are actually engaged in compelling or actively persuading countries to follow their experience. Rather, they want developing nations to study from and copy China’s approach because doing so would help to legitimize the Chinese system both internationally and more importantly to Beijing’s domestic audience.

In addition, the notion that Beijing is deliberately attempting to control other countries and make them more authoritarian by entrapping them in debt and selling them “Big Brother” hardware such as surveillance systems is unsupported by the facts. Chinese banks show little desire to extend loans that will fail, and the failures that do occur are mostly due to poor feasibility studies and the incompetence and excessive zeal of lenders and/or borrowers. Moreover, in both loan-giving and surveillance equipment sales, China has shown no specific preference for nondemocratic over democratic states.

Even if Beijing were to attempt to export its development approach to other states, the actual attractiveness of that approach would prove to be highly limited. The features undergirding China’s developmental success are not replicable for most (if any) countries. These include a high savings rate; a highly acquisitive and entrepreneurial cultural environment; a state-owned banking system and nonconvertible currency; many massive state-owned industries that exist to provide employment, facilitate party control over key sectors, and drive huge infrastructure construction; and strong controls over virtually all information flows. Moreover, such a model (if you can call it that) is almost certainly not sustainable in its present form, given China’s aging population, extensive corruption, very large levels of income inequality, inadequate social safety net, and the fact that free information flows are required to drive global innovation.

Although China’s combination of economic reform policies and authoritarian political system has been around since the early 1980s, not a single nation has adopted that system either willingly or under Chinese compulsion. There are certainly many authoritarian states and fragile democracies on China’s periphery, but none of them were made that way by China.

#### No emerging tech impact

Caitlin Talmadge 19, Associate Professor of Security Studies in the School of Foreign at Georgetown University, as well as Senior Non-Resident Fellow in Foreign Policy at the Brookings Institution. "Emerging Technology and Intra-War Escalation Risks: Evidence from the Cold War, Implications for Today." https://www.tandfonline.com/doi/full/10.1080/01402390.2019.1631811

Yet the future relationship between emerging technologies and escalation may not be as straightforward as these statements imply. The debate about emerging technologies tends to portray them as a powerful independent variable – an exogenous factor that is both necessary and sufficient to cause conflict escalation. This paper argues instead that emerging technologies are more likely to function as intervening variables; they may be necessary for escalation to happen in some cases, but they alone are not sufficient, and sometimes they will not even be necessary. The strongest drivers of escalation will actually lie elsewhere, in the realms of politics and strategy. As a result, concern about new technologies is warranted, but determinism is not. An overemphasis on the dangers of technology alone ignores the critical role of political and strategic choices in shaping the impact of technology, and also could lead to a misplaced faith in arms control or other means of trying to stuff the technological genie back in the bottle.5

#### It's super far off and won’t be threatening

Dr. Oren Etzioni 16, Professor of Computer Science at the University of Washington, CEO of the Allen Institute for Artificial Intelligence, Ph.D. from Carnegie Mellon University and BA from Harvard University, “No, the Experts Don’t Think Superintelligent AI is a Threat to Humanity”, MIT Technology Review, 9-20, https://www.technologyreview.com/s/602410/no-the-experts-dont-think-superintelligent-ai-is-a-threat-to-humanity/

If you believe everything you read, you are probably quite worried about the prospect of a superintelligent, killer AI. The Guardian, a British newspaper, warned recently that “we’re like children playing with a bomb,” and a recent Newsweek headline reads, “Artificial Intelligence Is Coming, and It Could Wipe Us Out.”

Numerous such headlines, fueled by comments from the likes of Elon Musk and Stephen Hawking, are strongly influenced by the work of one man: professor Nick Bostrom, author of the philosophical treatise Superintelligence: Paths, Dangers, and Strategies.

Bostrom is an Oxford philosopher, but quantitative assessment of risks is the province of actuarial science. He may be dubbed the world’s first prominent “actuarial philosopher,” though the term seems an oxymoron given that philosophy is an arena for conceptual arguments, and risk assessment is a data-driven statistical exercise.

So what do the data say? Bostrom aggregates the results of four different surveys of groups such as participants in a conference called “Philosophy and Theory of AI,” held in 2011 in Thessaloniki, Greece, and members of the Greek Association for Artificial Intelligence (he does not provide response rates or the phrasing of questions, and he does not account for the reliance on data collected in Greece).

His findings are presented as probabilities that human-level AI will be attained by a certain time:

By 2022: 10 percent.

By 2040: 50 percent.

By 2075: 90 percent.

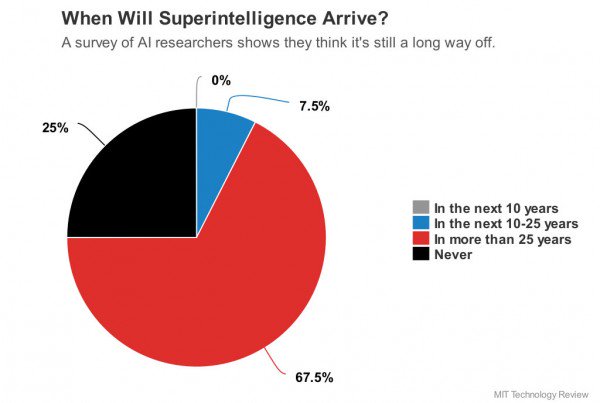
This aggregate of four surveys is the main source of data on the advent of human-level intelligence in over 300 pages of philosophical arguments, fables, and metaphors.

To get a more accurate assessment of the opinion of leading researchers in the field, I turned to the Fellows of the American Association for Artificial Intelligence, a group of researchers who are recognized as having made significant, sustained contributions to the field.

In early March 2016, AAAI sent out an anonymous survey on my behalf, posing the following question to 193 fellows:

“In his book, Nick Bostrom has defined Superintelligence as ‘an intellect that is much smarter than the best human brains in practically every field, including scientific creativity, general wisdom and social skills.’ When do you think we will achieve Superintelligence?”

Over the next week or so, 80 fellows responded (a 41 percent response rate), and their responses are summarized below:



In essence, according to 92.5 percent of the respondents, superintelligence is beyond the foreseeable horizon. This interpretation is also supported by written comments shared by the fellows.

Even though the survey was anonymous, 44 fellows chose to identify themselves, including Geoff Hinton (deep-learning luminary), Ed Feigenbaum (Stanford, Turing Award winner), Rodney Brooks (leading roboticist), and Peter Norvig (Google).

The respondents also shared several comments, including the following:

“Way, way, way more than 25 years. Centuries most likely. But not never.”

“We’re competing with millions of years’ evolution of the human brain. We can write single-purpose programs that can compete with humans, and sometimes excel, but the world is not neatly compartmentalized into single-problem questions.”

“Nick Bostrom is a professional scare monger. His Institute’s role is to find existential threats to humanity. He sees them everywhere. I am tempted to refer to him as the ‘Donald Trump’ of AI.”

Surveys do, of course, have limited scientific value. They are notoriously sensitive to question phrasing, selection of respondents, etc. However, it is the one source of data that Bostrom himself turned to.

Another methodology would be to extrapolate from the current state of AI to the future. However, this is difficult because we do not have a quantitative measurement of the current state of human-level intelligence. We have achieved superintelligence in board games like chess and Go (see “Google’s AI Masters Go a Decade Earlier than Expected”), and yet our programs failed to score above 60 percent on eighth grade science tests, as the Allen Institute’s research has shown (see “The Best AI Program Still Flunks an Eighth Grade Science Test”), or above 48 percent in disambiguating simple sentences (see “Tougher Turing Test Exposes Chatbots’ Stupidity”).

There are many valid concerns about AI, from its impact on jobs to its uses in autonomous weapons systems and even to the potential risk of superintelligence. However, predictions that superintelligence is on the foreseeable horizon are not supported by the available data. Moreover, doom-and-gloom predictions often fail to consider the potential benefits of AI in preventing medical errors, reducing car accidents, and more.

## 1NR

### Aerojet DA---1NR

#### Each scenario goes global AND it’s most probable

Michael Richardson 13, Visiting Senior Research Fellow at the Institute of South East Asian Studies in Singapore, Former South-East Asia Correspondent of The Age, “Cruise Missile Threat in Asia”, Japan Times, 6/18/2013, https://www.japantimes.co.jp/opinion/2013/06/18/commentary/world-commentary/cruise-missile-threat-in-asia/#.XYY4IkZJFwB

Cruise missiles that are difficult to detect, increasingly fast and capable of carrying nuclear warheads are spreading, especially in Asia, complicating arms control and raising the risk of catastrophic conflict.

Until recently, most concerns have focused on the actual or potential spread of nuclear-tipped ballistic missiles in China, North Korea, India and Pakistan — the four Asian states known to have atomic arms. Ballistic missiles, launched by rocket engines, follow an arc-like trajectory, attaining hypersonic speeds on the downward leg of their guided journey towards a target.

Until now and probably for some time yet, all long-range ballistic missiles, with atomic warheads small enough to fit on them, are deployed exclusively for strategic nuclear deterrence. The five official nuclear weapon states — United States, Russia, China, Britain and France — use their long-range ballistic missiles, whether launched from land, air or sea, to deter possible attacks by other nuclear-armed nations.

Arms control treaties and agreements have tended to focus chiefly on ballistic missiles. However, another type of weapon, the cruise missile, is multiplying. It is proving to be even more difficult to control, partly because in many cases the same highly accurate missile is designed to carry either a conventional high explosive warhead or a nuclear warhead.

This dual role makes it impossible for a nuclear-armed nation facing a cruise missile attack against its territory or warships to know whether the incoming weapons are conventional or nuclear, an uncertainty that could trigger a nuclear response. Dual-role ballistic missiles of less than intercontinental range pose a similar problem.

The U.S. Air Force Global Strike Command reported last month that both China and North Korea were developing nuclear-capable cruise missiles. The U.S. and Russia lead the world with nuclear-capable cruise missiles, weapons launched from long-range bombers or submarines. But India and Pakistan are also developing such missiles. They each have several different types, with different ranges, in service or being flight tested.

Cruise missiles, powered by jet engines, travel low and fast over land or water, making them difficult to detect. They are also relatively small, compared to long-range ballistic missiles.

There are about 1,140 of the nuclear version of the U.S. AGM-86 air-launched cruise missile in America’s nuclear arsenal. In addition, there are about 460 nuclear-capable AGM-129A advanced cruise missiles. The U.S. Air Force says that the streamlined design of the AGM-129A, combined with radar-absorbing material and several other features, make it virtually impossible to detect on radar.

The range of the U.S. AGM-129 A is officially put at almost 3,220 km. However, the nuclear-ready version of Russia’s Raduga Kh-101 air-launched cruise missile, which is due to become operational this year, is designed to have a maximum flight distance of just over 9,650 km, which puts it in the range category of an intercontinental ballistic missile.

The new Chinese and North Korean cruise missiles appeared on a slide of an unclassified briefing given by Lt. Gen. James Kowalski, head of the U.S. Air Force Global Strike Command, on May 7. The slide shows nuclear weapon modernizations in eight of the world’s nine states known to have atomic arms. Only Israel is not shown.

The Chinese cruise missile is the CJ-20 carried by the long-range H-6 bomber. Hans Kristensen, a nuclear weapons specialist with the Federation of American Scientists, said the listing was the first he had seen in an official U.S. publication crediting a Chinese air-launched cruise missile with nuclear capability.

U.S. defense officials say that a Chinese extended range H-6 bomber using the CJ-20 in a land-attack operation could strike targets all over Asia and eastern Russia as well as the U.S. military base hub on Guam island, in the western Pacific. Two-thirds of Russian territory, east of the Ural mountains, is in Asia.

The nuclear-capable North Korean cruise missile listed on the briefing slide is the KN-09 for coastal defense. It reportedly has a range of just 100 to 120 km.

America’s AGM-86 nuclear-tipped cruise missiles travel at just over two-thirds the speed of sound.

Meanwhile, India is looking to its supersonic Brahmos cruise missile, a joint venture with Russia, as the key new weapon that will give it a strategic advantage over its neighbor and long-time rival, Pakistan. The Brahmos is the only known supersonic cruise missile system in service. Its designer, BrahMos Aerospace of Russia, says it travels at two to three times the speed of sound, or approximately one kilometer per second.

In October, India and Russia agreed to produce more than 1,000 Brahmos missiles for the Indian Air Force, Navy and Army. The two sides also decided to jointly develop a hypersonic version of the missile that would fly more than five times the speed of sound.

The Indian missile, which can be launched from the sea, air or land, has a range of about 300 km. It can carry a conventional or nuclear warhead. The high speed of India’s Brahmos cruise missile means it has the potential to carry out prompt strikes on extremist camps inside Pakistan, to be followed by a punitive invasion by the Indian armed forces.

Because India is so much bigger and stronger than Pakistan, the latter has developed short-range ballistic missiles with low-yield nuclear warheads to deter such attacks. Although still to be verified, Pakistan claims it has miniaturized nuclear warheads so that they will also fit on cruise missiles. India also says that its cruise missiles are nuclear-capable.

The short-warning time should either country use such weapons against the other means that escalation into an all-out nuclear exchange could result.

Shyam Saran, convener of India’s National Security Advisory Board, said in April that in a crisis with Pakistan, India would not be the first to use nuclear weapons. He warned that even if India was attacked with relatively small, or tactical, nuclear arms, it would “engage in nuclear retaliation that will be massive and designed to inflict unacceptable damage on its adversary.”

There is a wider warning here for Asian countries with tactical nuclear-tipped cruise or ballistic missiles in operation or planned. If ever used, such weapons could open a Pandora’s Box of horrendous consequences, proving that a limited nuclear war is a contradiction in terms.

#### Lack of effective defense causes automated early-warning---extinction

Nicolò Miotto 21, MA Candidate at the Erasmus Mundus Security, Intelligence & Strategic Studies Program at the University of Glasgow, “Artificial Intelligence and Nuclear Warfare. Is Doomsday Closer? - Cyber Security and AI Series”, The Security Distillery, 7/7/2021, https://thesecuritydistillery.org/all-articles/artificial-intelligence-and-nuclear-warfare-is-doomsday-closer

AI AND NUCLEAR DETERRENCE: ONE STEP FORWARD, TWO STEPS BACK

With the development of state-of-the-art weapons such as hypersonic missiles, the nuclear balance between countries might shift, leading to potential escalation. As deterrence is likely to be undermined, states are considering the deployment of AI-based weapon systems to repristinate the balance.

As of now, no defensive weapon system is capable of intercepting hypersonic missiles. Current designs are capable of striking a target in an average time of 6 minutes as they greatly exceed the speed of sound, reaching speeds at Mach 5 or above with unpredictable trajectories [3]. Hypersonic technology is being tested by global powers such as the U.S., China and Russia [4]. If equipped with nuclear warheads, hypersonic missiles would significantly change nuclear stability between countries, causing tensions between nuclear powers. Analysts agree that only AI-based predictive analysis, combined with cutting-edge technologies such as quantum computing, might provide effective defence systems against hypersonic missiles [5]. If developed, these technologies would constitute the technological tool necessary to re-balance the instability caused by hypersonic missiles.

However, AI-based missile defence systems might bring about more insecurity than the stability they aim to achieve. Indeed, artificial intelligence offensive capabilities might have a disruptive impact on nuclear deterrence. Partially based on the concept of mutual assured destruction (MAD), nuclear deterrence is preserved when no country can conduct a nuclear attack without suffering a second nuclear strike from the enemy [6]. However, this psychological and technical equilibrium might be undermined by the belief that artificial intelligence can provide the capability of targeting and destroying all enemies’ offensive nuclear weapons before carrying out the first attack. Although this can be proved to be technically implausible, if a government believes that enemies’ AI-based offensive systems can destroy the country’s nuclear weapons, decision-makers may be psychologically encouraged to strike first in case of high-level tensions [7].

THE THREAT POSED BY AI-BASED NUCLEAR C2 SYSTEMS

In most countries, responses to threats are based on the OODA-LOOP model, which consists of four steps: observe, orient, decide, act [8]. However, due to the most recent advancements in military technology, the timeframe to go through the OODA-LOOP decision-making process is more limited, thus requiring faster decisions to respond to the threats. If hypersonic missiles, potentially carrying nuclear warheads, strike the target in a maximum of 6 minutes, actions must be taken promptly. However, immediacy may come at the expense of attentive human judgment, a key factor that has already prevented nuclear war in the 20th century.

Both machines and humans might be driven by misjudgement due to partial or inaccurate information. However, individuals involved in nuclear C2 systems have already avoided nuclear catastrophes during the Cold War. Notorious is the case of Stanislav Petrov who, when in 1983 a Soviet early-warning satellite allegedly detected the launch of five US missiles, decided to declare the incident as a false alarm, assuming that the U.S. would have never conducted a surprise attack with only five missiles [9]. He made the right decision; the Soviet satellite wrongly analysed sunlight bouncing off the clouds as a missile launch [10]. This historical fact demonstrates how machine error might lead to disastrous choices if the human judgment is excluded from the decision-making process.

In the context of modern disinformation campaigns, the negative influence of machine misjudgement on nuclear stability is even greater. The International Institute for Strategic Studies (IISS), in collaboration with the Carnegie Corporation of New York, has conducted tabletop exercises to investigate the vulnerabilities of AI-based nuclear command and control to disinformation [11]. The results are worrying and show how non-state actors’ disinformation operations may bring about a rapid nuclear escalation. In one scenario, fake images of the deaths of three American soldiers by Russian-employed nerve gas in Syria led U.S. officials to build a legal case for the potential use of tactical nuclear weapons. Subsequently, fake news about the families of high-ranking U.S. officials quickly moving to Washington, D.C. and of missile silos going on high-alert worried Russian officials. In response, Russian AI-based early warning systems warned the leadership that a U.S. strike was imminent. The scenario ended with both governments realising the false alarm and disabling the online activity of the non-state actor.

While in the scenario the false alarm was realised, decision-making results might largely differ in the context of the hypersonic missile race. How would governments act in such a tense context? Would officials be able to go through the OODA-LOOP model in less than 6 minutes? To what extent would they rely on AI-based decision-making processes?

#### And, global preemption that goes nuclear

Omar **Lamrani 16**, Senior Military Analyst at Stratfor, M.A. from the Diplomatic Academy of Vienna, B.A. in International Relations from Clark University, “What the Next Arms Race Will Look Like”, Stratfor, 3/21/2016, <https://www.stratfor.com/analysis/what-next-arms-race-will-look>

A new arms race is unfolding between the world's great powers. Hypersonic missiles, which are both accurate and extremely fast, stand to change the face of modern warfare by rendering the current generation of missile defense systems ineffective. As competition heats up among Russia, China and the United States to be the first to deploy hypersonic missiles, each will become more vulnerable to attack by the others. If tensions rise, so will the risk of pre-emptive strikes among the longtime rivals. Hypersonic missiles travel at least five times the speed of sound. Only a few other manmade devices are capable of reaching hypersonic speeds, including ballistic missiles, space launch vehicles and unmanned spacecraft such as the Boeing X-37. The only manned aircraft to achieve hypersonic speed is the rocket-powered North American X-15, which broke speed and altitude records when it was introduced in the 1960s. Recently, the focus of research in hypersonic technologies has shifted toward missile development, but several challenges must be overcome to make hypersonic missiles a reality. First, it is difficult to create a weapon that can reach hypersonic speeds while enduring the stress and extreme temperatures of hypersonic flight. It is harder still to ensure that the weapon can maintain those speeds for an extended period — enough time to reach its target. Second, high velocities can make a hypersonic vehicle sensitive to changes in flight conditions, resulting in instability in the missile's airframe during flight. Coupled with the fact that high speeds leave less time to course correct, this instability can make guidance of hypersonic missiles problematic. Finally, hypersonic vehicles' actual flight paths often do not match the predictions researchers derive from ground tests and theoretical models, lengthening the process of development. Despite these obstacles, hypersonic missiles have some considerable advantages. Their speed enables them to reach their targets much more quickly than other missiles and to better penetrate enemy defense systems. Those with gliding capabilities can also cover great distances, enabling one country to strike at another from farther away. Guided hypersonic missiles would be more accurate than traditional ballistic missiles, and they could conceivably be armed with nuclear warheads, becoming a strike asset or a deterrent in nuclear warfare. From Theory to Reality It will not be long before hypersonic missiles find their way out of the lab and onto the battlefield. In late February, U.S. Maj. Gen. Thomas Masiello announced that the U.S. Air Force plans to have operational prototypes ready for testing by 2020. The U.S. Air Force already conducted four flights of the experimental X-51 hypersonic cruise missile from 2010 to 2013, two of which were considered successes. Meanwhile, Lockheed Martin has made substantial progress on its Hypersonic Air-breathing Weapon Concept and Tactical Boost Glide vehicle. China is close behind, and it appears to be on track for deployment by 2020 as well. In 2014, China conducted three tests of its DF-ZF hypersonic strike vehicle, followed by three more in 2015. The U.S. military deemed all but one of the tests successful. Russia is developing its own hypersonic glide vehicle, the Yu-71, though its ambitions of fielding the vehicle in the next four years may be overly optimistic. (Moscow's sole test of the Yu-71, in 2015, was a failure.) But one of Russia's relatively short-range hypersonic missiles, the 3M22 Zircon, underwent its first test on March 18, and a second model (the BrahMos-II) will be ready for testing around 2017. As the world's biggest powers race to build up their hypersonic arsenals, the nature of battle will fundamentally change. Missile defense systems will struggle to counter hypersonic flight, making targets — especially large naval warships — more vulnerable to attack. In time, this could drive the development of directed-energy weapons (such as high-powered lasers or microwaves) as a possible way of countering hypersonic missiles. But as has been the case for revolutionary military technologies in the past, the best defense will be to destroy the missiles before they can launch, increasing war planners' emphasis on offensive action. Countries will have an incentive to launch pre-emptive strikes against their enemies to knock out hypersonic missile caches before the missiles can be deployed. Moreover, guidance systems, along with command, control, intelligence, surveillance and reconnaissance networks — the weakest components of hypersonic missile capabilities — will become critical targets. At the same time, states with hypersonic missiles (and the bigger offensive advantage they bring) will have less need for stealth technology to penetrate enemy defenses. Nuclear warfare — and strategies to deter nuclear conflict — will be altered as well. Though increasingly effective anti-ballistic missile technologies will continue to be important against opponents that lack hypersonic weapons, they will be of little use in countering hypersonic missiles equipped with nuclear warheads. Because hypersonic missiles are so difficult to detect and counter, countries could be motivated to pre-emptively strike at an enemy developing a hypersonic capability. As hypersonic missiles undermine the fragile balance among global nuclear powers more and more, many countries will be forced to re-examine their deterrence and national security strategies, potentially contributing to greater uncertainty and instability in the long run.

#### Externally---1NC Weisgerber says denial collapses missile defense. Nuclear war from North Korean and Iranian strikes.

Punch Moulton 21, Retired U.S. Air Force Major General, Vice President for Defense Support and Cyber Strategies at Stellar Solutions, and Francis Mahon, Former Director for Strategy, Policy and Plans at North American Aerospace Defense Command and U.S. Northern Command, Independent Aerospace Defense Contractor and Advisor for Stellar Solutions, “Robust, Credible and Layered Missile Defense is the Foundation of Deterrence”, 6/16/2021, https://www.defensenews.com/opinion/commentary/2021/06/16/robust-credible-and-layered-missile-defense-is-the-foundation-of-deterrence/

In 2005, an anticipated missile threat to the homeland prompted the expeditious fielding of a missile defense capability to defend the United States. Today, that threat is real, expanding, and most likely nuclear. Our defense needs to also be real and effective for today and into the future.

A recent report by the think tank Rand estimates North Korea has 50 nuclear weapons in its arsenal and, by 2027, will have in excess of 200 and several dozen intercontinental ballistic missiles to complement its several hundred theater ballistic missiles. The director of national intelligence’s 2021 Annual Threat Assessment clearly states: “North Korea will be a [weapons of mass destruction] threat for the foreseeable future, [and] the country is actively engaged in ballistic missile research and development.”

While we must not cast diplomacy aside, we should recognize deterrence is an essential element in any strategy for dealing with the North Korean nuclear missile threat. Deterrence matters, and Adm. Charles Richard, commander of U.S. Strategic Command, framed the point well when he said: “A robust and credible layered missile defense system paired with our conventional and nuclear force capabilities provide the ability to deter strategic attacks, deny benefits, and impose costs against any potential adversary.”

Deterrence discourages an adversary by instilling doubt and anxiety in their decision calculus. Our Ballistic Missile Defense System “denies benefit” by planting that seed of doubt in North Korea’s decision calculus; the doubt that an attack on the United States will succeed.

Today, our defense rests on the Ground-based Midcourse Defense system, or GMD, and its 44 interceptors. But that alone is not going to be adequate to deal with the threats of 2027. Defending our homeland is vital. Looking to the next decade, we need to stay ahead of our threats. Our concerns are four-fold: technology, numbers, layers and sensors.

Technology: Advancing the effectiveness of our missile defense capabilities is extremely important. The Missile Defense Agency recently awarded two contracts, to two teams, to competitively develop a Next Generation Interceptor, or NGI, to overcome the shortcomings in the current interceptor fleet and provide a path to outpace future threats. This competitive development cycle will add up to 20 new interceptors to the inventory. As long as the program enjoys support and an adequate budget from the Department of Defense and Congress, we are on solid ground for the technology.

Numbers: A point of concern, though, is the math: 20 new intercepts plus the current 44 will give us 64. If Rand is anywhere close, we could be outnumbered by the end of the decade. More important, we certainly cannot accept a 1-to-1 exchange ratio when we are dealing with nuclear missiles coming toward the homeland.

Layers: No single defensive system is successful 100 percent of the time, and we cannot base the defense of America solely on the hope of success for every GMD intercept. We need the opportunity for a second engagement in the event GMD’s interceptors do not destroy the in-bound threat. Developing a layered defense is a vital strategy for our nation. We have the technology. MDA recently demonstrated the SM-3 Block 2A missile could intercept an ICBM. All we need now is an aggressive plan to truly build our layered approach for homeland missile defense.

Sensors: Lastly, our future missile defense architecture needs to have the right capabilities to “see the threat” and enable successful defenses. As Gen. John Hyten, vice chairman of the Joint Chiefs of Staff, has stated: “If you can’t see it, you can’t shoot it. And if you can’t see it, you can’t deter it either.” Today’s sensor suite — a handful of terrestrial sensors — needs to advance to the next generation: space-based sensors. Our defenses need to be able to pick out the lethal objects in a cluster of countermeasures. Further, our sensors need to provide “fire control quality” information to the defensive interceptors. While a space-based sensor architecture will be expensive, it will cost far less — in both dollars and operational risk — than relying solely on a terrestrial network.

We cannot take our foot off the pedal. While it will likely take six to seven years to field our NGI, rest assured our adversaries are not standing still. The threat is real: in North Korea today, and potentially Iran tomorrow.

#### Hypersonics causes miscalc that goes nuclear AND diplomacy can’t check---deterrence is key

Brett Tingley 21, MA from the University of North Carolina, Charlotte, Aerospace Technology Writer at The War Zone, Former Lecturer at the University of North Carolina, Charlotte, “Pentagon Warns Of An “Increased Potential” For Nuclear Conflict In Newly Disclosed Manual”, The Drive – War Zone, 7/7/2021, https://www.thedrive.com/the-war-zone/41421/pentagon-warns-of-an-increased-potential-for-nuclear-conflict-in-newly-disclosed-manual

As the newly disclosed joint publication on Nuclear Operations notes, "the highest US nuclear policy and strategy priority is to deter potential adversaries from nuclear attack of any scale," and the modernization of the US arsenal is a cornerstone of that deterrence. In 2018, the White House updated its Nuclear Posture Review to include deterrence strategies tailored to specific adversaries, a more modernized nuclear arsenal and nuclear enterprise, and plans for a more “flexible” posture that could make it easier for the United States to use nuclear weapons. The new language in the 2020 version of the manual also uses the term "flexible" to describe US nuclear response options. Those options now include tactical low-yield nuclear warheads aboard submarine-launched ballistic missiles that fly along “depressed” low-altitude trajectories capable of reaching targets much more quickly than conventional trajectories.

Of course, the United States isn't the only nation modernizing its arsenal, and all of that buildup comes with immense risks. Like Aftergood, Dr. Steve Fetter, professor of public policy at the University of Maryland and member of the Bulletin of the Atomic Scientists' Science and Security Board, agrees with the manual's assessment of an increased potential for conflict. Fetter said in a 2021 press release that “the modernization and expansion of nuclear arsenals in multiple countries, combined with the lack of diplomatic efforts to reduce nuclear risks, have increased the likelihood of catastrophe," adding that the "development of hypersonic glide vehicles, ballistic missile defenses, and weapons-delivery systems that can use conventional or nuclear warheads raise the probability of miscalculation during a crisis."

The issue of how to deescalate conflicts between nuclear-armed nations to prevent miscalculation took center stage in 2019 when a crisis erupted between India and Pakistan, prompting India to conduct a strike within Pakistan's borders. Pakistan responded by implicitly threatening the potential for nuclear retaliation, prompting real fears that the situation could have escalated to a nuclear exchange, which could have a massive impact globally.

The manual notes that any use of nuclear weapons could affect the entire planet, stating that "the use of nuclear weapons has specific, tangible implications that go well beyond the actual effects of the detonation," creating "harmful effects that conventional weapons do not have." Radioactive fallout, widespread electromagnetic pulse (EMP) damage, and "incidental harm to civilians" are all cited as potential global consequences that commanders have to plan for when considering the use of nuclear weapons. "The potential consequences of using nuclear weapons will greatly influence military operations and vastly increase the complexity of the operational environment," the manual claims.

The Pentagon's “Joint ­Publication No. 3-72 Nuclear Operations” document unearthed by FAS is a rare peek at the actual operations and policies DOD leadership has prepared for the ever-present threat of a nuclear weapons exchange. Alongside all the talk of de-escalating arms races and re-establishing arms control policies, the United States military must constantly be prepared for nuclear war, either between itself and a hostile adversary or between two or more other nations.

#### It collapses deterrence, there’s no norms or arms control, and causes accidents---nothing checks

R. Jeffrey Smith 19, Managing Editor for National Security at the Center for Public Integrity, Former Editor and Correspondent for The Washington Post who won the Pulitzer Prize for Investigative Reporting, Master of Science Degree from the Columbia University School of Journalism, Awarded a Fellowship at Stanford University’s Center for International Security and Arms Control, “Hypersonic Missiles Are Unstoppable. And They’re Starting a New Global Arms Race.”, The New York Times, 6/19/2019, Lexis

Development of hypersonics is moving so quickly, however, that it threatens to outpace any real discussion about the potential perils of such weapons, including how they may disrupt efforts to avoid accidental conflict, especially during crises. There are currently no international agreements on how or when hypersonic missiles can be used, nor are there any plans between any countries to start those discussions. Instead, the rush to possess weapons of incredible speed and maneuverability has pushed the United States into a new arms race with Russia and China — one that could, some experts worry, upend existing norms of deterrence and renew Cold War-era tensions.

Although hypersonic missiles can in theory carry nuclear warheads, those being developed by the United States will only be equipped with small conventional explosives. With a length between just five and 10 feet, weighing about 500 pounds and encased in materials like ceramic and carbon fiber composites or nickel-chromium superalloys, the missiles function like nearly invisible power drills that smash holes in their targets, to catastrophic effect. After their launch — whether from the ground, from airplanes or from submarines — they are pulled by gravity as they descend from a powered ascent, or propelled by highly advanced engines. The missiles’ kinetic energy at the time of impact, at speeds of at least 1,150 miles per hour, makes them powerful enough to penetrate any building material or armored plating with the force of three to four tons of TNT.

They could be aimed, in theory, at Russian nuclear-armed ballistic missiles being carried on trucks or rails. Or the Chinese could use their own versions of these missiles to target American bombers and other aircraft at bases in Japan or Guam. Or the missiles could attack vital land- or sea-based radars anywhere, or military headquarters in Asian ports or near European cities. The weapons could even suddenly pierce the steel decks of one of America’s 11 multibillion-dollar aircraft carriers, instantly stopping flight operations, a vulnerability that might eventually render the floating behemoths obsolete. Hypersonic missiles are also ideal for waging a decapitation strike — assassinating a country’s top military or political officials. “Instant leader-killers,” a former Obama administration White House official, who asked not to be named, said in an interview.

Within the next decade, these new weapons could undertake a task long imagined for nuclear arms: a first strike against another nation’s government or arsenals, interrupting key chains of communication and disabling some of its retaliatory forces, all without the radioactive fallout and special condemnation that might accompany the detonation of nuclear warheads. That’s why a National Academies of Sciences, Engineering and Medicine report said in 2016 that hypersonics aren’t “simply evolutionary threats” to the United States but could in the hands of enemies “challenge this nation’s tenets of global vigilance, reach and power.”

The arrival of such fast weaponry will dangerously compress the time during which military officials and their political leaders — in any country — can figure out the nature of an attack and make reasoned decisions about the wisdom and scope of defensive steps or retaliation. And the threat that hypersonics pose to retaliatory weapons creates what scholars call “use it or lose it” pressures on countries to strike first during a crisis. Experts say that the missiles could upend the grim psychology of Mutual Assured Destruction, the bedrock military doctrine of the nuclear age that argued globe-altering wars would be deterred if the potential combatants always felt certain of their opponents’ devastating response.

#### Speed makes signaling and diplomacy impossible

Eleni G. Ekmektsioglou 15, Non-Resident Fellow at Pacific Forum CSIS and Ph.D. Candidate at the American University’s School of International Service, “How Hypersonic Missiles Push America and China Towards War,” The National Interest, 6/28/2015, http://nationalinterest.org/feature/how-hypersonic-missiles-push-america-china-towards-war-13205

Both strategic perspectives would be based on firm ground if the East Asian context did not lend itself to what Herman Kahn calls “two-sided escalation situations.” In such a situation, no state can sufficiently claim to be capable of achieving escalation dominance where it can credibly negate its adversary’s efforts of escalating further as a response to previous actions. Even though there is a general tendency for military planners to opt for direct escalatory strategies, in a U.S.-China conflict scenario, such predetermined and rigid strategy paths might have deleterious consequences, forcing both parties into a highly escalatory conflict that could otherwise be avoided.

The main drivers behind escalation are two: firstly, hypersonic weapons are escalation prone due to their low levels of responsiveness once they are initiated, and limited capabilities for signaling given their high speed [16]. All these make a surprise attack an eventuality the other side needs to account for pushing both parties to seizing the initiative early which leaves no room for signaling and diplomacy.

#### It’ll survive current scrutiny

Valerie Insinna 10-26, Senior Reporter, Air Warfare and OSD at Breaking Defense, “Lockheed’s Acquisition of Aerojet Rocketdyne Delayed”, Breaking Defense 10/26/2021, https://breakingdefense.com/2021/10/lockheeds-acquisition-of-aerojet-rocketdyne-delayed-to-2022/

Lockheed Martin’s proposed $4.4 billion acquisition of Aerojet Rocketdyne is now set to take place during the first quarter of 2022, Lockheed’s chief executive announced today, dashing plans for the deal to close this year.

“The Aerojet Rocketdyne transaction continues moving through the regulatory approval process, and we now anticipate closing in the first quarter of 2022,” said Lockheed CEO James Taiclet during an earnings call with investors.

Despite the delay, Taiclet sounded a confident note that the deal would be permitted to go through.

“Our strong balance sheet provides us with the capability to close on the Aerojet Rocketdyne transaction, provide robust returns to shareholders and continue to invest in our portfolio to support our customers and drive future growth,” he said.

Although the Defense Department has not stated a position on the proposed acquisition, the deal has weathered scrutiny from regulators and members of Congress who question whether the largest US defense prime should be allowed to acquire the nation’s only remaining independent supplier of solid-fuel rocket motors.

Lockheed has maintained that, under the company’s ownership, Aerojet would continue to be a fair “merchant-supplier” to defense primes.

However, Raytheon has come out in opposition to the deal, with its CEO Greg Hayes stating that the acquisition would force the company to buy 70% of its rocket motors from its biggest rival in the missile business, according to Space News.

Federal Trade Commission Chair Lina Khan has also raised eyebrows at the deal, writing in an August letter [PDF] to Sen. Elizabeth Warren, D-Mass., that she was “skeptical that behavioral remedies alone are sufficient to prevent a vertical merger from causing harm.”

#### It’s on track but not guaranteed

John Engle 21, MBA and BA from Oxon University, MA from the University of Dublin, DipGrad from the University of London, “Lockheed Martin's Aerojet Rocketdyne Acquisition Threatened by Raytheon Complaint”, GuruFocus, 2/18/2021, https://www.gurufocus.com/news/1363852/lockheed-martins-aerojet-rocketdyne-acquisition-threatened-by-raytheon-complaint

In December, aerospace and defense giant Lockheed Martin Corp. (LMT, Financial) announced plans to acquire rocket engine manufacturer Aerojet Rocketdyne Holdings Inc. (AJRD, Financial). As I discussed at the time, the $4.4 billion transaction seemed like a good deal for both companies, allowing Lockheed to consolidate a key part of its supply chain while giving a lifeline to a company that has increasingly struggled to compete with its bigger industry peers.

But not everyone is convinced. On Feb. 17, one of Lockheed's major competitors, Raytheon Technologies Corp. (RTX, Financial), offered a vocal challenge to the planned acquisition, adding another element of risk to a deal that is still dependent on approval from the federal government.

Raytheon expresses dismay

Speaking at the Barclays Industrial Select virtual conference on Feb. 17, Raytheon CEO Greg Hayes expressed his company's concerns about the proposed acquisition:

"They [Aerojet] are a huge supplier to us, and if that merger actually happens, you don't have an independent supplier on the solid-rocket-motor side. And also, I think it gives us pause as we think about the competitive landscape going forward."

As one of Aerojet's top customers, Raytheon is understandably concerned about the prospect of the rocket engine manufacturer falling into the hands of one of its biggest rivals. While such an argument about the risks to industry competition is reasonable and worthy of consideration, it will likely struggle to convince. After all, the 2017 acquisition of Orbital ATK, another solid rocket motor company, by Northrop Grumman Corp. (NOC, Financial) went unchallenged.

The Pentagon aims for balance

While Raytheon's challenge may look like a long shot, it comes during a time of transition for the federal government, which will ultimately have the final say on whether the acquisition goes through. Kathleen Hicks, the Biden administration's newly minted Deputy Defense Secretary, is set to be a pivotal decision-maker with regard to the Lockheed-Aerojet merger. During her Feb. 2 Senate confirmation hearing, Hicks walked a fine line on the subject of industry consolidation:

"Some consolidation is probably inevitable. But extreme consolidation does create challenges for innovation. That's our comparative advantage over authoritarian states like China and Russia...If we move all competition out, obviously that's a challenge both for the taxpayer, but it's also a challenge in terms of the innovation piece."

The Pentagon has long striven to strike a balance within the aerospace and defense industry between allowing efficient consolidation and maintaining a healthy level of competition. At the same time, however, it has rarely tried to stymy deals of this particular sort.

Precedent has been set

The only other federal agency that could reasonably block Lockheed's acquisition of Aerojet is the Federal Trade Commission, which is responsible for ensuring that private industry remains dynamic and competitive. However, its approval of Northrop's purchase of Orbital ATK has set a precedent that it might be loath to overturn, as aerospace and defense industry consultant Loren Thompson pointed out on Feb. 16:

"Orbital was a bigger player and arguably better positioned in the engine business. Blocking Aerojet's acquisition while letting Orbital's stand would amount to implementing a double standard in antitrust cases."

Northrop's takeover of Orbital ATK, then the nation's largest independent rocket motor manufacturer, likely had a larger impact on overall industry competition than would Lockheed's proposed acquisition of Aerojet.

My verdict

Ultimately, I see little prospect of Raytheon's challenge to Lockheed and Aerojet amounting to much. A clear precedent exists for similar deals and, as the Wall Street Journal observed on Dec. 23, this particular acquisition will be "more a case of vertical integration than elimination of the competition."

While nothing is ever certain in the high stakes world of mergers and acquisitions, it seems highly likely to me that Lockheed and Aerojet will get their way in the end.

#### It’ll be greenlit because precedent exists

Loren Thompson 21, Chief Operating Officer of the Lexington Institute, Doctoral and Masters Degrees in Government from Georgetown University and Bachelor of Science Degree in Political Science from Northeastern University, Former Deputy Director of the Security Studies Program at Georgetown University, “Five Issues Washington Should Consider In Reviewing A Lockheed-Aerojet Merger”, Forbes, 2/16/2021, https://www.forbes.com/sites/lorenthompson/2021/02/16/five-issues-washington-should-consider-in-reviewing-a-lockheed-aerojet-merger/?sh=2cab25853457

In December the world’s biggest military contractor, Lockheed Martin LMT -1.4% , disclosed plans to acquire Aerojet Rocketdyne AJRD +0.2%. Aerojet is the second-biggest builder of rocket engines in the U.S., a key player in military and civil-space markets.

Many observers assumed the deal would receive favorable treatment from regulators, because in 2018 Northrop Grumman NOC -2.2% was permitted to acquire Orbital ATK, Aerojet’s main competitor in the domestic market for rocket engines.

Orbital’s engine business at the time was considerably larger than Aerojet’s, due mainly to its near-monopoly in the future manufacture of large solid-fuel rocket engines for launch vehicles and nuclear missiles.

#### The deal will close this year AND accelerate rocket innovation BUT there’s opposition AND it’s tied to broader antitrust trends

Marcus Weisgerber 21, Global Business Editor at Defense One, “Lockheed-Aerojet Deal Clears Another Hurdle”, Defense One, 3/9/2021, https://www.defenseone.com/business/2021/03/lockheed-aerojet-deal-clears-another-hurdle/172570/

In February, the Federal Trade Commission extended its review of the deal, which opponents argue would permit a monopoly. The two companies expect to finalize the deal in the second half of this year. Meanwhile the Biden administration will reportedly nominate antitrust scholar Lina Khan as a member of the FTC. The nomination of Khan, a progressive-backed big tech critic, could signal a more aggressive government stance toward corporate consolidation, according to Bloomberg.

Raytheon, Lockheed’s top competitor in the missiles business, says the acquisition will eliminate the last independent American maker of solid rocket motors. The company argues the sale would give Lockheed a monopoly in military hypersonic weapons and missile defense markets.

“It...gives us pause as we think about the competitive landscape going forward,” Raytheon CEO Greg Hayes said last month during a virtual investors conference.

Raytheon executives cite another recent controversial merger as reason for caution. Northrop Grumman’s 2018 acquisition of Orbital ATK was so ground-shifting that rival Boeing claims it prevented them from bidding for an $85 billion deal to build new Air Force intercontinental ballistic missiles.

Lockheed, in the white paper, said its acquisition “ensures Aerojet Rocketdyne will continue to serve as [a] merchant supplier, providing outstanding and innovative propulsion products for the entire industry.”

It also says it would continue to supply its competitors with rocket engines with “non-discriminatory pricing and access to propulsion technologies.”

Backers of the sale say that Lockheed’s deep pockets will help Aerojet Rocketdyne better compete against Northrop’s solid rocket motor business. Lockheed could invest more of its own money on improving Aerojet’s existing products and developing new ones.

Lockheed said the acquisition would allow “faster development of new capabilities and advanced technology available through merchant supply to all customers.”

#### It can only overcome opposition because of prior FTC precedent

Matt Korda 21, Research Associate for the Nuclear Information Project at the Federation of American Scientists, MA in International Peace & Security from the Department of War Studies at King’s College London, Ploughshares Fund 2020 Olum Fellow and an Associate Member of the Canadian Pugwash Group, “The Flawed Assumptions Behind the GBSD Program”, Federation of American Scientists Report, p. 81-82

This may soon change, however, as Lockheed Martin announced its intention to purchase Aerojet Rocketdyne for $4.4 billion in December 2020.63 Raytheon Technologies––one of Lockheed Martin’s largest competitors––has since announced its intention to formally oppose the deal on the grounds that if the merger goes through, “you don’t have an independent supplier on the solid-rocket-motor side.”64

However, despite the FTC taking a close look at the acquisition, Lockheed Martin is confident that the deal will be approved, specifically because of how it mirrors Northrop Grumman’s acquisition of Orbital ATK during the GBSD competition: “There’s already an example of how DoD handled a prime contractor in the space domain taking in a propulsion supplier,” stated Lockheed Martin CEO Jim Taiclet, “Our overall expectation is that this may be the same lens through which this transaction is viewed.”65

As a result, not only did Northrop Grumman’s acquisition of Orbital ATK undermine the health of the LRSM industrial base, but it provided a template for Lockheed Martin to erode it even further two years later. Therefore, despite the Air Force’s argument that pursuing GBSD would help the LRSM industry, it has done the opposite: after Lockheed Martin's acquisition goes through, there effectively will be no more independent LRSM industry.

#### It’s not a done deal---opposition exists AND it can be flipped by external variables

John Engle 21, MBA and BA from Oxon University, MA from the University of Dublin, DipGrad from the University of London, “Lockheed Martin: A Solid Offer for Aerojet's Solid Rocket Business”, GuruFocus, 1/8/2021, https://www.gurufocus.com/news/1326821/lockheed-martin-a-solid-offer-for-aerojets-solid-rocket-business

Subject to government approval

As is the case with most companies deeply tied to the defense sector and military, Lockheed's acquisition of Aerojet will not be a done deal until federal regulators and the Department of Defense (DoD) give it their stamp of approval. On a Dec. 21 conference call with analysts, Taiclet expressed confidence that the deal would be approved, citing the similar circumstances governing Northrop's acquisition of Orbital:

"There's already an example of how DoD handled a prime contractor in the space domain taking in a propulsion supplier. Our overall expectation is that this may be the same lens through which this transaction is viewed."

While the DoD tends to follow precedent, there is no way to truly guarantee approval of an acquisition. Moreover, industry rivals may raise objections. According to Byron Callan, an industry analyst at Capital Alpha Partners, Raytheon and the Boeing Co. (BA) are the likeliest industry players to try to derail the deal:

"Raytheon and Boeing may see the Lockheed-Aerojet deal as a competitive threat, but we don't yet know if this is true and, if so, how hard they will push DoD and other Justice or Federal Trade Commission on this issue."

My verdict

In my assessment, a $4.4 billion price tag looks like a fair deal for shareholders of both Aerojet Rocketdyne and Lockheed Martin. Aerojet shareholders are set to get bought out at a decent premium, while the Aerojet business itself will become part of a larger organization that can give it the resources and support it needs to compete with Northrop Grumman in the large SRM space. Lockheed, meanwhile, will gain a valuable and accretive new business line.

It will likely take several months before the final decision is made and there are many variables that could potentially disrupt, or even derail, Lockheed's acquisition of Aerojet. I will be following the story closely as it develops.

#### Approval isn’t guaranteed

Jon Sindreu 20, Writer at The Wall Street Journal's Heard on the Street, “Defense Deal Will Pose an Early Test for Biden Administration”, Wall Street Journal, 12/23/2020, https://www.wsj.com/articles/defense-deal-will-pose-an-early-test-for-biden-administration-11608728174

The trend toward concentration in the U.S. defense industry remains unstoppable—except, potentially, by the incoming Biden administration.

Shares in Aerojet Rocketdyne surged this week after the maker of the rocket engines that took people to the moon in 1969 agreed to a $4.4 billion takeover by Lockheed Martin, the world’s largest military contractor by sales. Aerojet has been seen as a target ever since its only direct competitor, Orbital ATK, was bought by Northrop Grumman in 2018.

The Biden administration will need to decide whether to greenlight yet another defense deal, after the megamerger of Raytheon and United Technologies last year.

In the early 1990s there were dozens of major players in the industry; now there are just a handful. Yet military budgets will likely stop growing, and the Pentagon needs to retire the remnants of Cold War defense technology to keep pace with China and Russia. It may benefit from larger contractors that can bid more aggressively on risky contracts. Thanks to its purchase of Orbital, Northrop became the sole bidder for the government’s new $85 billion intercontinental ballistic system.

The latest deal would be more a case of vertical integration than elimination of the competition. Aerojet already gets more than a third of its revenue from Lockheed by, for example, powering the Atlas space rockets. Aerojet’s chief business is supplying rocket motors for missiles, including the hypersonic weapons that are now a Pentagon priority.

But securing the antitrust green light may not be as simple as many analysts believe. Aerojet also services many of Lockheed’s competitors, especially Raytheon. They may well raise a challenge, alleging potential price discrimination. The Federal Trade Commission forced Northrop to “firewall” its solid-rocket motors operation after buying Orbital.

In the past, officials have disallowed such acquisitions. In 1998, under the Clinton administration, the Department of Defense blocked Lockheed’s plans to buy Northrop for $8.3 billion, a deal that would have vertically integrated electronics production. And U.S. regulators recently updated 1984 guidelines on vertical mergers to make them stricter.

It isn’t clear-cut what Washington should prefer. Military contractors have fattened their profit margins in recent years, but research suggests this isn’t because they raised prices. With Lockheed and Aerojet, the paradox is that preventing closer integration on competition grounds could also reduce scale benefits that the government itself might enjoy.

#### FTC deferral is shifting AND the DOD might support the merger BUT it’s uncertain.

Curtis Eichelberger 21, covers mergers and acquisitions for MLex, 8/2/21, “Confluence of government actors likely to place Lockheed, Aerojet merger under greater US scrutiny,” https://mlexmarketinsight.com/news-hub/editors-picks/area-of-expertise/antitrust/confluence-of-government-actors-likely-to-place-lockheed-aerojet-merger-under-greater-us-scrutiny

US antitrust enforcers are still only partway through an investigation of the Lockheed Martin-Aerojet Rocketdyne combination, MLex has learned, so it's likely a decision is still months away, and several factors suggest approval may not be as easily obtained as in other defense deals.

Factors leading to the delay in the agency’s review include the late confirmation of US Federal Trade Commission Chair Lina Khan; Mike Brown’s request that US President Joe Biden withdraw his nomination as the Pentagon’s head of acquisition and sustainment, a key position in the US Department of Defense’s parallel antitrust review; a deluge of merger filings that have overwhelmed both antitrust agencies; and Democratic concerns about the potential harm of vertical mergers.

Five months after the government made a second request for additional information about the Lockheed-Aerojet combination, FTC staff are still asking broad questions about factual issues across multiple product lines, questioning Lockheed’s ability and incentive to foreclose on competitors and continuing to gather data from third parties, it's understood.

A shift, however, is taking place within the US government that could negatively impact the deal.

The US Department of Defense and FTC each perform an antitrust analysis of defense-related mergers. But since the Pentagon is usually the sole customer of US defense contractors, if it supports a merger, the FTC will be hard-pressed to convince a court that the merger is harmful. So when the DOD finds that a deal benefits national security, the FTC tends to defer even if it regards a deal as anticompetitive.

**THEIR CARD ENDS**

The FTC’s concerns about the DOD’s outsized influence have been illustrated by comments and analysis from past FTC executives and commissioners.

Will the administration of President Joe Biden continue to let the DOD have its way, or will it prioritize competition? Biden issued an executive order July 9 calling for a government-wide effort to improve competition in all sectors of the economy, suggesting a change might be coming.

“The Congress frequently has created overlapping agency jurisdiction in the policing of anticompetitive conduct and the oversight of mergers,” the executive order says. “Where there is overlapping jurisdiction over particular cases, conduct, transactions, or industries, agencies are encouraged to coordinate their efforts, as appropriate and consistent with applicable law … in the case of major transactions, soliciting and giving significant consideration to the views of the Attorney General or the Chair of the FTC, as applicable.”

The president also ordered the Secretary of Defense to submit a review of the state of competition within the defense industrial base, including areas where a lack of competition may be of concern.

This would seem to signal where the administration will land in conflicts between the FTC and DOD, though for now, how much weight these words will carry isn’t clear.

Even National Security Advisor Jake Sullivan, speaking at a tech conference July 13, pointed to competition and innovation as an important part of national security.

“It’s not just from a domestic policy perspective; it’s not just about economic fairness, as important as that is. But from a national security perspective, too, America needs vibrant competition and innovation,” Sullivan said. “[T]his Executive Order and the thrust behind it will help bring that about. This means greater scrutiny of mergers, rules on surveillance and accumulation of data, and a fair shake for America’s small businesses. Because America’s technology leadership was — and again has to be — built on competition, not on concentration.”

There are also changes coming within the DOD that could change how competition is viewed within the defense industry.

Former Pentagon acquisitions chief Frank Kendall was confirmed as secretary of the US Air Force on July 26.

Kendall has expressed concerns about consolidation in the defense industry and has advocated for working with Congress to explore legal tools and policies that would preserve diversity and innovation among defense companies.

The lawyer and former vice president of engineering at Raytheon addressed the need for greater competition six years ago when Lockheed Martin, the US’s biggest defense contractor, bought Sikorsky, a maker of helicopters, for $9 billion. The deal was a vertical merger — one where a company buys another company in its supply chain — similar to the Lockheed-Aerojet deal.

The Lockheed-Sikorsky\* merger was quickly approved by the US Department of Justice. Kendall, who was then a Defense Department undersecretary for acquisitions, technology and logistics, agreed with the DOJ’s decision, but said the Defense Department also believed that those types of transactions give rise to “significant policy concerns.”

“Over the past few decades, there has been a dramatic reduction in the number of weapon system prime contractors producing major defense programs for the DoD,” Kendall said at the time. “This transaction is the most significant change at the weapon system prime level since the large-scale consolidation that followed the end of the Cold War. This acquisition moves a high percentage of the market share for an entire line of products — military helicopters — into the largest defense prime contractor, a contractor that already holds a dominant position in high-performance aircraft due to the F-35 winner-take-all approach adopted over a decade ago.”

Lockheed’s proposed acquisition of Aerojet would combine one of the nation’s most important defense contractors with a key US supplier of propulsion systems.

The merger raises concerns from the government and competitors that Lockheed could harm competition by refusing to sell propulsion systems to rivals, by raising prices on competitors, by allowing Lockheed to advantage itself with knowledge of its rival’s products gained through those Aerojet employees embedded at competitors’ plants, and that it could reduce innovation.

Vertical combinations that have historically been credited for improving efficiencies may now be subject to increased scrutiny under Khan’s stewardship.

#### The FTC is hewing closely to existing scope

Cathy Anne McMorris Rodgers 21, American politician who is the U.S. Representative for Washington's 5th congressional district; Janice Danoff Schakowsky is an American politician who has served as the U.S. Representative from Illinois's 9th congressional district since 1999; Lori Ann Loureiro Trahan is an American businesswoman and politician who serves as the U.S. Representative for Massachusetts's 3rd congressional district; Lina Khan is Chair of the FTC; Rebecca Slaughter is Commissioner at the FTC, “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

Cathy Anne McMorris Rogers (4:00:11): I look forward to further conversations with you because I am concerned about rumors of the FTC acting outside of Congress and issuing a rule on privacy. And with that, I'll yield back.

Jan Schakowsky (4:00:25): Congresswoman Trahan. It's your five minutes.

Lori Trahan (4:00:32): Thank you Madam Chair, and Chair Khan, and fellow commissioners, thank you for your patience and for being here today discuss how this essential agency can better protect our consumers. President Biden's most recent executive order promoting competition in the American economy encouraged the commission to exercise the FTC's statutory rulemaking authority in regards to, and I quote, unfair data collection and surveillance practices that may damage competition, consumer autonomy, and consumer privacy. Now, in October 2020, Google Ads updated its policy to restrict the serving of high fat sugar, salt, food, and/or non alcoholic beverages advertising for minors under 18 in the United Kingdom, and in the European Union, but has refused to make similar changes here in the United States. A recent policy change by Facebook is a step in the right direction, but it's far from perfect when you consider that a May 2021 study by the Tech Transparency Project found that Facebook allows advertisers to target ads for electronic cigarettes, pill parties, and extreme weight loss product products to children as young as 13 across the US. Plainly, Facebook and Google are using troves of personal data belonging to teens and adults to target harmful advertisements in ways that are not transparent to users. So Chair Khan, would you consider these examples of the types of surveillance practices that may damage consumer autonomy and consumer privacy?

Lina Khan (4:02:05): Absolutely, Congresswoman.

Lori Trahan (4:02:06): Thank you for that. And Commissioner Slaughter. If the commission were to begin rulemaking today to protect consumers, including our children, from surveillance advertising, what would be the process under the Commission's existing Mag-Moss authority? And would the commission face difficulties? If you could speak to that it would be great.

Rebecca Kelly Slaughter (4:02:30): Thank you, Congressman. It's a great question. And I want to start by responding to suggestion from the ranking member of the committee that the Commission might act without Congress or outside of congressionally delegated authority. I want to be very clear: the commission cannot, should not, and will not, with my support, act outside of congressionally delegated authority. But we absolutely should look at the authority Congress has delegated to us, and it has specifically delegated to us rulemaking authority under Section 18 of the FTC Act, which is referred to as Mag-Moss, to promulgate rules to address unfair and deceptive acts or practices that are prevalent in interstate commerce. And so data abuses could fall very much into that category. Rulemaking under Section 18, to answer your question briefly, looks like APA rulemaking, but with much, much more process. So we can't begin with a notice of proposed rulemaking - we have to begin with an advance notice of proposed rulemaking that asks questions about the issues that we will consider. We have to notify Congress before we do that. We have to do then in a notice of proposed rulemaking identify any issues of material fact that are disputed, and again, notify Congress. And if there are issues of material fact, the statute requires us to have an informal hearing to adjudicate them. So it is a very process-intensive statute that requires lots of, and provides opportunity, for lots of participation. It is absolutely burdensome to the commission to do it. I think it's worth it for us to try. But we should make no mistake that it would not be a quick or fast effort.

#### Antitrust will stall in the courts---only the plan’s success signals a sea change in the law

Tara L. Reinhart 10-6, Partner for Antitrust/Competition at Skadden, Arps, Slate, Meagher & Flom LLP, J.D. from the Catholic University of America Columbus School of Law, B.A. from the University of North Carolina, et al., “FTC Chair Khan Highlights Key Policy Priorities Going Forward, but Aggressive Agenda Faces Uphill Climb”, JD Supra – Newstex Blogs, 10/6/2021, Lexis

Practical Limitations on Implementation of Chair Khan's Policy Priorities

Chair Khan describes the antitrust agenda outlined in her memorandum as 'robust,' and the memo communicates her intention to attempt to reshape antitrust policy and enforcement. However, a revolutionary shift in antitrust enforcement by the FTC will face substantial practical challenges.

Most significantly, the path to reshaping antitrust enforcement will be constrained by the substantial body of existing antitrust law and the need to convince a federal judge that the conduct in question is unlawful. Chair Khan's memo generally advocates for a new, more expansive and holistic approach to identifying antitrust harms beyond the traditional focus on consumer welfare and price effects. However, courts have — and will likely continue to — rely on existing standards developed in the case law over many decades. Those standards focus on consumer welfare and predominantly price effects. Absent legislative change, then, a practical gap will persist between Chair Khan's vision of refocused and more assertive antitrust enforcement, on the one hand, and the law that would apply to any FTC enforcement action, on the other.2[2]

Moreover, Chair Khan's plan to revise the merger guidelines and her desire to target 'facially illegal deals' will also face constraints based on current law. First, the antitrust guidelines typically incorporate existing legal standards, making radical change difficult to achieve. The 1982 Guidelines, which impactfully affected merger enforcement with the implementation of the hypothetical monopolist test, provide the last dramatic revision. Whether courts will accept major revisions at this stage will be an open question. Second, agency merger review is shaped by the existing review process enacted by the Hart-Scott-Rodino Act, regardless of whether the FTC believes a deal is facially illegal. Unlike regulators in other jurisdictions, the FTC must file a lawsuit and prevail in court if the agency wants to block a pending transaction.

Relatedly, Ms. Khan's ability to implement her ambitious agenda will be subject to the fact that changing these legal frameworks will depend on either Congressional action, which is far from certain, or litigation victories, which require the commitment of significant resources at a time when the FTC claims to already be stretching its capacity. Despite her recognition of the demands already imposed on FTC staff and plan for 'intentional' resource allocation, Chair Khan envisions the FTC undertaking increased vigilance and a more assertive agenda. If the existing resource constraints grow in response to Chair Khan's enhanced enforcement ambitions, the FTC could face difficulty balancing its investigatory agenda with the ability to litigate those cases, particularly considering the complex nature of antitrust matters, which often take years to resolve and require millions of dollars for experts and other related costs as well as a large team of attorneys and staff to manage. In addition, though Chair Khan referenced her hope for increased cross-bureau coordination in cases, it is unclear that such coordination would be efficient or create the capacity needed to fulfill the new agenda, especially when attorneys from other government divisions have already been recruited to help reduce burdens on matters of antitrust enforcement.

Finally, Chair Khan's desire to expand the agency's regional footprint and supplement the staff with various nonlawyer roles may further strain the budgetary resources needed to keep pace with the new agenda and present their own management challenges. Whether funding from Congress is imminent, whether it would be used to onboard lawyers or the other potential staff Ms. Khan desires, and how quickly hiring could reach the scale necessary to support the FTC's newly announced enforcement priorities are not yet clear.

Conclusion

Given the challenges to implementing the generalized policy goals set by Chair Khan, we do not expect an immediate fundamental sea change in antitrust enforcement. The practical obstacles described above mean that Chair Khan's FTC will be unable to contest every instance of what the agency might perceive to be unlawful conduct or unfair competition. We expect that the FTC will need to continue to be selective in the cases that it brings, which may mean that in the near-term, it will focus available resources on sectors of the economy perceived as involving 'the most significant actors,' such as large technology firms that Chair Khan has frequently referenced, particularly to the extent they engage in transactions that implicate the novel considerations under the proposed 'holistic' approach to identifying antitrust harms.3[3] We still expect to see some matters receive extensive investigations and proceed to litigation, and the outcomes of these matters will likely partially signal the success of the new agenda.

#### Perceived vulnerability to hypersonics causes use/lose first strikes, accidents, and loose nukes

John **Kester 17**. JD from Georgetown University Law Center, Interned in Special Ops at the Pentagon, Certificate in Transnational Legal Studies from the Center for Transnational Legal Studies, BA in History from Colby College, Policy Analyst and International Journalist with Foreign Policy, citing RAND. 10-2-2017. "Report: Hypersonic Missiles Could Trigger a War." Foreign Policy. https://foreignpolicy.com/2017/10/02/report-hypersonic-missiles-could-trigger-a-war/

Imagine if a foreign country launched a nuclear attack on the continental United States and the Pentagon had only six minutes to respond. That’s the potential of a new generation of weapons on the horizon, according to a recent Rand Corp. report. Rand is urging the United States, China, and Russia to form an agreement on how to handle hypersonic missiles, which travel at more than five thousand kilometers per hour (about 3,100 mph). Hypersonic weapons are more than five times faster than a regular cruise missile and would not be detected by U.S. air defense systems as early as ballistic missiles. The United States, China, and Russia are all known to be close to achieving deployable hypersonic systems and are ahead of other countries, according to Rand. “Hypersonic missile proliferation would increase the chances of strategic war,” said Richard Speier, lead author of Rand’s report, in a press release. The speed forces quick military counter-decisions with potentially disastrous effect. “It would give nations an incentive to become trigger-happy,” he said. The United States likely has less than a decade to counter the proliferation of hypersonic missiles, though they are not yet operational, according to the report. Current missile defense systems would not be effective at defending against hypersonic missiles, and Rand urges changes to the existing missile technology control regime to anticipate and address them. Crunched for time with dire stakes, countries might adopt a so-called launch-on-warning doctrine, or they might just strike first. Without time to consult a traditional chain of command, nations might feel compelled to give the military command and control, increasing the likelihood of accidental war. Countries might also scatter their weapons in order to better respond, which would give terrorists greater opportunity to steal the weapons for themselves, the report said. “None of these options is very good,” Speier said.

#### Accidents escalate---extinction

Jakob von Uexkull 17, Founder of the World Future Council, M.A. (Honours) in Politics, Philosophy and Economics from Christ Church, Oxford, Former Member of the European Parliament, Recipient of the Order of the Cross of Terra Mariana of the Republic of Estonia, Future Research Prize of the State of Salzburg, Austria, and Order of Merit First Class of the Federal Republic of Germany, “As the Crisis in North Korea Escalates, Stanislav Petrov’s Legacy is as Important As Ever”, Huffington Post, 9-26, http://www.huffingtonpost.com/entry/as-the-crisis-in-north-korea-escalates-stanislav-petrovs\_us\_59ca2901e4b0b7022a646d8f

The retelling of Petrov’s remarkable story comes at a particularly timely moment. While the Cold War may be over, the nuclear threat has not gone away. Consider this: the news of Petrov’s passing came a day before US President Donald Trump used a speech at the UN General Assembly to threaten to “totally destroy” North Korea, as part of an escalating crisis between both countries over Pyongyang’s nuclear weapons programme. At the time of this writing, the crisis has further escalated with North Korea calling the firing of its rockets at the US mainland “inevitable”. Just like in those Cold War days, with increased tension comes a heightened risk of an accidental nuclear missile launch, or a deliberate launch in response to a false warning. With nerves through the roof, a similar false alarm could show up on the radar screen of a duty officer who doesn’t share Petrov’s critical faculties or reluctance to follow protocol knowing it could lead to an all-out nuclear conflagration. The situation becomes particularly worrying when you consider that the United States still keeps its 450 silo-based nuclear weapons, and hundreds of submarine-based weapons, on hair-trigger alert—a policy, which keeps warheads ready to launch within minutes.

But this current nuclear flashpoint points to a larger issue: there is a tremendous deal of complacency among the nuclear-armed states and their allies when it comes to their stewardship of these uniquely destructive weapons. Another look at Petrov’s life is enlightening here. Petrov was born on 7 September 1939. Unbeknownst to anyone at the time, just over a month earlier, Albert Einstein had written to US President Roosevelt, expressing his concern over the Nazi’s efforts to build a bomb which could capture the explosive power of a nuclear chain reaction. By doing so, he played a key role in setting in motion the chain of events that would lead to the creation of the Manhattan Project, which developed the first atomic bomb (Einstein deeply regretted his role in this until his death). Petrov’s life was thus in a way inextricably linked to the nuclear age. He was born when humanity was on the precipice of entering an unprecedented phase in its history—to have the power to extinguish itself.

## 2NR

### Biz Con DA---2NR

#### Recovery is key to prevent downturn--extinction

Stergios **Skaperdas 20**, Department of Economics and Center for Global Peace and Conflict Studies, University of California, Irvine, “The Decline of US Power and the Future of Conflict Management after Covid,” Peace Economics, Peace Science and Public Policy, vol. 1, no. ahead-of-print, De Gruyter, 08/04/2020, www.degruyter.com, doi:10.1515/peps-2020-0029

I don’t confront the debate on “unipolarity” here. However, with the rapid economic **growth of China** and the **emergence of Russia** as a **military and diplomatic competitor** to the US in Eurasia, the **US**’s **dominance** in Eurasia **cannot be taken for granted**. If anything, as I will argue, the trends over the past two decades have been more negative for the US than is commonly recognized. With Eurasia having nearly 70 percent of the world’s population and about the same in total GDP (at PPP, IMF 2020), it will be no longer possible for a non-Eurasian power to dominate the world’s economics and geopolitics by itself.

1 Trends before the Pandemic

I will discuss recent trends relating China to the US in terms of three dimensions that are often used to assess great power status: the economy, military capabilities, and technology.

1.1 Economy

China has been quickly catching up with the US in its economy. In fact, by the beginning of 2020, China’s GDP at PPP was 37 percent higher than that of the US (IMF 2020). While GDP at nominal exchange rates might be better in projecting economic power, GDP at PPP is better in gauging the actual productive capacity of an economy.

The trend, however, that has been in favor of the US lately, has been the enhanced status of the US dollar as a reserve currency, paradoxically since 2008. The currency swaps between the Fed and other Central Banks – to help primarily the banks of US allied countries – appears to have been the major factor in this trend (Tooze 2018). This financial power has been increasingly used in sanctions against adversaries but even Allies.

1.2 Military

China has been rapidly modernizing and expanding its conventional forces but is very far away from becoming a peer to the US militarily.

The US has maintained its extraordinary predominance to move military resources by sea, land, and air throughout the world. However, the actual ability for the US to force its will on others has been shown to be limited recently. It can barely hold onto its troops in Afghanistan and Iraq and has had limited influence in Syria and in Libya. The fact that, after the assassination of Iranian General Suleimani, Iran was allowed to hit the US Al-Asad military base in Iraq (with apparently pretty accurate missiles) without any reaction shows the limits of US power projection. I suspect this is the first time that the US had one of its bases hit by another sovereign state without retaliating against them. While Iraq could be occupied, Iran is unlikely to be so – it is three times as big and populous as Iraq and its invasion would involve many additional complications .

Moreover, US aircraft carriers and bases are vulnerable to increasingly accurate missiles not just from Russia and China but from Iran as well. Hypersonic missiles are even deadlier, with Russia and China being reportedly ahead of the US in their development. With such vulnerabilities the US’s ability to project military power in Eurasia becomes much more limited. It would be no exaggeration to say that it is “game over” for the US’s projecting military power in Eurasia without the expectation of a challenge.

Finally, the relatively small wars that US have already entered have been extremely costly. The cost of the Iraq and Afghanistan wars to US alone was estimated 10 years ago by Stiglitz and Bilmes (2012) to be between $4-6 trillion, a quarter to 40% of US GDP at the time.

1.3 Technology

While the US was far ahead of China in technology and basic research barely a few years ago, China has been rapidly catching up. For example, one respectable index of current high-quality research is the Nature Index (natureindex.com) which includes articles only in the top natural science journals. In 2012 China’s scientific productivity was at 24% of the US but by 2019 it was 67% of the US’s level. This is likely a much better level than the Soviet Union ever achieved relative to the US. In technological disciplines such as computer science and AI China is likely in even better place.

Furthermore, China has been demonstrating the ability to rapidly learn how to adapt foreign technologies and implement them in production at large scale. High-speed rail, for instance, expanded from nothing to a 30,000 km network within a decade, while pushing the technology to new limits. The US by contrast seems to have largely divested itself of the necessity of maintaining primacy in engineering and manufacturing. The US’s emphasis on expensive high-tech weaponry is largely driven by military-industrial complex rent-seeking and is, at best, a gamble that would have highly uncertain returns in a hypothetical conventional battlefield.

Overall, China, while still markedly militarily inferior, has become at least an equal to the US economically and has been catching up rapidly in technology, while Russia has been counter-balancing the US militarily and diplomatically in Eurasia.

2 Effects of the Pandemic

The **pandemic** has brought about Depression levels of unemployment in the US in record time and almost all countries are facing **severe contraction**.1 Employment is unlikely to reach its pre-pandemic level for a long time and, because this is happening simultaneously around the world, there is no single large country or region that could help lift the rest of the world with its demand.

However, in **relative terms** **China** and East **Asia** have been **less affected** thus far and will **continue to do so** as long as they maintain a **better health policy response** to the pandemic.2 China will likely have to **restructure** its economy to be less dependent on existing supply chains, rapidly expand the Belt-and-Road initiative, and expand its social welfare so as to rely more on internal demand for continued growth. Nevertheless, although all predictions now can be expected to have high variance, **China** is likely to **come out** in the end economically **better off** relative to the **US**.

Other widely discussed probable effects include the strengthening of the nation-state and a retreat of globalization in production, trade, and capital movements. We can envision scenarios from a mild **retreat of globalization** with **shorter supply chains** to a **full blown new Cold War** with two or more **separate** economic **blocks**.

Regardless of what the medium and long run will look like, the pandemic appears to have **accelerated** pre-existing trends of **US declining power** to the extent that we cannot say that there is **one superpower** **dictating** the international politics and economics of Eurasia. China and, secondarily, Russia will have much to say about how the global political economy evolves. Under such conditions opportunities for conflict increase and institutions of conflict management become ever more important.

3 The Alarming Future of Conflict Management

US policy until recently was as if the liberal trade hypothesis were true and there was no chance of an adversarial relation with China in the future. That is consistent with a neoclassical economic perspective according to which more trade is always better. However, trade policy cannot be separated from security considerations when there is the possibility of insecurity (Garfinkel et al. 2015; Skaperdas and Syropoulos 2001). Now US policy seems to have been reversed with China being treated, not as trade partner, but effectively as an enemy.

In such a case international institutions of conflict management would be important for reducing the chance of conflict, reducing the costs of arming, and allowing for smoother trade relations; most of all, for minimizing the chance of nuclear war. Those **institutions**, however, have gradually **atrophied** or have been intentionally **boycotted** during the time of US dominance. Over the past two decades, for example, and contrary to previous practices the US entered a number of wars without UN Security Council resolutions (including those that it could have obtained agreement such as the Afghanistan war). The recent withdrawal from the WHO, and the series of withdrawals from arms-control agreements (ABM, INF, Open Skies, and perhaps START) are other examples of the weakening of international institutions. Perhaps this is to be expected of a world hegemon, but the unilateralism appears to have increased while US power has been decreasing and the need for future restraint on all has become more visible. The conditions appear to be leading to a “bad” equilibrium without investments in conflict management and high probability of conflict as opposed to a “good” equilibrium with investments in conflict management and low probability of conflict (Genicot and Skaperdas 2002).

The times we are now have **similarities** with the **pre-WWI period** which combined a high degree of **globalization** with the **absence of institutions of conflict management** (instead of their atrophy that we now have). At the time, there **was** a wide-spread belief that economic **interdependence**, and the break of that interdependence and other costs that war brings about, would **by themselves** guarantee peace (see, e.g., Angell 1913). Yet war **came unexpectedly** and with a vengeance.

With the dismantling of previous arms control agreements, without good prospects for their replacement in the future, and the weakening of the UN and other international organizations, the **risks and challenges** facing the world include the following:

–**Multiple-pronged arms races** that go **beyond hypersonic weapons** to **cyber**weapons, **a**utonomous **w**eapon **s**ystems, other **AI** technology-enabled systems, and deployments in outer **space**. The costs and, most important, the multiple **uncertainties** that such arms races can generate are of **immense risk**. Highly risk averse **leaders**, perhaps as a result of a **mistake** or **misunderstanding** but not only so, could **launch wars** from which there might be no going back (Mearsheimer 2001; Wong et al. 2020).

–In the absence of nuclear weapons treaties, the only restraint on nuclear war is Mutual Assured Destruction (**MAD**). With new platforms, such as hypersonic missiles, that make possible delivery of nuclear weapons faster than it ever has been, could there be a **greater temptation** for a **first strike** (thinking that retaliation would never come)? Many examples of preconceptions, mishaps, and near-accidents from the 1950s and 60s that were not previously known (reported in Ellsberg 2017) show how the world we are now entering is likely more dangerous than the Cold War ever was.

–A scramble for **trading partners** and **Allies** across the world that could go **beyond** just the offering of **carrots**. The undermining of governments that are perceived to be unfriendly by one side and their shoring up by the other side often leads to less autonomy, externally-induced political conflicts, increased authoritarianism, and not infrequently to outright civil war. The danger of many countries in Eurasia, Africa, and Latin America becoming **battlegrounds** for continual **proxy conflicts** between the **superpowers** is increasing.

Since we **avoided** a **nuclear catastrophe** during the Cold War we can at least begin by mimicking some of the conflict-management practices that developed during that time and also draw some lessons about great power behavior. First, increase adherence to the letter of the UN Charter and of other **international organizations and agreements**. That’s the **only “rule of law”** that we have for international relations among sovereign states. It is meager but it is better than what existed in 1914 and it can be gradually improved. Adhering to it would preclude adventures such the US invasion of Iraq.

#### Walt concludes war is possible

Dr. Stephen M. Walt 20, Robert and Renée Belfer Professor of International Relations at Harvard University, PhD in International Relations (with Distinction) from Stanford University, MA in Political Science from the University of California, Berkeley, “Will a Global Depression Trigger Another World War?”, Foreign Policy, 5/13/2020, https://foreignpolicy.com/2020/05/13/coronavirus-pandemic-depression-economy-world-war/

For these reasons, the pandemic itself may be conducive to peace. But what about the relationship between broader economic conditions and the likelihood of war? Might a few leaders still convince themselves that provoking a crisis and going to war could still advance either long-term national interests or their own political fortunes? Are the other paths by which a deep and sustained economic downturn might make serious global conflict more likely?

One familiar argument is the so-called diversionary (or “scapegoat”) theory of war. It suggests that leaders who are worried about their popularity at home will try to divert attention from their failures by provoking a crisis with a foreign power and maybe even using force against it. Drawing on this logic, some Americans now worry that President Donald Trump will decide to attack a country like Iran or Venezuela in the run-up to the presidential election and especially if he thinks he’s likely to lose.

This outcome strikes me as unlikely, even if one ignores the logical and empirical flaws in the theory itself. War is always a gamble, and should things go badly—even a little bit—it would hammer the last nail in the coffin of Trump’s declining fortunes. Moreover, none of the countries Trump might consider going after pose an imminent threat to U.S. security, and even his staunchest supporters may wonder why he is wasting time and money going after Iran or Venezuela at a moment when thousands of Americans are dying preventable deaths at home. Even a successful military action won’t put Americans back to work, create the sort of testing-and-tracing regime that competent governments around the world have been able to implement already, or hasten the development of a vaccine. The same logic is likely to guide the decisions of other world leaders too.

Another familiar folk theory is “military Keynesianism.” War generates a lot of economic demand, and it can sometimes lift depressed economies out of the doldrums and back toward prosperity and full employment. The obvious case in point here is World War II, which did help the U.S economy finally escape the quicksand of the Great Depression. Those who are convinced that great powers go to war primarily to keep Big Business (or the arms industry) happy are naturally drawn to this sort of argument, and they might worry that governments looking at bleak economic forecasts will try to restart their economies through some sort of military adventure.

I doubt it. It takes a really big war to generate a significant stimulus, and it is hard to imagine any country launching a large-scale war—with all its attendant risks—at a moment when debt levels are already soaring. More importantly, there are lots of easier and more direct ways to stimulate the economy—infrastructure spending, unemployment insurance, even “helicopter payments”—and launching a war has to be one of the least efficient methods available. The threat of war usually spooks investors too, which any politician with their eye on the stock market would be loath to do.

Economic downturns can encourage war in some special circumstances, especially when a war would enable a country facing severe hardships to capture something of immediate and significant value. Saddam Hussein’s decision to seize Kuwait in 1990 fits this model perfectly: The Iraqi economy was in terrible shape after its long war with Iran; unemployment was threatening Saddam’s domestic position; Kuwait’s vast oil riches were a considerable prize; and seizing the lightly armed emirate was exceedingly easy to do. Iraq also owed Kuwait a lot of money, and a hostile takeover by Baghdad would wipe those debts off the books overnight. In this case, Iraq’s parlous economic condition clearly made war more likely.

Yet I cannot think of any country in similar circumstances today. Now is hardly the time for Russia to try to grab more of Ukraine—if it even wanted to—or for China to make a play for Taiwan, because the costs of doing so would clearly outweigh the economic benefits. Even conquering an oil-rich country—the sort of greedy acquisitiveness that Trump occasionally hints at—doesn’t look attractive when there’s a vast glut on the market. I might be worried if some weak and defenseless country somehow came to possess the entire global stock of a successful coronavirus vaccine, but that scenario is not even remotely possible.

If one takes a longer-term perspective, however, a sustained economic depression could make war more likely by strengthening fascist or xenophobic political movements, fueling protectionism and hypernationalism, and making it more difficult for countries to reach mutually acceptable bargains with each other. The history of the 1930s shows where such trends can lead, although the economic effects of the Depression are hardly the only reason world politics took such a deadly turn in the 1930s. Nationalism, xenophobia, and authoritarian rule were making a comeback well before COVID-19 struck, but the economic misery now occurring in every corner of the world could intensify these trends and leave us in a more war-prone condition when fear of the virus has diminished.

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

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

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

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

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

[THEIR CARD ENDS]

To be sure, I can’t rule out another powerful cause of war—stupidity—especially when it is so much in evidence in some quarters these days. So there is no guarantee that we won’t see misguided leaders stumbling into another foolish bloodletting. But given that it’s hard to find any rays of sunshine at this particular moment in history, I’m going to hope I’m right about this one.

[END OF ARTICLE]

#### Walt is rehashing Posen

[don’t read, but for proof—this is early/mid article, setting up the premise]

Dr. Stephen M. Walt 20, Robert and Renée Belfer Professor of International Relations at Harvard University, PhD in International Relations (with Distinction) from Stanford University, MA in Political Science from the University of California, Berkeley, “Will a Global Depression Trigger Another World War?”, Foreign Policy, 5/13/2020, https://foreignpolicy.com/2020/05/13/coronavirus-pandemic-depression-economy-world-war/

But war could still be much less likely. The Massachusetts Institute of Technology’s Barry Posen has already considered the likely impact of the current pandemic on the probability of war, and he believes COVID-19 is more likely to promote peace instead. He argues that the current pandemic is affecting all the major powers adversely, which means it isn’t creating tempting windows of opportunity for unaffected states while leaving others weaker and therefore vulnerable. Instead, it is making all governments more pessimistic about their short- to medium-term prospects. Because states often go to war out of sense of overconfidence (however misplaced it sometimes turns out to be), pandemic-induced pessimism should be conducive to peace.

Moreover, by its very nature war requires states to assemble lots of people in close proximity—at training camps, military bases, mobilization areas, ships at sea, etc.—and that’s not something you want to do in the middle of a pandemic. For the moment at least, beleaguered governments of all types are focusing on convincing their citizens they are doing everything in their power to protect the public from the disease. Taken together, these considerations might explain why even an impulsive and headstrong warmaker like Saudi Arabia’s Mohammed bin Salman has gotten more interested in winding down his brutal and unsuccessful military campaign in Yemen.

Posen adds that COVID-19 is also likely to reduce international trade in the short to medium term. Those who believe economic interdependence is a powerful barrier to war might be alarmed by this development, but he points out that trade issues have been a source of considerable friction in recent years—especially between the United States and China—and a degree of decoupling might reduce tensions somewhat and cause the odds of war to recede.

For these reasons, the pandemic itself may be conducive to peace. But what about the relationship between broader economic conditions and the likelihood of war? Might a few leaders still convince themselves that provoking a crisis and going to war could still advance either long-term national interests or their own political fortunes? Are the other paths by which a deep and sustained economic downturn might make serious global conflict more likely?

#### He's wrong

Rachel Brown 20, Founder and Executive Director of Over Zero, Heather Hurlburt, Director of the New Models of Policy Change project at New America's Political Reform Program, and Alexandra Stark, Senior Researcher at New America’s Political Reform Program, “How the Coronavirus Sows Civil Conflict”, Foreign Affairs, 6/6/2020, https://www.foreignaffairs.com/articles/world/2020-06-06/how-coronavirus-sows-civil-conflict

It would be wonderful if there were such a thing as a coronavirus peace dividend—if people and governments everywhere, who have been battered by pandemic disease and economic collapse, could at least look forward to reduced violence and instability. In these pages, Barry Posen recently argued that good news was at hand: “For the duration of the pandemic, at least, and probably for years afterward, the odds of a war between major powers will go down, not up.”

While Posen may be right that COVID-19, the disease caused by the novel coronavirus, will reduce the risk of a conventional war between major global powers, the broader notion that pandemics promote peace—as the title of Posen’s piece suggests—is not just mistaken but badly misguided, the remnant of outdated thinking about what constitutes conflict and from where threats to state stability and human well-being arise. That’s because the opposite of peace is violence and instability, not just interstate military conflict. As the United States has witnessed over the past ten days, a public health crisis can highlight inequalities and contribute to domestic unrest. In fact, UN Secretary-General António Guterres recently warned the Security Council that the pandemic poses a significant threat to international peace and security.

Peace, for states and peoples alike, means not only the absence of war between countries but the absence of conflict that threatens lives, communities, and the stability of institutions and regimes. Already, more deaths—and more instability—are attributable to violent crime, state repression, terrorism, and individual incidents of politically motivated violence than to wars involving conventional militaries. If peace consists of stable governments resolving conflict without violence and providing security and other basic functions, then COVID-19 has already begun to erode peace around the world.