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### Providers---1AC

#### Advantage 1---PROVIDERS:

#### Healthcare consolidation breeds dysfunctional markets that increase costs via anticompetitive conduct.

Gaynor ’20 [Martin; March 2020; Professor of Economics and Public Policy at Carnegie Mellon University, Ph.D. in Economics from Northwestern University; "What to Do about Health-Care Markets? Policies to Make Health-Care Markets Work," https://www.brookings.edu/wp-content/uploads/2020/03/Gaynor\_PP\_FINAL.pdf]

Health care is a very large and economically important industry. Health-care spending is now over $3.5 trillion and accounts for approximately 18 percent of GDP—nearly one-fifth of the entire U.S. economy (Martin et al. 2019). In turn, hospital and physician services are a large part of the health-care system. In 2017 hospital care alone accounted for almost one-third of total health spending and 5.9 percent of GDP—roughly twice the size of automobile manufacturing, agriculture, or mining, and larger than all manufacturing sectors except food and beverage and tobacco products, which is approximately the same size. Physician services comprise 3.6 percent of GDP (Martin et al. 2019). The net cost of health insurance—current-year premiums minus current-year medical benefits paid—was 1.2 percent of GDP in 2017.1

All of these shares have risen dramatically over the past 30 years. In 1980 hospitals and physicians accounted for 3.6 percent and 1.7 percent of U.S. GDP, respectively, while the net cost of health insurance in 1980 was 0.34 percent (Martin et al. 2011).

Of course, health care is important not only because of its size: Health-care services can save lives or dramatically affect the quality of life, thereby substantially improving well-being and productivity.

As a consequence, the functioning of the health-care sector is vitally important. A well-functioning health-care sector is an asset to the economy and improves quality of life for the citizenry. By the same token, problems in the health-care sector act as a drag on the economy and impose large burdens on individuals.

The U.S. health-care system is based on markets. The vast majority of health care is privately provided (with some exceptions, such as public hospitals, the U.S. Department of Veterans Affairs, and the Indian Health Service) and over half of health care is privately financed (Martin et al. 2019). As a consequence, the health-care system will work only as well as the markets that underpin it. If those markets function poorly, the result is health care that is not as good as it could be and that costs more than it should. Moreover, attempts at reform will not prove successful if they are built on top of dysfunctional markets.

There is widespread agreement that these markets do not work as well as they could, or should. Prices are high and rising (National Academy of Social Insurance 2015; New York State Health Foundation 2016; Rosenthal 2017), they vary in seemingly incoherent ways, there are egregious pricing practices like surprise billing (Cooper and Scott Morton 2016; Garmon and Chartock 2017; Kliff 2019; Rosenthal 2017), there are serious concerns about the quality of care (Institute of Medicine 2001; Kessler and McClellan 2000; Kohn, Corrigan, and Donaldson 1999), and the system is sluggish and unresponsive, lacking the innovation and dynamism that characterize much of the rest of our economy (Chin et al. 2015; Cutler 2010; Herzlinger 2006).

One of the reasons for this is lack of competition (Aaron et al. 2019; Azar, Mnuchin, and Acosta 2018; Gee and Gurwitz 2018; Roy 2019). The research evidence shows that hospitals and doctors who face less competition charge higher prices to private payers, without accompanying gains in efficiency or quality. Research shows the same is true for insurance markets. Insurers who face less competition charge higher premiums, and could pay lower prices to providers. Moreover, the evidence also shows that lack of competition can cause serious harm to the quality of care received by patients.

As documented below, there has been a tremendous amount of consolidation among health-care providers. Consolidation has also been occurring among health insurers. It is important to be clear that consolidation can be either beneficial or harmful (or neutral). Consolidation can bring efficiencies: It can reduce inefficient duplication of services, allow firms to combine to achieve efficient size, or facilitate investment in quality or efficiency improvements. Successful firms can also expand by acquiring others. If firms get larger by being better at giving consumers what they want or driving down costs so their goods are cheaper, that is a good thing (big does not equal bad), as long as they then do not engage in actions to attempt to limit competition. On the other hand, consolidation can reduce competition and enhance market power and thereby lead to increased prices or reduced quality. Moreover, firms that have acquired market power have strong incentives to maintain or enhance it. This leads to the potential for anticompetitive conduct by firms that have acquired dominant positions through consolidation.

Increased health-care prices, due to lack of competition or other factors, lead to increased costs and burdens on consumers. Most of the recent increase in private health-care spending (74 percent) is due to increased prices, as shown by figure 1.

It is important to recognize that although most health-care consumers are heavily insured and thus do not directly pay for most of the cost of the care they receive, the burden of higher provider prices falls heavily on individuals, not simply on insurers or employers. Health care is not like commodity products such as milk or gasoline. If the price of milk or gasoline goes up, consumers experience the increased price directly when they purchase these products. However, even though individuals with private employer-provided health insurance only pay a small portion of provider fees directly out of their own pockets, they ultimately pay for increased prices: Insurers facing higher provider prices increase their premiums to employers. Employers then pass those increased premiums on to their workers, either in the form of lower wages (or smaller wage increases) or reduced benefits (greater premium sharing or less extensive coverage, including the loss of coverage) (Anand 2017; Baicker and Chandra 2006; Bhattacharya and Bundorf 2005; Currie and Madrian 2000; Emanuel and Fuchs 2008; Gruber 1994).

Figures 2 and 3 illustrate the growing burden of health-care spending borne by individuals and households. Figure 2 shows that workers’ share of health insurance premiums has grown much faster than their wages. Workers’ contributions to family health insurance premiums grew 259 percent from 1999 to 2018, while nominal average hourly earnings for production and nonsupervisory workers grew by only 68 percent.

The burden of private health-care spending on U.S. households has been growing, and is taking up an increasingly larger share of household spending, and has overtaken and exceeded any increases in pay for many workers. Figure 3 illustrates that middle-income families’ spending on health care increased 6 percent between 2007 and 2013, crowding out spending on other goods and services, including food, housing, and clothing. Fringe benefits for workers, chief among which is health care, increased as a share of workers’ total compensation over this same period, growing from 12 to 14.5 percent, while wages stayed flat (see Monaco and Pierce 2015, table 1).

#### Insulation from competition grants providers outsized leverage in payment negotiations and structure. Fuels spending growth.

Cooper ’19 [Zack; 2019; Associate Professor of Public Health and of Economics at Yale University, Director of Health Policy at Yale’s Institution for Social and Policy Studies, Ph.D. and M.Sc. from the London School of Economics; Martin Gaynor; Professor of Economics and Public Policy at Carnegie Mellon University, Ph.D. in Economics from Northwestern University; "Addressing Hospital Concentration and Rising Consolidation in the United States," https://onepercentsteps.com/policy-briefs/addressing-hospital-concentration-and-rising-consolidation-in-the-united-states/]

Background and Overview

The US health system in general, and the US hospital sector in particular, are largely market-based. Both public and private payers rely on competition between hospitals to drive quality. Hospitals compete with one another over prices and quality in order to attract commercially insured patients and to be included in insurers’ networks. Each year, hospitals and insurers negotiate over the structure and level of hospital payments. Unfortunately, mergers and acquisitions have led the US hospital sector to become concerningly concentrated, which is ultimately raising health spending and adversely impacting consumers.

The hospital sector is the largest driver of domestic health care spending. In 2018, the US hospital sector accounted for approximately a third of US health spending and 6% of gross domestic product (Centers for Medicare and Medicaid Services 2020), making it one of the largest sectors of the US economy. Moreover, patients must rely on the hospital sector when they are at their most vulnerable: during periods of acute illness, following major injuries, and during childbirth. As a result, having functioning hospital markets in the US is vital to the functioning of the health system.

Unfortunately, there is ample evidence that the markets that underpin the US hospital sector are broken. Over the last 30 years, a wave of hospital mergers in the US has substantially increased market concentration (Gaynor 2020). Our calculations indicate that, at present, more than 80% of hospital markets in the US are “highly concentrated,” based on criteria set out in the DOJ/FTC horizontal merger guidelines (DOJ and FTC 2010). Hospitals are also increasingly buying physician practices—a concerning trend with the potential to further insulate hospitals from competition and harm competition among physician practices as well (Dranove and Ody 2019).

Collectively, the lack of competition in the hospital sector is harming US consumers. As we describe, there is clear evidence that hospital consolidation in the US has raised prices, that hospital concentration can reduce clinical quality, and that when hospitals acquire physician groups, it limits patient choice. In this brief, we highlight the key changes that have occurred in US hospital markets over the last 20 years. We describe the consequences of these changes. We then describe key policy interventions that could improve the functioning of hospital markets in the US and conclude by quantifying the potential savings from these sorts of pro-competitive policies.

Hospital Mergers

Over the 20 years from 1998 to 2017, as illustrated in Figure 1, there were nearly 1,600 hospital mergers involving thousands of hospitals (Gaynor 2020). As Cooper et al. (2019) note, as a result, during the 2000s, a majority of hospitals have either been directly involved in a merger or have been a neighbor to a merger. Many of the mergers that have occurred have been between close competitors (Cooper et al. 2019, Dafny et al. 2020).

The academic evidence on the effect of hospital mergers is clear and consistent. The literature suggests that mergers between hospitals that are important alternatives for consumers raise prices. A number of studies have examined individual hospital mergers and found price increases of greater than 20% (e.g., Town and Vistnes 2001, Krishnan 2001, Vita and Sacher 2001, Gaynor and Vogt 2003, Capps et al. 2003, Capps and Dranove 2004, Dafny 2009, Thompson 2011, Tenn 2011, Gowrisankaran et al. 2015). The FTC has conducted a series of merger retrospectives. These analyses have found price increases of 20% to 50% (Haas-Wilson and Garmon 2011, Tenn 2011, Thompson 2011). There has also been work analyzing “cross-market mergers” of hospitals that are not geographically proximate competitors (Dafny, Ho, and Lee 2019, Lewis and Pflum 2017). These studies have observed cross-market merger effects that raised prices between 10% and 17%.

There is significant research evidence that lack of hospital competition compromises the quality of care. Recently, a large retrospective found that hospital mergers did not lead to increases in hospital quality (Dafny et al. 2020). Other research finds that patient health outcomes are significantly worse in more concentrated markets, where hospitals face less potential competition (Kessler and McClellan 2000). Moreover, there is little evidence to indicate that hospital mergers lead to cost savings. A recent study found some evidence of cost efficiencies due to hospital mergers but found them to be less than 5% (e.g., Craig et al. 2018).

Hospital Market Concentration

Mergers and hospital closures have led to large increases in hospital market concentration in the US during the last 20 years. In 2017, the average hospital HHI—a measure of market concentration—was 5,092. It is notable that the DOJ and FTC view markets with an HHI over 2,500 as highly concentrated (DOJ and FTC 2010).1 According to our calculations, approximately 80% of hospital markets in the US have an HHI above 2,500.

There is a large body of literature assessing the relationship between hospital concentration, provider prices, hospital/insurer contract structure, and provider quality. Cooper et al. (2019), for example, find that hospital prices are higher in more concentrated markets. Cooper et al. (2019) also find that, for hospitals in more concentrated markets, prices paid are generally a percentage of the charges billed rather than based on more prospective payment models that can drive efficiency. Perhaps most worryingly, Kessler and McClellan (2000) study the relationship between concentration and quality for Medicare beneficiaries (where reimbursements are regulated). They find that risk-adjusted one-year mortality for heart attack patients is substantially higher in more concentrated hospital markets.

Vertical Integration between Hospitals and Physicians

There has been a steady increase in vertical integration between hospitals and physicians in the US. For example, from 2002 to 2008, Baker et al. (2014) estimate that the share of physician practices in the US owned by hospitals more than doubled. There is a growing body of literature illustrating that physicians within hospital-owned practices are more likely to refer their patients for hospital-based care (Cooper et al. 2019, Baker et al. 2016, Brot-Goldberg and de Vaan 2018). This has the potential to decrease patient choice, decrease the competitive pressure facing hospitals, and raise provider prices. Indeed, Cooper et al. (2019) find that patients referred for imaging studies receive significantly higher-priced MRI scans when they are referred by a vertically integrated physician. In addition, Capps, Dranove, and Ody (2018) find that hospital acquisitions of physician practices led to significant increases in prices for physician services. In effect, when hospitals buy physician practices, it has the effect of limiting patients’ choice sets, further insulating hospitals from competition, and harming competition among physician practices.

#### Rising healthcare spending ripples economy wide---suppresses growth and competitiveness.

Sanborn ’18 [Beth Jones; 9/18/18; Managing Editor at Healthcare Finance; "Healthcare spending in the U.S. sends damaging ripple effect across other major sectors, households, Moody's report says," https://www.healthcarefinancenews.com/news/healthcare-spending-us-sends-damaging-ripple-effect-across-other-major-sectors-households]

Significantly higher healthcare spending in the United States will continue a damaging ripple effect across the economy, crunching public sector budgets and those of businesses and households as well. That's according to a new report from Moody's Investor Service.

The U.S. spends almost double what other high-income countries spend as a share of their economies, Moody's said, totaling $3.3 billion in 2016 or 18 percent of GDP. Households and businesses made up nearly half of the spending.

"An aging population and rising costs will drive spending higher, with credit negative implications for the public and private sectors," Moody's said.

Rising healthcare spending will also strain public sector budgets. Medicare and Medicaid funding exposes state budgets to ballooning healthcare costs, as Medicaid accounts for nearly 30 percent of states' spending and 16 percent of their own revenue.

State Medicaid spending is projected to increase faster than tax revenue over the next decade, and will absorb an even greater share of state resources. Medicaid expansion states face greater uncertainty thanks to cuts in federal contributions that could further strain budgets.

Some states also face additional pressure and credit risk from employee health coverage costs. For some states, that includes retiree health benefit coverage and other postemployment benefit liabilities.

Growing healthcare costs also impact America's households, which are unable to spend their money in other sectors when their healthcare takes up more of their resources.

Health insurance premiums and out-of-pocket expenses represent the bulk of U.S. household spending on healthcare. Roughly half the population get their healthcare coverage from their employer, but premiums have grown faster than wages. Medicare beneficiaries aren't immune either, since they have to pay premiums and then also purchase supplemental coverage for services not covered like vision and dental.

"The impact of healthcare costs on household finances and well-being reverberates through the U.S. economy since household consumption accounts for nearly 70 percent of annual economic output. The erosion of households' purchasing power could weaken the retail goods and services sectors, whereas the impact on households' debt repayment capacity might affect the large US consumer finance sector," the report said.

Economic growth is also being increasingly encroached upon by healthcare spending in that the high spend comes without notable improvements in population health compared to countries that spend less, and potential investments in education and infrastructure are sidelined because resources have already been soaked up. This trend could mean prolonged stalling of economic growth potential and could serve as a barrier to U.S. businesses becoming more competitive.

Companies may increasingly find themselves at a competitive disadvantage to foreign competitors as a result of rising employee medical insurance costs and inability to fund growth and improvements. U.S. employers are employing new strategies to deal with the swelling costs including paying for their employees' healthcare costs, rather than purchasing a policy from an insurer to cover claims and offering plans with limited networks or higher out-of-pocket costs such as higher deductibles. But these solutions come with pitfalls too.

"Self-insured companies can save money upfront but increase their exposure to unforeseen healthcare costs. And whereas plans with high deductibles and limited networks might also result in cost savings to employers, they may be less effective in attracting and retaining a competitive workforce. Moreover, some larger employers have started expressing concerns that high deductibles are challenging the ability of their employees to afford healthcare services, which can affect employees' well-being and dampen labor productivity," Moody's said.

#### Extinction from global war, existential terror, prolif, disease, and pollution---relative economic strength is key.

Haass ’20 [Richard; April 22; Ph.D. and M.A. from Oxford University, former Director of Policy Planning for the Department of State; NPR’s On Point, transcribed by an AI with grammatical edits, “International Relations In The COVID-19 Era: Richard Haass On What Comes After A Pandemic,” https://www.wbur.org/onpoint/2020/04/22/international-relations-coronavirus-richard-haass]

So suddenly, the world is being left on its own. And what we're seeing is the world is not on autopilot. It doesn't self-organize. And that's the most worrisome thing going forward that this pandemic is both a reflection, but also an accelerant of that because the United States has not rallied the world to meet the challenge posed by this pandemic. And instead, we've pulled back we become much more national, kind of an island power, the rest of the world, it's on its own, it's not doing very well. And this is this is the reason I'm so worried that a lot of the trends that were in place, including them on America, much less involved in the world, nationalism, populism, the breakdown of international collaboration, all those things were in train before this pandemic, and now we're seeing them double down.

MEGHNA: So is the you're saying the world is not self-organizing right now, perhaps, at this moment? And at the same time, it doesn't? Is it feeling the loss of the centrality of American leadership? Because, I think we could argue that the way that, for example, international leaders do talk about the United States right now, at times, they're not necessarily feeling the loss of American influence.

HAASS: Well should I think they're feeling the loss of American leadership in the American example, that they had grown accustomed to your foreign policies about what our diplomats say and do what our military does, but it's also the example we set at home, the quality of our democracy, the strength of our economy, the response say to a pandemic, so they're looking at this United States and a lot of leaders and I speak to them all the time are essentially saying we don't recognize this America. This is not the America we thought we knew. So, they're in a very difficult position where now they have to essentially get on without us. But they don't really have the capability. There's no one who has the power that we have, the influence they we have. So no one can fill our shoes. So everybody's on their own, and no one does better on his or her own than they do, again, in a collective effort where the United States leads, so they're not happy about the situation. They're increasingly reconciled to it. But they very much miss the United States that for decades had help organize the world to meet a whole range of challenges.

MEGHNA: Jack, do you want to respond to that?

BEATTY: Well, I think that's very well said. And sometimes that did lead to overreach I mean, Vietnam, Iraq. But on the other hand, it also led to, you know, arms control treaties and efforts to combat threats to the environment that that stretched across, administration's I, you know, I'm struck with this, and I put it to you, Richard, it's as if, you know, the, the greatest generation ratified their experience, they looked at their experience, and they accepted America's new role in the world. Were a different people today. And it's inconceivable that in the post war, someone like Donald Trump could have gotten within, you know, hailing distance of the presidency just wouldn't have happened. For one thing, he wasn't a veteran. And I was just gonna say, the people that voted for Trump or no, go vote for him again, and then not voting for anything like the foreign policy, the security policy, that the times demand, and that our past has mandated. They're the people who feel left behind from the post-Cold War world of globalization and so on. And they're still there. They're a different people from those after World War Two

MEGHNA: Jack, if I just can just dovetail what you're saying. And then Richard I’ll, off back to you. I would actually say that that is not limited to the supporters of the President, that there is, in a sense amongst people a bipartisan agreement about feeling left behind, it's just that perhaps their preferred policy angles on how to solve that problem might be different. But your point is, is well taken, jack and, Richard, you want to respond to that? So go ahead.

HAASS: No, absolutely. I think it's exactly right. And it's really interesting to ask, why is this the case? And I think you're right Meghna, it is bipartisan, it crosses party lines. I think there's a sense that foreign policy has costs more than its benefited us people look at Iraq, they look at the World War, also in Afghanistan. And they simply, correctly I would say, don't think in any way either was worth it. These issues are not taught in our schools, or if they are taught, they're not required. So, you can graduate from Harvard, or Stanford or Princeton, and have no background whatsoever in international relations or in history. Our media, for the most part doesn't cover these issues. Over the last 20-30 years, there's been a real reduction in the degree of international coverage. So, most Americans simply don't see the connection between what goes on in the world and what goes on here in the United States.

So, you know, here was this place called Wuhan where a virus broke out. And what we've learned in an extraordinarily expensive way, is that nothing stays local for long. What happens in Wuhan doesn't stay in Wuhan, but it travels. And this has cost us trillions of dollars. And already what more than 40,000 lives and the toll keeps mounting by the hour. This is an expensive lesson in why isolationism is not an option in a global world. And the real question is, will we learn that lesson? Will we learn the right lesson? Will we basically say we have got to get more involved in the world to prepare for the next pandemic? To do something about climate change? To do something about structuring the world, the digital world so it's positive and not negative? Are we still going to deal say with the threat of terrorism or proliferation? The real question, for me, is coming out of this, do we have the bandwidth Do we have the resources to have we learned the lesson that we can't isolate ourselves from what goes on in the world and to do that safely?

MEGHNA: I think that's a good question, Richard, because it seems to me that for there's a generation of Americans out there who most often see the effects of US foreign policy through the instruments of failed wars. I'm just going to put it like that. There have not been enough examples of the positive benefits of American foreign policy or American leaders and that is part of what is causing people to doubt right now. And on that point, I would like to actually take a caller who has something to say about this. So let's go to Jeremy, who's calling from Racine, Wisconsin. Jeremy, what's your thoughts?

JEREMY: Alright, thanks for taking my call. I believe that we're coming into a point in our history. That is it's more of like an institutional crisis within our government and its inability to function with each other to have a clear intent, and to come together with all the resources to accomplish that. That intent clearly and to our desirable outcomes, given the fact what we did in Afghanistan and Iraq. We went in Iraq, we hosted Saddam Hussein, and then we kind of sat around and said, “now what”?. We just wasted incredible amount of lives, resources and money to to exert our foreign policy in an inefficient way. We just we have to restructure how we go about our foreign policy, how do we interact with other nations, instead of sending the big stick every time something goes wrong, we need to start working on better diplomacy and things like that. And Donald Trump is probably what I would consider, he is like, the fox in the henhouse. The American people just sent him into the henhouse, and he's just wreaking havoc all over the federal government. And that's pretty much what a lot of people feel right now. They just are tired with inability to come together and actually fix something and make it coherent, that everybody can understand. Yeah.

MEGHNA: Well, Jeremy, thank you for that thought. Richard Haass, did you want to respond to him?

HAASS: Sure. Let me react to Jeremy. I think he's right, that we've overused the military tool, and we've underused other tools, including diplomacy, foreign aid, and so forth. He points to the dangers of overreach in Iraq, Afghanistan, Jack before mentioned Vietnam, but I also think there's a real danger of underreach of the United States does too little. And you said Meghna, that people don't see the benefits. Well, think about it, the first half of the century, we had two enormous world wars, when the United States was detached from the world. We've avoided a world war between or among the great powers for the last 75 years, in large part because the United States has been involved. We've seen an enormous growth in the number of people who live in democracies and the degree of freedom. We've seen enormous improvements in the standard of living and the extension of lifespans. So, the last 70-75 years have actually been the most successful era of human history ever. Ever.

MEGHNA: Some would say it's anomalous. Yeah. Someone say it's an anomalous 70 years.

HAASS: Well, that's, to me, that's the big question. Were the last 70-75 years? Or are they the Can we make them the new normal? Can we extend them? Or did they become something of an aberration? And do we go back to the kind of world that for centuries before were we you know, that was the norm, World War One, World War Two constant wars in Europe? And that's where we are I actually think we're at one of those crossroads in history. And the issue for us. Another way to think about it: are we the United States, after World War One that's going to retreat from the world and let it and let it unravel? Or are we the United States after World War Two, that's going to have a creative surge, and try to restructure the world to deal with the challenges of this generation? And I think that is the fundamental question.

MEGHNA: And it is a very compelling one. Jack, did you do you have some I know, you have some thoughts on that?

BEATTY: Well, I mean, that frames it will weigh and, and, you know, to be more specific will the election, even touch on this, you know, in in 2016, we had a Secretary of State running for president and she lost to a man who said, I know more about war than the generals and I alone can fix it. And I get my ideas about foreign policy from the Sunday shows. That showed what at least, you know, a decisive Electoral College majority thought about foreign policy. And Trump isn't going to run as the leader of the free world. He's going to run as ‘America First’, ‘America alone’, ‘America, The Wall’ is his metaphor. And I don't see how it keeps out. dizzy, but nevermind. In other words, that's going to be on the ballot and America's role in the world and his will Joe Biden who you know, can seem like yesterday's man in so many ways. Will Joe Biden rise to that and say no, even though it's difficult for Americans in theu may have to spend money in foreign places to deal with threats. We have to do it. Will he argue that it will he just simply let Trump American first carry that.

MEGHNA: Well, when we come back, we're going to talk about what the possibilities are in this moment. So Richard Haass and Jack Beatty standby for just a moment. This is On Point.

MEGHNA: This is On Point. I'm Meghna Chakrabarti, we're talking with Richard Haass. He's President of the Council on Foreign Relations. He's also a veteran diplomat who served under four presidents. His recent essay in Foreign Affairs magazine is headlined, The Pandemic Will Accelerate History, Rather Than Reshape It. And we have a link to it at onpointradio.org. He has a forthcoming book due out in May called *The World A Brief Introduction*. And Jack Beatty On Point news analyst joins us as well. Richard, I wanted to talk with you and Jack about, you know about specific possibilities also that present themselves in this moment, and let's get very granular. I mean, let's talk about North Korea right now. Because even in the midst of this pandemic, we could be at a turning point there with, you know, questions around the health of Kim Jong Un. I mean, is the US positioned right now to take advantage of whatever possibility might be emerging on the Korean peninsula?

HAASS: Well, you're right. Anytime there's a crisis there, there are inevitably possibilities. One obvious one is in the area of improving global health governance. How do we increase the odds that the next outbreak of a disease does not lead to a global pandemic. In the case of North Korea, it's a little bit hard to read, it's in some ways the most closed country in the world. But, this could lead to a degree of instability, which on one hand, would be threatening, given their dozens of nuclear weapons could lead to significant refugee flows. But it could also, possibly, set in motion trends that would end the division of the Korean Peninsula. This is one of last holdout of the post World War Two situation, you still have a divided peninsula between a closed communist north and a democratic open south. It's the most armed border in the world. So it's just possible that this could set in motion trends. So I would very much hope the United States was talking to the government in Seoul and South Korea, and to Chinese about how we will manage a situation if there is a instability in North Korea. This could become a moment to at a minimum deal with the nuclear challenge in the North, and possibly even the, again, the fundamental division of the Peninsula.

MEGHNA: In fact, you tweeted just yesterday that it's in fact essential for the US, China and South Korea to stay in close contact right now about this?

HAASS: Oh, absolutely. Because you can imagine you have a situation where you suddenly have hundreds of thousands of refugees, going from North Korea, either into South Korea, or into China. China might be tempted to intervene well, so might South Korea, so might the United States. Well, we don't want to have a situation where suddenly you have a chaos and various armies moving forward. So, we've got to manage this at a minimum to avoid a bad situation becoming something incomparably worse. But also to see if we can steer the situation to a lasting outcome that would also be better. This really requires intimate choreography among Beijing, Seoul and Washington.

MEGHNA: But let me ask you, though, honestly, given the trend that you write about in your, in your Foreign Affairs article that we've been watching over the past 15 years or so. Do you have any faith that that cooperation would actually happen?

HAASS: I have very little faith, though, on the ground, the military they are is quite significant. And it's a US/UN force and they are in close touch with the South Koreans. We have some connections to the Chinese, but I worry about it, quite honestly, I'm not gonna sugarcoat it. People are so distracted for good reason. By the COVID-19. The US/Chinese relationship was in bad shape before this crisis, is now in worse shape. The US South Korean relationship hasn't been great. The President has been attacking the alliance trying to get the South Koreans to pay much more. So, I am not sure that we are up to the challenge. And again, North Korea is an extraordinarily difficult country to try to act in simply again, because it's the most shut off from the rest of the world. You know, we're sitting here talking about this and quite honestly, we do not know, either what the health reality is facing the North Korean leader or what, if anything, planning might be in place for succession.

MEGHNA: Right. I also feel like it's a very good example about the choice that you and Jack have been talking about that the United States is on the cusp of having to make about what kind of nation it's going to be because the issue of North Korea and the Korean Peninsula cannot be solved without the direct involvement of the United States and China. So that brings me back to this underlying question. Richard, can you can you imagine, imagine a new model of American national security, a new paradigm of American national security, that doesn't have American primacy on the world stage at its heart?

HAASS: Primacy can be understood as a fact of life or a goal. I don't think our goal ought to be one of primacy. We can't control that, because primacy is about relative strength. Right now, that the United States is still the world's most powerful military, we are the world's largest single economy. But the fact is, for all of our strength, we can't tackle the emerging problems in the world on our own. We can't maintain global health unilaterally, we obviously can't deal with climate change by ourselves. We can't control proliferation or terrorism, or set the rules for cyberspace on our own. So unilateralism, no matter how strong we are, is simply not a viable foreign policy strategy. We have got to partner with others. And the challenge with a country like China is: how do we selectively partner with China, given our profound disagreements, the difference between our systems and the fact that we, for example, have real foreign policy differences, say over the fate of Taiwan. And that that to me, is going to be one of the real foreign policy challenges going forward.

MEGHNA: Jack, did you want to respond to that?

BEATTY: Undoubtedly, it is going to be but you know, look at it. I mean, one of the one of the faults, I think of the of the current administration is the President sees things in a zero sum way, you know, we win, they lose even his view of trade, which is, you know, since Adam Smith, we accept that it's, you know, when comparative advantage and all that he sees that as No, I win, you lose, he was talking about the trade deficit with China just yesterday, and he said, Look, they ripped us off. They didn't rip us off. We got all that cheap goods that we wanted from China. That's, that's called trick, he doesn't seem to understand that basic fundamental of, of international economy. And he doesn't seem to, to look at foreign relations that way, either. Although you have to give him a lot of credit for trying to warm relations with North Korea at the top.

MEGHNA: Well, Richard, I wonder: it sounds like you are lamenting the death of a sort of liberal world order that, as you pointed out, the United States has been the beneficiary of and the leader of for the past 75 years. But if you had a magic wand, and you could you could wave it over Planet Earth right now, what would you change? I guess what I'm asking you is what would you do to, to set up the United States of the global community for success, as we come through this pandemic?

HAASS: I would look in two directions. Domestically, I would try to make the case to Americans about why foreign policy was in our national interest, why our involvement in the world would improve the quality of life here at home. At the same time, we would also need to attend to our many challenges and shortcomings here at home. I once wrote a book called Foreign Policy Begins At Home. And the whole idea was we needed to establish a greater domestic base if we were going to be capable of acting in the world and Americans were going to be willing to support it. I also made clear something the President might have missed in the book was the argument that foreign policy doesn't end at home, we've got to stay involved in the world. It's we now circling back to where we began the conversation. We've got to take into account this new global agenda and we've got to we've got to figure out how to narrow the gap between these emerging global challenges, like global health, like climate change, like terrorism, like proliferation, and global arrangements. One of the phrases you constantly hear from people in my businesses international community. Well, the fact is, there isn't one. And our goal should be to better build one where we take into account this newest security agenda. So that's what I would focus on, I wouldn't let go of the old agenda. I'm still worried about Russia, what they're doing in Europe. I'm worried about Iran. I'm worried about North Korea, worried to some extent about China. But I would put much greater emphasis on building global arrangements to deal with this new set of challenges that, as we've seen over the last few months, has the ability to fundamentally turn life here upside down.

MEGHNA: Okay, so that makes me wonder you had said earlier that what has changed is the United States and that the sheen, or the shine of America's example to the world is no longer there. And I would think that Americans admit many Americans themselves also feel it because their lives are difficult. So could we achieve is a central part of achieving the vision you just laid out. Richard is actually focusing here at home that if we if we rebuild the American example of democracy, then it shows that perhaps these the more authoritarian leaders who are who are on the rise now, it once again shows them as the example that you don't want to follow.

#### Accelerating growth is key to outrun technological black balls---caps numerous existential hazards.

Aschenbrenner ’20[Leopold; September 6; Research Fellow in Economics at the Forethought Foundation and Global Priorities Institute at the University of Oxford, B.A. from Columbia University; Global Priorities Institute, “Existential risk and growth,” no. 6]

Secondly, note that this existential risk Kuznets curve appears in the transition dynamics of the optimal allocation. Considering that existential risk mitigation is a **global public good**, it is unlikely resources are allocated to safety optimally in the real world. As such, this should not be taken to be a prediction of what a particular country with a particular set of institutions will do with regard to existential risk.

Nevertheless, there are a **number of reasons** why we might still be interested in the **transition** dynamics under the (impatient) **optimal allocation**. For one, since there are very long timescales involved here, it is very hard to know (and thus model) what government and societal institutions will evolve to deal with existential risk. However, the ideal these institutions will likely aim at is the optimal allocation. The optimal allocation might thus be a rough **proxy** for the real-world allocation.

Moreover, the (impatient) optimal allocation represents what I would call the “democratic possibilities frontier” or the “impatient public possibilities frontier.” Those who are principally **concerned** about the **long-run future** of humanity and advocate for a zero rate of pure time preference might want us to **spend** as **much as possible** on safety in order to avoid **existential catastrophe** and enable **human flourishing** millions of years into the future. Indeed, even in the Hamiltonian of the optimal allocation, the relative value of life ˜vt is a discounted term; the lower your discount rate ρ, the more you would want to spend on safety. However, the broader public is not so patient. As the empirical evidence cited earlier shows, people tend to have a (relatively large) positive rate of pure time preference; the public is impatient. Even perfectly designed institutions that take into account existential risk externalities will ultimately be constrained by the degree to which society actually cares about the future—they will be constrained by an impatient public. The existential risk **Kuznets curve** illustrates the implications of this impatience. On the one hand, this impatience results in a period of initially rising levels of risk. For example, this might mean that the arguably rising level of existential risk of the past century is **not** necessarily a **market failure**, but may well be part of the **optimal path** given positive pure time preference. On the other hand, rising **standards of living** lead even the most impatient public to start caring more about safety and **averting** an **existential catastrophe**. This leads workers and scientists to be shifted to the safety sector, eventually causing the hazard rate δ to **exponentially decline**. Even if people are **impatient**, if you make them **well off enough**, they will **start caring** about existential risk.

Seeing the arguably rising levels of **existential risk** in the past century, some might call for an **end** to **economic growth**. Yet this existential risk Kuznets curve indicates that **stopping** economic growth would be **deleterious**: it would simply **freeze the hazard rate** at a **high level**, leading to a **fatal catastrophe** sooner or later. **Economic growth** enables even an impatient public with a high rate of pure time preference to start **caring about life**, thus ultimately **reducing risk** and even leading to positive M ∞.

Some prominent thinkers have previously posited that humanity is passing through a **unique period** with an **elevated** risk of **technological catastrophe**. Sagan (1994) calls this the “time of perils.” Parfit (2011, p. 616), concurs:

We live during the hinge of history. Given the **scientific** and **technological** discoveries of the last two centuries, the world has **never changed** as fast. We shall soon have even greater powers to transform, not only our surroundings, but ourselves and our successors. If we act wisely in the next few centuries, humanity will survive its **most dangerous** and decisive period. Our descendants could, if necessary, go elsewhere, **spreading through** this **galaxy**.

This existential risk Kuznets curve provides theoretical evidence that grounds the intuition that we are living in a “time of perils.” We may be **economically advanced** enough to have created the means for our **permanent destruction**, but **not** economically **advanced enough** to care enough about **decreasing** this existential risk.

This “time of perils” has profound implications. For instance, those alive today who care about preserving the long-term future of humanity may have extraordinary altruistic leverage. By working to reduce existential risk now (increasing the resources dedicated to safety), they can reduce the area under the “hump” of the hazard rate δ. This in turn increases M∞, unlocking tremendous value. Moreover, since so **few resources** are dedicated to safety at the moment, there are likely **very high** marginal value opportunities available to work on safety. This is a unique situation. Suppose existential risk did not decline to zero exponentially: then M∞ = 0 regardless—the existential risk curve would never bend—so reducing risk now would not change the probability of a long and flourishing future of humanity. And if existential risk did not initially increase, it would never be such a substantial challenge and there wouldn’t be such high marginal value opportunities to work on reducing it.

#### Addressing provider concentration slows spending growth and reigns in entitlement spending.

Lin et al. ’21 [Li; July 2021; Economist in the Advanced Economies Unit in the IMF’s European Department, Ph.D. in Financial Economics from the University of Oxford; Mico Mrkaic and Anke Weber; "U.S. Healthcare: A Story of Rising Market Power, Barriers to Entry, and Supply Constraints," https://www.elibrary.imf.org/view/journals/001/2021/180/article-A001-en.xml]

1. Healthcare in the U.S. is the most expensive in the world, both in absolute dollar terms and as a share of GDP. In 2019, the United States spent about $3.8 trillion on healthcare or about $11,000 per person. Furthermore, the share of healthcare costs in GDP has increased from 5 percent in 1960 to about 18 percent in 2019.2

2. Effective provision of healthcare has become a macro-critical issue for three reasons. First, as argued by Case and Deaton (2020), the U.S. healthcare system has long underperformed in ensuring the effective delivery of services, particularly to the poor and vulnerable, producing results (for example, measured by lifespan, infant mortality, burden of chronic diseases and other health indicators) that are significantly below countries that spend less per capita. This underperformance increases inequality and consequently weighs on economic growth.3 Second, the large and increasing cost of healthcare has important fiscal consequences. Curbing the excessive growth of healthcare cost is a necessary condition to rein in the unsustainable growth of U.S. fiscal entitlement spending. Finally, given the predominance of employer funded health insurance in the U.S., increasing healthcare costs could crowd out wage growth and shift more and more compensation to non-cash benefits.

3. The literature has proposed several reasons for the high cost of U.S. healthcare, which include both market failures and bad policies. The typical candidates are:

• Luxury good hypothesis: consumption of healthcare will increase more than proportionally as income rises.

• Supplier driven demand: doctors suggest or prescribe tests and procedures with unproven medical benefits; consumers/patients comply with the suggestions due to asymmetric information, combined with lack of a user pay incentive for those with coverage and low pricing transparency.

• Baumol’s cost disease: due to the equalization of wages across industries and sectors, the sectors with slower productivity growth see their unit costs increase. Healthcare is typically considered a non-progressive (less productive) sector.

• Market power of the main players, that is providers and insurers. For example, U.S. medical doctors limit the entry into the profession, thereby increasing the cost of labor. In addition, mergers of hospitals have increased their market power and prices (and also reduced the quality of care).

4. This paper focuses on market power and competition in the healthcare sector, taking a three-pronged approach:

• Estimating market power. We explain how we measure market power in the form of markups (the ability to charge prices above marginal costs) and provide estimates for the overall healthcare sector (including providers, pharmaceuticals, and healthcare equipment). We also use micro-data on U.S. hospitals and calculate markups across states. Hospitals are of particular interest since about one-third of healthcare spending is associated with hospitals.4 In addition, we explore whether healthcare practitioners enjoy wage premia over employees in other sectors with similar profiles and qualifications and shed some light on marginal loss ratios (the ratio of claims over premia, the inverse markup) of insurers. We also assess whether higher hospital markups are associated with lower wage premia and markups of insurers.

• The impact of market power on healthcare spending. We analyze the connection between market power and other determinants of healthcare spending, notably income and Baumol’s cost disease and their impact on costs. We do so in a cross-country setting and also exploit the variation in costs across U.S. states.

• Event study on the impact of the Affordable Care Act (ACA) on healthcare sector wages. We study if the ACA contributed to the faster pace of healthcare wage increases in recent years by using an event study that exploits the heterogeneity in states’ choices and timing in expanding Medicaid.

5. We find evidence that market power in the U.S. healthcare sector has increased significantly since the 1980s and has contributed to rising healthcare costs. Markups for publicly listed firms in the U.S. healthcare sector have almost doubled since the early 1980s. Hospital markups have also increased significantly (by more than 6 percent on average) since the late 1990s across U.S. states. Incorporating markups into OECD cross-country regressions shows that, on average, they have contributed to up to a quarter of annual per capita U.S. healthcare cost growth. Similarly, results from U.S. state level regressions show that hospital markups are a significant driver of healthcare spending, explaining about 15 percent of variation across states. Rising hospital markups are not, however, associated with lower labor costs or insurance markups (suggesting that providers use their market power to raise prices to consumers rather than taking advantage of their monopsony power to lower costs of providers further down the supply chain). In fact, physicians’ salaries have increasingly risen above the salaries of non-physicians with similar years of education and experience.

6. Following the ACA, wages for healthcare practitioners have increased by more in Medicaid expansion states, compared with non-expansion states. The Affordable Care Act and Medicaid expansion were successful in raising coverage and expanding care, including for low-income individuals. But they may have had the undesirable side-effect of leading to labor cost increases. Hourly wages for healthcare practitioners and technical occupations are estimated to have increased by 2 to 3 percent more in expansion states over a five-year period. We test the results using both state-level wages for healthcare practitioners and technical occupations from the Occupational Employment and Wage Statistics and the metropolitan-level wage index used by Medicare to adjust for labor costs for hospital in different areas. The result is confirmed by an analysis using individual-level data from the Current Population Survey (CPS). We find no significant evidence that wages for other professions increased more in expansion than non-expansion states.

7. The contribution of this paper is thus threefold. First, it presents evidence on the evolution of market power for the healthcare sector overall (and vis-à-vis other OECD countries) and on a more granular basis for the U.S., including by looking at microdata for hospitals. Second, it investigates how this evolution relates to healthcare costs in advanced countries and across U.S. states. Third, it sheds light on a related but less discussed issue, namely that the supply of medical services may be relatively inelastic, even over a longer period, to the boost to demand created by the Medicaid expansion. This could be due to barriers to entry (and even barriers to mobility of existing providers across states), a preference by oligopolistic providers to respond to higher demand with higher prices (and less with an increase in supply) and/or a feature of medical services in general given the high set up costs and time it takes to build capacity.

#### Debt crisis constrains crisis response---invisible threshold merits planning.

Cochrane ’20 [John; 11/12/2020; senior fellow at the Hoover Institution at Stanford University and distinguished senior fellow at Chicago Booth; “Debt still matters,” https://review.chicagobooth.edu/economics/2020/article/debt-still-matters]

The notion that debt matters, that spending must be financed sooner or later by taxes on someone, and that those taxes will be economically destructive, has vanished from Washington discourse on both sides of the aisle. The COVID-19 response resembles a sequence of million-dollar bets by non–socially distanced drunks at a secretly reopened bar: “I’ll spend a trillion dollars!” “No, I’ll spend two trillion dollars!” That anyone has to pay for this is unmentioned.

And who is to blame the politicians for acting this way, really? Markets offer 1 percent long-term interest rates—negative in real terms. Blowout spending financed by the Fed printing money—which is no different from debt—has resulted in no inflation so far. In the face of the deep concerns of current voters, worry that our children and grandchildren might have to pay off debt is not particularly salient. They’re either in the basement playing video games or out protesting for the end of capitalism anyway. Politicians will take the cheap money as long as markets are happy to provide it.

The economists, even the modern monetary theorists, envision debt issued to pay for worthy investments, or valuable spending, all undertaken with a careful green-eyeshade approach. Washington has figured out the logical conclusion of the idea that federal debt doesn’t matter, in a way these economists have not: If debt and money printing have no fiscal cost, why be careful about how you spend money? Send checks to voters. Why not? It’s costless. No boondoggle project is objectionable. Send billions to prop up dying businesses. Why not? It’s costless. Why bother fixing the post office? Send them another $25 billion. Or $100 billion.

We can go further. Why should citizens have to pay back debts if the federal government does not have to do so? Bail out student loans. Bail out bankrupt state and municipal governments and their pensions. Cancel the rent. Cancel the mortgage. Why should anyone have to pay any debt if our federal government has access to a money machine? Why work? Why should the federal government not just keep printing money and sending it to us? Other countries are not so lucky as we are. Why should emerging markets pay back debt if the US does not have to? Bail them out.

These are inescapable logical conclusions of the view that federal debt has no fiscal cost. If you’re uncomfortable with the end of the trip, perhaps you should revisit the assumption from which it inexorably follows.

Advocates point to World War II. It is true that the US exited the war with an even greater debt-to-GDP ratio than it has today. It was not painless. Growth higher than interest rates was part of how the US managed it, but it’s not the whole story. Two bouts of inflation, in the late 1940s and in the ’70s, devalued much debt. The US ran steady primary surpluses (excluding interest costs) from the 1940s through the mid-’70s. Spending was low in the pre-entitlement economy, and the government was not totting up hundreds of trillions in unfunded promises. The war, and its spending, was over. Statutory personal taxes and actual corporate taxes were high. Financial repression and closed international capital markets kept interest rates on government bonds low, and deprived Americans of better investment opportunities—and the world’s economies of much-needed investment capital. With all that, we still had an international debt crisis in the early 1970s, prompting the abandonment of the Bretton Woods system and depreciation of the dollar.

In short, the US grew out of WWII debt by not borrowing any more, by decades of fiscal probity, and by strong supply-side growth in a deregulated economy. We have none of these reassurances going forward. And this event, and the United Kingdom’s exit from Napoleonic War debt in the 1800s by starting the industrial revolution, are about the only historical examples of a semisuccessful repayment of this much debt. Otherwise, the history of large sovereign debts is one long, sorry tale of default, inflation, devaluation, and consequent financial chaos. The UK did not exit WWII debt successfully, leading to crisis after crisis, and everyone else did worse.

Still, what should we be afraid of? The vision of grandchildren saddled with taxes, or even just unable to borrow more while the economy sits at its limit of, say, 200 percent debt to GDP, is indeed not a salient brake to spending.

That is not the danger. The danger the US faces, the danger we should repeat and keep in mind, is a debt crisis. We print our own money, so the result may be a sharp inflation that wipes away the value of debt rather than an even more disruptive default, but the consequences will be almost as dire.

Imagine that five or even 10 years from now we have another crisis, which we surely will. It might be another, worse, pandemic, or a war involving China, Russia, or the Middle East. Imagine the US follows its present trends of partisan government dysfunction, so an impeachment is going on, as well as a contested election, and militias even roam the streets of still-boarded-up cities. Add a huge economic recession, but without any reformed spending promises.

At this point, the US has, say, 150 percent debt to GDP. It needs to borrow another $5 trillion–$10 trillion, or get people to hold that much more newly printed money, to bail out once again and pay everyone’s bills for a while. It will need another $10 trillion or so to roll over short-maturity debt. At some point, bond investors see the end coming, as they did for Greece, and refuse. Not only must the US then inflate or default, but the normal crisis-mitigation policies—the firehouse of debt relief, bailout, and stimulus that everyone expects—are absent, together with our capacity for military or public-health spending to meet the shock that sparks the crisis.

Interest rates do not signal such problems. They never do. Greek interest rates were low right up until they weren’t. Interest rates did not signal the inflation of the 1970s, or the disinflation of the ’80s. Nobody expects a debt crisis, or it would have already happened.

As noted above, there is no defined limit to the debt-to-GDP ratio that policy makers can use for guidance. Countries can borrow a huge amount when they have a decent plan for paying it back. Countries have had debt crises at quite low debt-to-GDP ratios when they did not have a decent plan for paying it back. Debt crises come when bondholders want to get out before the other bondholders get out. If they see default, haircuts, default via taxation, or inflation on the horizon, they get out. Sound long-term financial strategy matters.

We cannot tell when the conflagration will come. But we can remove the kindling and gasoline lying around. Reform long-term spending promises in line with long-term revenues. Reform the tax code to raise money with less damage to the economy. The Treasury and Fed should secure long-term government financing, locking in low interest rates. And spend only as if someone has to pay it back. Because someone will have to pay it back.

#### Extinction from rampant global instability.

Taylor ’20 [Kenneth; 9/1/2020; Assistant Professor of Economics at Villanova University; “The Passing of Western Civilization,” Futures, Volume 122, p. 102582]

Another relevant issue facing us is the contexts in which humans naturally engage in altruistic behavior. Paleolithic human’s expression of familial or nonfamilial altruism endures for only a couple generations, with concern for future generations subsequently deteriorating (Dawkins, 1989). The fact is there used to be no compelling need for longer-term concern. However, such limiting of intergenerational interest leads to a shorter-term policy horizon than that needed to address today’s global problems. For instance, over the past half-century, western citizens have endorsed rising public indebtedness. Citizens thereby enjoy greater consumption than could be provided out of current income. This boosts positive hedonic sensations (more goods and services consumed today) while reducing negative hedonic sensations (lower taxes paid today) and is reinforced by the basic human predisposition for immediate gratification. However, at some point, any debt, even a public one, must be repaid: Public debt is delayed taxation. At that future point we face a set of conundrums; for as soon as we must repay, we necessarily experience a significant increase in negative hedonic sensations. Given that we dislike losses more than twice as much we like equal gains, we resist, which merely entrenches the unsustainable trends that eventually leads to crisis (Tversky & Kahneman, 1991). This insight further helps explain the lack of general concern for damage to the biosphere or humankind’s enduring faith in a “technofix” solution—it is easier to brush off emergent problems if you believe that a necessary fix will surely be found when needed by some future generation that you are not too concerned about in the first place.

Finally, research reveals that individuals often behave differently in group contexts than they would if acting alone (i.e. crowd psychology). Within a group setting individuals often take up the group’s identity, ignoring their own conscience, suspending judgment and accountability. The result is that individuals within groups participate in acts they would never commit separately. Social psychologists say that a participant enters a lower state of self-awareness called “deindividuation”. The resulting anonymity can have horrifically destructive effects on innocent lives and property, as witnessed during riots, genocides and wars (Cantril, 2002). Extending these insights, the anonymity associated with group behaviors coupled with limited future concern helps us to understand why individuals in developed nations can be insensitive to poverty, emigration, environmental destruction, water shortages and excessive debt on the global level. When one adds human flaws to an increasingly crowded planet, effects become amplified—there are over 7 billion of us all behaving much the same way.

2. Population

Population growth during the past 200 years has had a positive impact on global economic growth and standard of living. Without a doubt, the powerful, pervasive, and positive effects brought about by Enlightenment thinking and Industrial Revolution propelled civilization to higher states of wealth and welfare. Advances in public health, medicine and agricultural productivity set off exponential growth in population, reinforcing economic progress within a series of positive feedback loops. The historical events represent a transformative tsunami, with all dimensions of civilization and Earth changed forevermore. As the 19th century began Earth was still pristine for humans with their newly minted ideas. There were more unknown places to explore and exploit while human population was low, estimated at being about one billion globally in 1800. Abundant resources were readily available to support industrialization and upsurge in living standards. New technologies arising from scientific research, innovation and commercialization drove the entire enterprise forward. Economists would say the potential for both extensive and intensive economic growth on the global stage was at a maximum back then. Capitalist industries and markets were freer—within the formidable command of enabling, imperial power—to spread across the planet, bringing more and more places, people and resources into the western economic paradigm.

The United Nations projects a further 45 % increase in human population, a forecast that might well have significant consequences. Specifically, the UN projects that global population will grow from 7.7 billion today to about 11.2 billion by 2100 with 95 % certainty (2017). Once human population peaks, fertility may begin a gradual fall, leading to the population growth pattern moving from its current exponential path to one that is logistic. This pattern has already appeared in developed nations with demographers projecting it to occur in time throughout the less developed world. Human population is estimated to level off between 11–12 billion with every reason to believe that population decline commences in the 22st century as world-wide fertility rates fall below replacement level. Before we make a sigh of collective relief, there are three relevant details to consider. First, most additional population growth will occur in the less developed parts of the world, already struggling to pull themselves out of poverty. Second, before human population begins to decline, we and our planet must get through the next 80 years—or more like 150 years or so before our numbers return to even today’s level. Third, the projected 3–4 billion surge in global population is forecast to be the largest increase ever in absolute number during any 80-year period in history. While the average annual rate of population growth is decreasing, the number of people born increase in total number—because each year the base is larger so a decrease in the growth rate can still result in more people being born. Between these considerations lie many risks, all to the downside. Already unprecedented numbers of immigrants are trying to move to the richer, more politically stable parts of the world while sectarian (i.e. tribal) strife within poorer countries becomes more common, with technologically empowered militants and autocrats amplifying their power.

Earth may be able to feed, clothe and house the 7.7 billion people who are presently here—although several billion marginally so. As the next 3–4 billion people arrive the question of whether this represents unsustainable overpopulation becomes significant. Overpopulation is generally defined as a situation where an organism's numbers exceed the carrying capacity of its habitat. The problem is that the 21 st century will witness, and some would say is already witnessing, a time when Earth—clearly a closed environment—experiences a set of innate and/or human imposed restraints. As limits are reached poorer nations will find themselves in a condition of "demographic entrapment"—a condition when a nation has a population more than its carrying capacity without the option of migration, with too little in export earnings to pay for critical imports. The net effect can be localized Malthusian crises with characteristics of mass starvation and sociopolitical instability. Climate change is already cited as making this tendency more probable in Sub-Saharan Africa. In other words, the low-hanging fruit sustaining population growth and prosperity these past 200 years has been plucked—or is being horded—by those fortunate to have industrialized and prospered earlier. The decline of global, westernized civilization as we know it may well be herald by poorer nations fracturing before the crisis spreads to the rest of our global village (Homer-Dixon, 2006).

One final facet is that we are not only a biological force but have become a geological one as well. It is suggested that our numbers are now so vast, our industry so extensive, that a new geological age has begun: the Anthropocene (Waters et al., 2016). This conjecture is rooted not simply in our numbers but in our nature as well: We are 7.7 billion individuals with insatiable collective wants on our way to becoming up to 11–13 billion strong, transforming myriad dimensions of Earth’s hydrosphere, atmosphere, lithosphere and biosphere. One group of scientists has identified limits beyond which we should not push our planet (Stockholm Resilience Centre, 2015). This research suggests we are nearing tipping points into radically different planetary states with unknown ecosystemic features. Earth systems are frustratingly complex, so the results are tentative yet worrying. The bottom line is that planetary boundaries exist and will restrain the current trajectory of civilization. Given the UN’s population growth forecast, we may begin hitting some of these fuzzy planetary boundaries soon. BÁnyai states that environmental regulation has failed, for human behavior is “psychopathological” (2019). Her analysis supports the conclusion made here that civilization’s decline is inevitable. Even if passing the tipping points move Earth into a still hospitable environment for humans, the transitions involved will magnify the tensions associated within the climatic stage of civilization. All this is symptomatic of human behavior and numbers, representing distinctive features during this phase of civilization’s climax.

3. Fall of empires

Earlier civilizations followed a similar pattern of development characterized by what Theodor Mommsen defined long ago as genesis, growth, senescence, collapse and decay (1854-1856). Since Edward Gibbon's extensive work, The Decline and Fall of the Roman Empire, scholars have taken an active interest in what causes the eventual decline of all empires (1776-1788). In the case of Rome, Gibbon suggested decay of the elite was brought on by the “natural and inevitable effect of immoderate greatness”. Arnold Toynbee refined Gibbon’s ideas by adding that the political elite became increasingly parasitic, leading to an increasingly marginalized majority who undermine the integrity of empire in numerous ways (1939). Other macrohistorians, such as Oswald Spengler, argue for a world view based on the cyclical rise and decline of civilizations, suggesting we have begun a centuries-long process of decline mirroring that witnessed in antiquity (1926). Joseph Tainter’s study of Rome identified increased sociopolitical complexity—causing rigidity and fragility while drawing off scarce resources—as a major cause of its decline, with many suggesting his insights relevant today (1988). For many ancient, albeit smaller, civilizations, Jared Diamond suggests a quintet of external factors led to decline: environmental degradation, climate change, dependency upon external trade, intensifying levels of internal and external violence and, finally, societal responses—or lack of response—to all these factors (2005). For modern civilization—and this was likely true for many ancient ones as well—Mancur Olson argued that special interest groups accumulate around the central power structure, drawing off resources, impeding the ability of central authorities to respond appropriately to the growing threats to the integrity of empire (1982). One final point found in all these studies is that leaders essentially failed to deal with developing, macro-problems, both internal and external, before reaching the threshold of crisis and impending collapse.

Galtung and Inayatullah’s ambitious book, Macrohistory and Macrohistorians: A Theoretical Framework, examines the contributions made by twenty macrohistorians in understanding multiple facets of the cycles of civilization (1997). A further ambition of this work was to produce a comparative and integrative history of the patterns and causes of change throughout time. They begin deep in the past with the premodern insights of Ssu-Ma Ch'ien, Augustine and Ibn Khaldun; progressing to 19th century contributions of such dialectical thinkers as Friedrich Hegel and Karl Marx; ending with the more recent thinking of Pitirim Sorokin, Prabhat Sarkar and contributors to the Gaia hypothesis. This sweeping set of transhistorical and cross-cultural perspectives of social change are then treated comparatively, resulting in the definition of twelve different "sciences" addressing change in the human condition. These “sciences” reflect diverse pedagogical perspectives on the study of civilizational change, each focusing on distinct forces, patterns and units of analysis (i.e. vectors of change). Reflecting what has been previously noted, Galtung and Inayatullah identify “stages and patterns” in the cyclical development of civilizations as a common theme among the macrohistorians reviewed. Inclusion of non-Western thinkers infuses the work with a rich set of historical experiences and perspectives while providing us with analytical tools to help understand on multiple levels what is happening within western civilization today.

There are further works suggesting that the present course of humanity has refocused the process of decline of western civilization to distinctive factors (i.e. planetary). From Paul R. Ehrlich’s neo-Malthusian life-long work since he published The Population Bomb in 1968, to Meadows et al. (1972) ongoing work since introducing the “Limits to Growth” hypothesis in 1972, to Edward O. Wilson’s 2002 concept of HIPPO (Habitat destruction, Invasive species, Pollution, Human Over-Population, and Overharvesting), many intellectuals have warned that trends associated with human expansion are unsustainable, pushing today’s civilization into its climatic stage. More recently, the Ehrlichs wrote a piece entitled “Can a collapse of global civilization be avoided?” (Ehrlich & Ehrlich, 2013). They begin by stating that “global collapse appears likely” due to overpopulation and overconsumption with dramatic cultural change necessary to avert catastrophe. Laura Spinny published a summary of additional corroborating research all pointing to socioeconomic disintegration, concluding that “almost nobody thinks the outlook for the West is good” (New Scientist, 2018). Lastly, Luke Kemp, from the Centre for the Study of Existential Risk at the University of Cambridge, published a BBC report noting that “collapse may be a normal phenomenon for civilizations, regardless of their size and technological stage”, and that “our tightly-coupled, globalized economic system is, if anything, more likely to make crisis spread” (Kemp, 2019).

4. Questions to ask before climbing into the lifeboat

What is the Earth’s carrying capacity for humanity? Is it 11 billion or some larger or smaller number? Also, what needs to be done to balance the human desire for personal opportunity, physical comfort and liberty with a sustainable, habitable planet? Further, what have we learned and what do we cherish about our current civilization that we wish to preserve for the future? Finally, how will we carry our treasurers into the next civilization? These are not easy questions, but they must be asked and answered in the next several decades.

The first question requires that we define what a “sustainable” population size would entail. To many it requires a maintainable level of the physical components providing a healthy standard of living for all, consistent with viable ecosystemic balance. Such a standard of living would require ready access to the basics of nutrition, clothing and shelter. In addition, it would require equal entry to the higher reaches of the Maslow hierarchy through provision of a stable environment, basic health care and education, as well as minimal socioeconomic barriers to advancement within a strong legal system. Providing such would guarantee equal opportunity to everyone toward achieving aspirations compatible with innate, or acquired, abilities and drive. In other words, the sustainable population size requires something more than mere survival of our species, since a healthy civilization requires dynamic engagement of, and opportunities for, its members. If the researchers at the Stockholm Resilience Center are correct in stating that Earth will be moving into a profoundly altered state in coming decades, then Earth’s carrying capacity for humanity at any future time is indeterminable today. This has not stopped prognosticators from making estimates based on our planet’s current ecosystemic state. Paul Ehrich places the optimal population of the planet between 1.5 and 2 billion people (The Guardian, 2012). Unfortunately, most research on the subject varies so much as to be currently useless. The reason for such disparate conclusions distills down to the underlying assumptions made by those doing the research—and this too can become victim of partisan, tribal truth. There are those that believe that human adaptability and ingenuity places no limit on human population size while others derive a number less than that suggested by Ehrlich. Further research is needed, and, in the end, the sustainable population range determined requires balancing the carrying capacity of Earth by ecological footprint analysis with some minimum scale required to maintain humanity’s diversity within a transformed, vibrant civilization design.

Many would point to China’s lapsed one-child policy and say it was a failure since it was illiberal and resulted in an inverted demographic pyramid. The first part is true and, as to the second part, there are implications arising from this multi-decade policy that will negatively impact China’s future economic growth, which is construed as a bad outcome. This last conclusion arises from the questionable assumption that aggregate economic growth is something we should always strive for. What really matters is a nation’s “human development” level over time. The fact is that it’s not bad to experience stagnant or negative GDP growth if real per capita human development, as defined by the United Nations’ Human Development Index, remains positive (United Nations, 2019). This is the trick public policy makers need investigate and then achieve. Population decline in the context of robust technologically driven productivity gains is one avenue toward achieving this goal (Frey, 2019). Büchs and Koch have investigated the degrowth transition, finding that wellbeing need not suffer (2019). However, they note that the psychological transition in expectations will not be easy. Echoing this concern, Fergnani underscores the difficulty in disentangling the instilled psychological pleasure individuals gain as participants in capitalism (2019). The coordinated cadence of human effort born of the Industrial Revolution created a psychosocial dynamic that will prove deeply resistant to paradigmatic change. This too requires careful research, but an inescapable conclusion is that it is crucial to modify our inculcated beliefs concerning economic growth.

What do we want to carry into our future from our current sociocultural fabric beyond fine arts, literature and accumulated STEM knowledge? Thomas Jefferson said in the opening lines of the Declaration of Independence that, “We hold these truths to be self-evident, that all men are created equal, that they are endowed, by their Creator, with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness”. Protection of your person and your family, the freedom to live your life without excessive social hindrance and the right to pursue happiness, all resonate with basic human nature. James Q. Wilson, among others, have argued that morality has a strong genetic component, so these new concepts, embodied within the then new democracy, had a strong appeal to humanity’s complex, evolved sense of fairness and justice. While from an objective perspective these “rights” were anything but “self-evident”, claiming so brought them into the social contract, creating a powerful motive among citizens to defend and preserve the young nation. The mid-20th century innovation of connecting individual with social rights, enshrined within a system based on the preeminence of the rule of law, became a potent unifying force and, in many ways, the final socioeconomic achievement the Liberal Tradition made at the end of western civilization’s colonization stage. There is much here worth preserving for it nurtures collective intelligence networks while preserving social cohesion. These points need to be reflected upon and expanded through further investigation.

Will these issues and questions be addressed in an anticipatory or reactive manner? With a reactive approach, the path we’re on, we risk the ongoing decline, collapse and subsequent resurrection to be hijacked by those using tribal truth to create something partisan and potentially devolutionary. While we can imagine governments constructively rising to and addressing the stresses of civilization’s demise, such thinking has proven misplaced and fruitless. The Ehrlichs, as many others, suggest that “widely based cultural change is required”, which is also improbable (Ehrlich & Ehrlich, 2013). Even where we see awareness of such issues as climate change sculpted into active social policy, the protective hand of human biases and special interests lie in the shadows. Further, if the problem is rooted in our numbers and behavior, such polices add up to band-aids—they serve to delay the inevitable. Barring some techno-fix set of miracles, which is possible yet not probable, we must conclude that humanity’s response will continue to be reactive until crisis and collapse are upon us: We are captive to the cycles of history.

At some point before collapse, as awareness grows, an overdue but hopeful reaction is possible, entailing a focused collective intelligence effort attending these issues and questions. For sake of another name, let’s call this the “Human Foundation Project” (Taylor, 2012). Parallel to this project, many in the top socioeconomic groups will be building their walls, underwriting their private militias and fortifying to survive collapse. Their long-term objective will be to create a forthcoming civilization shaped in their image—the one that is now proving unsustainable. This is a dead-end vision for a viable future, so we must look elsewhere for humanity’s salvation.

Ironically, as stated at the beginning of this essay, it’s the global rich and powerful that will make sure they’re the first to climb into the lifeboats. Most of these people are self-centered yet gained their status through being intelligent, industrious and adaptive. Among them are a few concerned visionaries—such as Bill Gates—known for his, and his wife’s, generosity through The Bill and Melinda Gates Foundation supporting public health and education initiatives around the world. There are numerous others that could be mentioned—many well know entrepreneurs, actors and financiers—but the point is that not all the rich are narrowly self-interested: Many put their wealth behind honorable causes. J. Pierpont Morgan is often cited as single-handedly saving the United States from financial collapse during the panic of 1907 (Chernow, 2010). It has happened before and can happen again. If we don’t want the self-serving rich and powerful with their private militias emerging from their gated communities, turned personal bunkers, to reclaim the storyline of tomorrow’s civilization, we need to make a contingency plan to set the stage for something better, encapsulating the philosophically and socially noble features that emerged from the Enlightenment and evolved Liberal Tradition. Once the financing is in hand, the work of the Human Foundation will commence.

The Human Foundation will design a blueprint of a new civilization to emerge at an appropriate time and place possessing the most fertile environment for development. Emergence will eventually take place in phases with the ultimate objective of dominating the storyline of civilization’s reconstruction. It will have a charter and mission statement built upon the following core principles and goals:

1Preserve: Conserve accumulated knowledge related to STEAM fields.

2Delineate: Define what is worth using from the past in designing our next civilization. This includes study of cultural, political, legal, economic and social practices.

3Create: Design a new, robust civilization based on the objective of establishing a world order that nurtures ongoing evolution of humanity and life on earth.

4Sustainability: Emphasize sustainability in all dimensions of institutional design.

5Outreach: Communicate findings with as broad an audience as possible.

6Community: Build a network of individuals and organizations sympathetic with the objectives of the Human Foundation Project.

7Endure and Protect: Create the physical and socioeconomic mechanisms to sustain the Human Foundation through collapse of western civilization. This includes providing for and protecting those associated with the foundation.

8Phases: Lay out the necessary steps during and after initiation to make the design a reality.

9Monitor and Assess: Observe and recalculate prospects and limitations presented to the new design as the collapse of Western civilization progresses.

10Timing: Be prepared to move decisively when and where opportunity is presented.

Soon after its formation the Human Foundation will hold a series of symposiums, bringing visionaries and specialists from across the spectrum of human knowledge together. Each symposium will be centered on critical themes, such as “Sustainable sociocultural practices best serving human needs” or “Beginning institutions, rules and laws” or “Balancing planetary and human systems”, etc. Early on a permanent staff will be necessary to focus collective intelligence on the objectives of the project. Along with gathering and storing that which is to be preserved, while applying foresight intelligence to design a nascent civilization to come, a vital concern will be to find means to endure civilization’s collapse such that formulated plans remain actionable.

Some comments are required on items #8 to #10 in the mission statement principles and goals. Anticipated escalation of armed conflict would destroy the functionality of national sociopolitical institutions in many regions of the world. Besides mass emigration of displaced citizens, other geopolitical consequences are difficult to predict. Rising seas, more severe weather events and increasing temperatures might drive those from densely populated coastal regions inland, increasing competition for resources, social tension and, in some cases, the likelihood of famine. Some nations will disappear (e.g. the Maldives) while others may be relatively untouched (e.g. New Zealand). Global supply chains could easily be disrupted and trade impaired, with the overhang of debt and defaults causing financial market disruption and global GDP to stagnate or turn negative. Public policy initiatives will be constrained by past excesses. Unmet expectations of citizens in the developed world will probably amplify idiosyncratic social and political instability. What if nations or terrorist groups turn to the use of weapons of mass destruction to achieve their objectives? Perhaps there will be nations welcoming the Human Foundation early in the course of collapse, willing to alter their institutions, public policies and legal structures to accommodate the foundation’s vision. All these possibilities must be monitored and factored into the Human Foundation’s plans for when, where and how to initiate the first stages of its plan for establishing the next civilization. Researchers at the Human Foundation will need to engage in continuous scenario analysis and planning. The precise nature of Western civilization’s collapse is unknowable, while the nature and extent of ongoing environmental damage, with its impact on regional habitability, a further unknown. The key will be to design a robust, adaptable plan within a wide range of hypothetical scenarios as the changing state of the world is revealed during the final phases of collapse and decay.

5. Next steps on humanities’ journey

All so far is premised on the assumption that western civilization it in decline. To many it certainly doesn’t feel like this is happening: “…people are carrying on as usual, shopping for their next holiday or posing on social media” (Spinny, 2018). There are two relatively recent developments at work, each having played a role in temporarily counteracting degeneration, sustaining the stage of senescence. First, the global financial system shifted from a debit to a credit basis in the early 1970s. This has permitted an historic increase of debts relative to assets. Debt is essentially borrowing against future income, boosting growth and consumption temporarily in the current region of time. At some point the bills from the past must be repaid, shifting decline onto an accelerated path in a shorter period than would have otherwise occurred.

The Covid-19 epidemic has quickly revealed the fragility of this credit expansion cycle. Twenty-five central banks had announced quantitative easing initiatives by mid-April 2020 to mitigate the economic harm inflicted by viral suppression policies. Further, governments around the world had announced a total of $8 trillion in additional fiscal spending to soften the blow. These efforts entail pumping liquidity into markets through central bank purchases of various private and public financial instruments. The net effect is to transfer more of the accelerating debt burden from the private to public sectors. Along with this, some predict that the United States may run annual fiscal deficits in both 2020 and 2021 of over 3 trillion dollars, at a rate that may approach 18 % of GDP. This begs the question as to the limitations of this approach to economic stabilization. BCA Research, the organization that coined the term “debt super-cycle” back in the 1970s to describe this phenomenon, has declared that the end of the super-cycle began in 2014 and is currently accelerating, ushering in a dangerous period of insidious developments that will fundamentally alter the global economy and civilization as we know it (MarketWatch, 2020).

#### Failure to plan ensures dollar collapse and defaults.

Irving et al. ’21 [Susan; March 2021; Senior Advisor to the Comptroller General and Chief Operating Officer, oversees the annual report on The Nation’s Fiscal Health, Ph.D. in Public Policy and M.P.P from Harvard University; Jason, Vassilicos, Erinn L. Sauer and J. Daniel Paulk (Analysts-in-Charge), Michelle Bacon, Melanie Magnotto, Robert Gebhart, Meredith Moles, Robert Robinson, Ardith Spence, Margaret Adams, Jeff Arkin, Cindy Brown Barnes, Kyle Browning, Nikki Clowers, Michael Collins, Chris Currie, Beryl Davis, Elizabeth Field, Richard Geiger, Mark Glickman, Kathryn Godfrey, Yvonne Jones, Samantha Lalisan, Hannah Laufe, Thomas McCabe, Elizabeth Mixon, Tranchau T. Nguyen, Joseph O’Neill, Laura Pacheco, Oliver Richard, Marylynn Sergent, Joseph Silvestri, Dawn Simpson, Justin Snover, Joseph Thompson, Frank Todisco, Robyn Trotter, Matthew Valenta, Patrick Ward, Steve Westley, Rebecca Rust Williamson, Charles Young; "The Nation’s Fiscal Health: After Pandemic Recovery, Focus Needed on Achieving Long-Term Fiscal Sustainability," https://www.gao.gov/products/gao-21-275sp]

Since the outbreak of the COVID-19 pandemic, the major credit rating agencies have maintained their rating of U.S. debt at AAA or, in the case of Standard & Poor’s, AA+.14 The agencies note the continued strength and resilience of the U.S. economy and institutions. However, as of July 2020, the credit rating agency Fitch—while retaining its AAA rating of US debt—labeled the U.S. outlook negative to reflect the ongoing deterioration in U.S. public finances and the absence of a credible fiscal plan.15

Moody’s U.S. outlook remains stable, but the rating agency noted in June 2020 that despite low interest rates, it expects U.S. debt affordability to deteriorate over the longer term driven mainly by lower government revenues, higher average levels of unemployment, and higher debt accumulation.16 A failure to address the nation’s unsustainable fiscal path over the long term could make it difficult to maintain the federal government’s credit ratings and attract investors without Treasury paying higher interest rates.17

Long-Term Fiscal Projections Show the Federal Government Is on an Unsustainable Fiscal Path

International organizations recommend reporting on the long-term sustainability of the government’s fiscal policy because neither accrual-based financial statements nor largely cash-based budgets provide a full picture of the government’s fiscal outlook.18 Even prior to the COVID-19 pandemic and resulting economic turmoil, long-term fiscal projections by GAO, by CBO,19and in the 2019 Financial Report20 showed that, absent policy changes, the long-term path of the debt was unsustainable.21

As figure 3 shows, for most of the nation’s history, the debt-to-GDP ratio has increased during wartime and recessions and decreased during peacetime and economic expansions. Publicly held debt as a share of GDP peaked at 106 percent just after World War II (in 1946) but then fell rapidly. However, U.S. debt held by the public as a share of GDP grew during three of the four most recent economic expansions. The federal government has run a deficit and added to its debt in every fiscal year since 2002. Persistent and growing deficits have caused debt held by the public to grow faster than GDP, and the ratio of debt to GDP has increased from about 32 percent at the end of fiscal year 2001 to about 100 percent at the end of fiscal year 2020.

Looking forward, all the projections and simulations discussed in this report show that debt held by the public continues to grow substantially as a share of GDP (see figure 4). Moreover, these projections and simulations show that publicly held debt will reach a historical high within 7 to 10 years. Although not identical, both CBO’s simulation and GAO’s baseline simulation generally assume current law (e.g., that tax provisions, such as temporarily reduced income tax rates, expire as scheduled).22GAO’s alternative simulation generally reflects historical policy experiences in assuming some variation from current law, such as the extension of tax provisions scheduled to expire.

All projections involve some degree of uncertainty. Future policy decisions about federal spending, revenues, the federal role in the delivery of health care, and other areas would change the projections. The projected debt-to-GDP ratio is sensitive to assumptions about projected health care costs, interest rates, spending, revenues, and economic growth.23The projections do not fully account for fiscal risks or exposures discussed later in this report, such as natural disasters or public health emergencies.

Both the current fiscal condition and the long-term projections of fiscal sustainability are driven by the economy and by laws passed by Congress and signed into law by the President. CBO’s March 2021 long-term budget outlook projects that debt as a share of GDP in 2049 will be 45 percentage points higher than projected in 2019.24CBO attributes this difference primarily to the effects of the pandemic and actions taken to respond to it—including the impact on economic activity. CBO projects deficits to remain large by historical standards even after the effects of the COVID-19 pandemic fade. Similarly, GAO’s alternative simulation shows deficits rising from about 7 percent of GDP to 15 percent between 2030 and 2050.

According to CBO, high and rising federal debt increases the likelihood of a fiscal crisis. CBO identified concerns that the government’s fiscal position could lead to a large drop in the value of the dollar, or a loss of confidence in the government’s ability or commitment to repay its debt in full. CBO has also reported that rising debt could cause policymakers to feel restrained in their capacity to support the economy during a downturn or unexpected event. The unsustainable fiscal path is straining the federal budget and contributing to growing debt. The longer that action to address this issue is delayed, increasingly drastic changes will be needed.

#### Extinction from nuclear war and global public goods.

Zoffer ’20 [Joshua; February 3; Yale University, former non-resident fellow with the Responsible Asset Allocator Initiative and research manager at McKinsey & Co., B.A. with highest honors from Harvard University; The New Republic, “To End Forever War, Keep the Dollar Globally Dominant,” https://newrepublic.com/article/156417/end-forever-war-keep-dollar-globally-dominant]

In early 2016, Obama Treasury Secretary Jack Lew cautioned that the dollar’s dominance as a global currency rested, in part, on the U.S. government’s reluctance to fully weaponize it. If foreign markets and governments “feel that we will deploy sanctions without sufficient justification or for inappropriate reasons,” he warned, “we should not be surprised if they look for ways to avoid doing business in the United States or in U.S. dollars.” Lew’s case stemmed from the more fundamental view that the dollar’s international role is “a source of tremendous strength for our economy, a benefit for U.S. companies and a driver of U.S. global leadership”—in other words, a role worth keeping. This view is emblematic of American financial governance since the Second World War. U.S. economic analysts, especially at the Treasury, have jealously guarded the dollar’s role and the many benefits it offers: the ability to run large deficits at low cost and disproportionate influence over the structure of the global economy, among others.

Yet in their recent article in The New Republic, David Adler and Daniel Bessner argue the U.S. should abandon these advantages. In their view, the dollar’s role has encouraged American militarism and should be relinquished to curb such behavior. Dollar hegemony is not without cost, but to renounce it would be a profound mistake. Adler and Bessner’s view neglects the sizable economic benefits the dollar’s role confers on the U.S., as well as its possible use as an antidote to military adventurism. It ignores the enormous good that can be done with deficit spending, much of which has gone to the American military but could instead fund progressive programs. And it elides the inability of the U.S. and its global trading partners to shift away from dollar dominance without creating worldwide financial distress. Adler and Bessner are right that the U.S. has misused its privilege, but Washington should not abandon it; rather, American leaders should seek to transform it.

Generations of American policymakers have been right to protect the dollar’s key currency role for economic reasons. Most notably, dollar hegemony affords the U.S. the ability to run large and prolonged budget and balance-of-payments deficits. The dollar represents 62 percent of allocated foreign exchange reserves, is used to invoice and settle roughly half of world trade, and accounts for 42 percent of global payments. Because governments, banks, and businesses worldwide need lots of dollars, the world market always stands ready to absorb new U.S.-dollar-denominated debt without charging higher interest rates.

Adler and Bessner correctly point out that the rest of the world considers the dollar’s role as the world’s reserve currency to be an “exorbitant privilege,” a term coined in the 1960s by then French Finance Minister Valéry Giscard D’Estaing. The ability to spend beyond its means has enabled the U.S. to fund its impressive military might, whether one views that power as the fountainhead of Pax Americana or the source of illegitimate military adventurism.

But these economic benefits go beyond just deficits. The demand for dollars also pushes up the dollar’s value against other currencies, enhancing American purchasing power and offering consumers access to imports on the cheap. The dollar’s role also means American firms rarely need to do business in foreign currencies, reducing transaction costs and exchange-rate risks.

More broadly, America’s central economic role gives it outsize influence at crucial moments. At the height of the financial crisis that began in 2008, the Federal Reserve was able to inject vital liquidity into the global financial system by selectively offering dollar swap lines to trusted foreign central banks. Dollar hegemony enabled the U.S. to act swiftly, effectively, and on its own terms.

In addition, the dollar’s role offers a potent alternative to kinetic military action as a means of pursuing foreign policy objectives. The dollar’s broad use means access to dollar liquidity—which in turn requires access to the U.S. financial system—is essential for foreign governments and businesses. For foreign banks, especially, being cut off from dollar access is essentially a death sentence. That makes sanctions that do so a powerful tool in the international arena.

In 2005, for example, the U.S. used the dollar to strike a devastating blow against North Korea without firing a single shot or even formally enacting sanctions. Using authority provided by Section 311 of the Patriot Act, the Department of the Treasury crippled Banco Delta Asia, a bank accused of facilitating illegal activity by the North Korean government, by merely threatening to cut off its access to the American financial system. Deposit outflows began within days; within weeks the bank was placed under government administration to avoid a full collapse. Pyongyang was hit hard, as other banks ceased their business with it to avoid meeting the same fate.

Similarly, though the Trump administration has worked hard to undo it, the Joint Comprehensive Plan of Action with Iran to limit the development of nuclear weapons was made possible, in part, by painful dollar sanctions that brought Iran to the table. Far from being a proximate cause of military conflict, the dollar’s central global role has often been used to contain adversaries without military intervention.

Still, skeptics are right to point out that the dollar’s role has indirectly funded American interventionism and that dollar sanctions have been overused, provoking the ire of American allies. But these facts suggest we should use our dollar power to forge a more progressive U.S. order, not abandon the advantage altogether. America’s exorbitant privilege need not fund warships and missiles: The same low-interest borrowing could be used to fund a new universal health care system, expand access to higher education, or pursue any number of large-scale social policy objectives, including financing global public goods that no other country or consortium of countries is prepared to fund, such as climate change mitigation.

### Payers---1AC

#### Advantage 2---PAYERS:

#### Consolidated insurance markets create barriers to access through costs and choice that decrease dampen utilization.

O’Connor ’18 [Genevieve; Spring 2018; associate professor of marketing at Gabelli School of Business, Fordham University, Ph.D. in Management from Rutgers University; "The Relationships of Competition and Demographics to the Pricing of Health Insurance Premiums in Affordable Care Act–Era Health Insurance Markets," Journal of Public Policy & Marketing, Volume 37, Issue 1, p. 88-105]

Although it is a vital service sector, health care in the United States “costs too much, wastes too much, errs too much, and discriminates too much” (Berry and Bendapudi 2007, p. 122). To help address these concerns, policy makers and academics have sought to identify ways to improve and ensure equitable access, defined as an opportunity for every consumer to obtain affordable health care. The Affordable Care Act (ACA), signed into U.S. law in 2010, is the most recent attempt to strengthen health care, by giving Americans better access to affordable quality health insurance while reducing overall health care spending. Under the ACA, each state is required to offer health insurance through a marketplace controlled by the state government (i.e., state-based marketplace), federal government (i.e., federally facilitated marketplace), or a combination of the two (i.e., federally supported state-based marketplace and state-partnership marketplace). At the end of the 2015 ACA open enrollment period (November 15, 2014–February 15, 2015), health insurance marketplaces had provided insurance coverage to 11.7 million Americans (Kaiser Family Foundation [KFF] 2015). Nonetheless, there remains considerable debate and concern that health insurance is still not affordable (Wilensky 2015). Further, considering the current political climate, health care affordability has become a paramount issue among not only health care advocates and public policy makers but also all U.S. citizens.

Although health insurance has been heavily studied, there is a paucity of research investigating premiums charged within health insurance markets (HIMs) and how the pricing of premiums— that is, prior to any possible federal subsidies—within HIMs affects equitable access to health care services. HIMs are intended to provide greater access to health insurance (which may not have been available otherwise) via government sanctioned exchanges for individuals, families, and small businesses. Despite considerable interest in the ACA (also known as “Obamacare”), there is a lack of full understanding of pricing patterns used in ACA-era HIMs and the role of factors such as competition and population demographics on the price consumers pay for health insurance in the form of monthly premiums. Further, although health care is one of the most personal and important services, consumers often purchase it without knowing its actual cost (Berry and Bendapudi 2007), thereby making it an area of inquiry that is important and relevant to everyone.

While health insurance companies consider profitability, competition, and market pressures when setting premiums, antitrust mandates require that competition is fair. Setting equitable prices in health care is critical, given the importance of ensuring access to health care for everyone. Though the ACA is designed to foster competition and prevent discriminatory pricing practices, there is little research on premium rates within HIMs and the extent to which there is equitable access to health care for every American. Some studies show that HIMs improve access by reducing overall insurance cost through savings in premiums (Dafny, Gruber, and Ody 2015; Dickstein et al. 2015), whereas other studies suggest that recent mergers and acquisitions in the health insurance industry can adversely affect consumer access by increasing premiums and decreasing quality of care (Dafny 2015; Trish and Herring 2015). Although the ACA promotes development of accountable care organizations, which are networks of providers and hospitals that provide coordinated care, this, too, has been questioned as anticompetitive and violating antitrust laws (Grogan 2015). As such, areas of the United States with many of these fully integrated vertical health care systems have been found to have less competition and higher prices (Baker, Bundorf, and Kessler 2014).

Although the intent of the ACA is to ensure affordable access to health care for every American, little is known about how competition and population demographics are associated with health insurance premiums within HIMs. To address this gap, the following research questions are addressed: How are health insurance premiums related to market competition? In particular, how do market concentration, number of insurance plans, number of geographic rating areas, and type of managed care plan relate to premiums within an HIM? Further, how does the relationship of number of insurance plans to premiums vary by a market’s concentration of insurers and number of geographic rating areas? How are the characteristics of a population served by an HIM (e.g., family size, income, age, education level, gender, race/ethnicity) related to premiums? Finally, how are premiums in potentially vulnerable areas (i.e., areas that did not adopt Medicaid expansion plans or that serve a large percentage of uninsured consumers) related to the characteristics of a population? Understanding the role these variables play in HIM pricing patterns is critical to ensuring equitable access for every health care consumer.

As recognized by Berry and Bendapudi (2007), Scammon et al. (2011), and Cri´e and Chebat (2013), research in health care offers an opportunity to positively impact individual and collective well-being. This research contributes to health service research in several ways. First, it explores the relationship of competition and demographics to health insurance premiums within HIMs, a topic that is understudied yet affects millions of Americans. Second, by examining market concentration, number of insurance plans, number of geographic rating areas, and type of managed care plan (e.g., health maintenance organization [HMO], preferred provider organization [PPO], exclusive provider organization [EPO], point of service [POS]), this research offers a framework to better understand the multidimensional nature of competition within HIMs. Third, this research sheds light on the relationship between demographic characteristics of the population served and insurance premiums in HIMs, including consumer groups that are negatively affected by pricing dynamics within HIMs by paying higher premiums. These groups are not provided equitable access to services and are thereby most in need of policy change.

This article is structured as follows. First, drawing on economic theory and insurance literature, a conceptual model is developed regarding how premiums are related to competition and population characteristics. Hypotheses are developed and tested in a baseline model using HIM data for 2,560 markets, with additional analyses that provide further insights into population subsamples that may be especially vulnerable to inequitable access. The article then discusses the results in light of equitable access and offers suggestions of how policy makers and marketers can enhance consumer and social welfare by improving equitable access to health care.

Background

Pricing Within HIMs

Previous research on the effects of market size and composition on HIMs helps motivate this research study. Though Dafny (2015) and Gabel et al. (2015) provide key insights by examining the impact of insurer competition in HIMs, and Dickstein et al. (2015) does so by investigating the role of coverage size on price, research has failed to look deeper into health insurance premiums by neglecting the relationships between competitive intensity, population demographics, and premium rates, which are analogous to price and are the subject of this study. A negative relationship between competition and price has been a fundamental assumption in economic theory (Von Neumann and Morgenstern 1944), pricing practice (Monroe 2002), and public policy (Stern 1984). A greater number of competitors in a marketplace is typically associated with lower prices. As such, many of today’s antitrust regulations are motivated by the view that limited competition can lead to higher prices and less choice (Desrochers, Gundlach, and Foer 2003), which could detrimentally affect consumer welfare.

Implementation of HIMs makes it possible to test fundamental assumptions about competition, prices, and public access in the unique context of health insurance. According to the theory of managed competition in which HIMs are grounded (Jost 2010), marketplaces can be managed to promote competition (i.e., independent groups compete for consumers), which in the case of HIMs can enhance quality and efficiency of health care delivery (Ethoven 2014). HIMs draw on the concept of managed competition by facilitating price transparency with the intent to offer greater consumer choice at an affordable price. Designed to promote competition through market dimensions such as premiums and service quality (Dafny, Gruber, and Ody 2015), HIMs rely on regulations to ensure that insurance companies offer specified baseline benefits and sufficient choice among plans, and they follow market rules that encourage competition and limit incentives for risk selection (Einav and Levin 2015).

Though the United States has moved toward managed competition, HIMs are still fraught with challenges. Some studies suggest that the number of consumers covered under HIMs is too small to drive large-scale change in the marketplace and influence the state of the nation’s health care (Ethoven 2014). Further complicating competition within HIMs is the lack of strong incentives for insurers to compete on price and quality (Einav and Levin 2015). To better understand the challenges HIMs face related to competitive intensity, the relationships between market concentration, number of insurance plans, number of geographic rating areas, type of managed care plan, and premiums are outlined next.

Market Concentration

Normative models of competition show that a reduction in competitive intensity enables sellers to increase profit margins through price increases. Movement from monopolistic to duopoly market conditions and eventually to perfect competition results in lower prices (Von Neumann and Morgenstern 1944). Such movement can also trigger drastic downward price pressure and, in some cases, price wars (Van Heerde, Gijsbrechts, and Pauwels 2008). As antitrust mandates encourage variety and competitive choice (Petty 2002), antitrust regulations in most developed countries aim to eliminate market conditions that foster price gouging and uncompetitive pricing practices (Moran and Simowitz 2013).

Antitrust research suggests facilitating consumer choice through a wide range of market options rather than low prices as the sole competitive variable (Guiltinan 2002; Petty 2002). Nonprice competition typically provides more choice and price quality options and thus more consumer utility. In contrast, when the market is concentrated in a small number of competitors, choice may be more restricted, consumers may be forced to pay higher prices, and product quality may be compromised (Guiltinan 2002). As outlined by the ACA, HIMs are constructed to stimulate competition between insurers as a means to reduce prices and make coverage more affordable (Sheingold, Nguyen, and Chappel 2015). It is therefore possible that insurance market concentration will be associated with higher health insurance premiums. Specifically, it is proposed that higher premiums are associated with HIMs that are more concentrated. H1a: A higher concentration of insurers in an HIM is associated with higher premiums.

Number of Insurance Plans

Although concentration of insurers is a key measure of competition, insurers can offer multiple plans at various premium and coverage levels. In some HIMs, consumers may be able to choose from a variety of plans, while the number of choices within other HIMs may be limited. As imperfect substitutes, insurance plans differ in carrier brand names (e.g., Aetna, UnitedHealthcare), metal tier levels (i.e., catastrophic, silver, bronze, gold, and platinum and their associated signals regarding average lowest-to-highest premiums and highest-to-lowest out-ofpocket expenses), type of managed care plan (i.e.,HMO,PPO, EPO, POS), and premiums. Appendix A shows insurance plan choices and metal tier levels by state. These differences provide insurers with leverage and marketing power (Ericson and Starc 2015) and, at the same time, can constrain the range and depth of benefits for consumers. In turn, multiple insurance plan options increase consumer choice (Cox et al. 2015). Greater consumer choice may foster competition among plans, which may be associated with lower premiums within an exchange market, as follows: H1b: A higher number of insurance plans in an HIM is associated with lower premiums.

Interaction Between Market Concentration and Number of Insurance Plans

The number of plans offered within each HIM is likely to be related to the concentration of insurers and, in turn, premiums. Under managed competition, where consumers can choose from an array of health plans based on price and quality, consumers tend to choose lower-cost, higher-quality plans, which places pressure on providers to control costs and increase quality in order to compete for enrollment (Buchmueller 2006). For example, insurers operating in unconcentrated HIMs (i.e., HIMs that have many insurers comparable in size) may increase the number of plan options to compete with other insurers’ plan choices. In contrast, in a highly concentrated market (i.e., fewer insurers that enroll a significant portion of the population), consumer choice could become limited (i.e., few insurance plans offered) due to a lack of competition among insurers (Smith 2014). Lack of competition offers little incentive for insurers to offer more plans or low premiums. The relationship between insurer concentration and number of plans as it relates to premiums is evinced in UnitedHealthcare’s decision not to enter the HIM market in 2015, which Dafny, Gruber, and Ody (2015, p. 59) suggest “could affect the second lowest cost silver plan premium through two mechanisms: (1) a ‘direct effect’ arising from the possibility that United could have offered one of the two lowest-priced silver plans in a given market; and/or (2) an ‘indirect effect’ due to rivals’ strategically lowering their premiums to compete with United.” The combined effect of market concentration and number of insurance plans offered by a typical insurer in an HIM may therefore be related to insurance premiums; that is, the relationship between number of insurance plans and premiums will vary by a market’s concentration of insurers, with high premiums in more concentrated markets that offer fewer plan choices and low premiums in less concentrated markets that offer more plan choices.

H1c: There is an interaction between the number of insurance plans in an HIM and the concentration of insurers in the HIM.

Geographic Rating Areas

In the ACA market, there is great variability in how insurance companies price premiums. The regulations each insurance company faces vary by state. Some states have chosen to spread risk across the community, with all individuals paying the same premium (i.e., community rating) regardless of health status and demographics. Other states use adjusted community ratings that are based on specific factors. The ACA permits insurers to vary premiums on only four factors: (1) family size (i.e., individual vs. family enrollment), (2) geographic rating area, (3) age, and (4) tobacco use (Giovannelli, Lucia, and Corlette 2014). Under the ACA, to help eliminate discriminatory pricing practices, insurers can no longer use gender or health status as a pricing factor. The objective of these government mandates is to improve public health by ensuring that all subgroups of a population are offered affordable insurance options. The next set of hypotheses is conceptualized to capture the relationship between geographic rating area and premiums.

Number of geographic rating areas. Rating areas are a critical characteristic of competition within HIMs (Swartz, Hall, and Jost 2015). To account for cost variability, each state has the option of partitioning geographic rating areas based on projected costs to serve a specific area (i.e., service costs, degree of coverage, number of members, and demographic profile). States can establish single or multiple rating areas, up to the maximum allowed by the U.S. Department of Health and Human Services. Boundaries of rating areas are based on (1) counties, (2) three-digit zip codes, (3) metropolitan statistical areas or nonmetropolitan statistical areas, or (4) a combined methodology (National Advisory Committee on Rural Health and Human Services [NACRHHS] 2014). Insurers can then adjust premiums based on the state-specified rating area to promote efficient pricing and ensure adequate coverage (Center for Medicare and Medicaid Services [CMS] 2015).

States’ implementation of rating areas is highly varied; some designate the entire state as a single rating area, and others designate each county as a separate rating area. Although insurers must follow cost mandates (i.e., geographic rating) dictated by each state, having multiple rating areas can address cost variability within the state by allowing insurers to charge more in HIMs where health care costs are high. This market segmentation helps prevent rate shocks by allowing insurers greater customization and flexibility to adjust premiums across geographic rating areas, which in turn should help lower premiums on average. States may also establish multiple rating areas to spur competition and help prevent insurers from vacating the market (Giovannelli, Lucia, and Corlette 2014). Based on the greater competitiveness of a larger number of rating areas, the following hypothesis is posed: H1d: A higher number of rating areas in an HIM is associated with lower premiums.

Interaction between number of geographic rating areas and number of insurance plans. Since most states permit insurers to sell plans in just some rating areas rather than the entire state, focusing on rating areas is crucial in analyzing forms of competition within HIMs (Swartz, Hall, and Jost 2015). Regulators are concerned that limiting the number of rating areas might result in higher premiums (Giovannelli, Lucia, and Corlette 2014). For example, in states with fewer rating areas, there is less opportunity for insurers to account for cost variability within the state, which could deter carriers from entering the market and thereby negatively affect competition. Similarly, HIMs that operate in a state with many rating areas may benefit from greater competition as more insurance plans are attracted to compete in the market. It is therefore possible that the combined effects of the number of rating areas and number of plans offered by a typical insurer in an HIM may further relate to insurance premiums, as follows: H1e: There is an interaction between the number of insurance plans in an HIM and the number of rating areas in the HIM.

Type of Managed Care Plan

As a potential signal for service quality, type of managed care plan (i.e., HMO, PPO, EPO, or POS) is important for evaluating nonprice competition. Initially, managed care plans were distinct and mutually exclusive products. However, today the distinctions among managed care plans are blurred, making it difficult for consumers to ascertain differences between product offerings (Kongstvedt 2001). By definition (Health care.gov 2017), HMO plans generally limit care to within the HMO network; PPO plans cover care within and outside of the network; EPO plans only cover care within the network; and POS plans cover care within and outside the network, and a referral is necessary to see a specialist. Within each HIM, HMO plans typically have larger provider networks, and thus greater bargaining power, than PPO plans (Swartz, Hall, and Jost 2015). Furthermore, managed care plans whose provider networks are highly restrictive (e.g., less consumer choice of health care providers) generally have a lower total cost for the consumer (Health Affairs 2016). Given differences in provider networks, premiums are likely to vary by managed care plan. H1f: Premiums vary by type of managed care plan.

Pricing Across Population Demographics

In addition to competition, population demographics can also be associated with inequitable pricing practices in health care (Dafny, Duggan, and Ramanarayanan 2012) and reduced access (Babitsch, Gohl, and Von Lengerke 2012). Prior to the ACA, insurance companies could price premiums according to consumer demographics. For example, in states where gender rating was legal, women could be charged twice the premium for the same coverage as men of equal age (Pear 2012). Similarly, older individuals were typically charged more for insurance, paying as much as five times the premium that younger consumers paid (Levitt, Claxton, and Damico 2013).

These pricing practices are consistent with segment-based pricing approaches used in goods and services markets (e.g., telecommunications, Huang 2008; automobiles, Busse, Simester, and Zettelmeyer 2010). Segment-based pricing allows sellers to capitalize on variations in consumer price sensitivity in order to maximize profits and control business risk (Erdem, Keane, and Sun 2008). Despite financial benefits to sellers, consumer wellbeing can be harmed when essential services are the focus of price segmentation. For example, homeowners in flood-prone zones are vulnerable to price gouging by property and casualty insurers. For this reason, governmental intervention has been required to control U.S. flood insurance premiums (Estelami 2012).

To help neutralize discriminatory pricing practices, states are required to charge the same premium to individuals of the same age, family status, and tobacco use status residing within the same rating area/HIM. Nevertheless, it is possible that demographic characteristics of the population served by an HIM are related to premiums. Systematic variations in price sensitivity by family size, income, age, education level, gender, and race/ethnicity of the populations served within each HIM may be related to variations in premiums charged.

Family Size

Consumer research in non–health care contexts shows that larger households are more price sensitive (Hoch 1996) due to apportioning a fixed income among a larger number of people (Sethuraman and Cole 1999). U.S. employees who choose family health care insurance plans display relatively high price sensitivity (Parente et al. 2004). Manning et al. (1987) also find that likelihood of medical service usage decreases from 86.7% when the services are free to 68% when the family’s responsibility is 95%. Showers and Shotick (1994) find that the marginal increase in total insurance spending diminishes as family size increases. Based on these findings, lower premiums are likely to be offered within HIMs that serve populations with large families, due to their greater price sensitivity.Although the ACA permits insurers to increase premiums as family size increases, determining whether premiums are related to differences in family size within a population served by an HIM has not been empirically tested. H2a: A higher mean family size in an HIM is associated with lower premiums.

Income

Economic theory holds that lower-income consumers are more price sensitive since they are especially aware of how much they must give up (i.e., pay) relative to what they earn when making consumption decisions (Goldsmith, Flynn, and Kim 2010). In particular, lower-income (vs. higher-income) individuals are typically more sensitive to changes in premiums (Marquis et al. 2004). Furthermore, income is commonly used as a guide to set prices for different target segments (Goldsmith, Flynn, and Kim 2010). Therefore, it is expected that premiums will be positively associated with income due to greater degree of price tolerance within high-income populations. H2b: A higher mean family income in an HIM is associated with higher premiums.

Age

Although income typically peaks in middle age, purchasing power grows with age due to decreased financial obligations (Amatulli, Guido, and Nataraajan 2015). In tandem, medical needs tend to grow as consumers age. Recognizing their need for care, older (vs. younger) individuals are generally less price sensitive to health insurance premiums (Beaulieu 2002). Furthermore, price elasticity, defined as a change in the number of enrollees of a health plan when the health plan premium increases or decreases (Pendzialek, Simic, and Stock 2016), is lower for older individuals (Royalty and Solomon 1999), thereby suggesting that higher premiums will have little effect on older individuals’ insurance plan choices.

Because age is positively correlated with health care expenditures (Beaulieu 2002), the ACA allows a 3-to-1 price ratio for older versus younger adults and limits variation in premiums charged between age brackets (i.e., bands). States can choose to use federally defined age bands, implement their own uniform age curve, or use no curve at all by eliminating the rating ratio (Giovannelli, Lucia, and Corlette 2014). Though states have flexibility in adopting ACA’s age restrictions, thereby helping to address higher health care costs associated with older age, the extent to which the age composition of a population served by an HIM is related to health insurance premiums is not known. Based on older consumers’ greater purchasing power, greater need for health care, and price elasticity, it is expected that age is positively related to premiums. H2c: A higher percentage of older consumers in an HIM is associated with higher premiums.

Education Level

Consumers with higher education may be more tolerant of high insurance premiums due to their generally higher purchasing power (i.e., higher incomes; Cutler and Lleras-Muney 2006). Research in health care shows that price sensitivity decreases with increasing level of education (Royalty and Solomon 1999). Marquis et al. (2004) find that individuals with a college degree or higher are more likely to purchase coverage than those without. Premiums may therefore reflect the level of education in a population being served, as follows: H2d: A higher percentage of consumers with a high school diploma in an HIM is associated with higher premiums.

Gender Composition

Under the ACA, insurers are no longer permitted to “gender rate,” that is, vary HIM premiums on the basis of gender. Since females tend to use more health care services and incur higher medical costs than males (Bertakis et al. 2000), insurers may try to compensate by increasing premiums in areas highly populated by females. Therefore, it is expected that an increase in the percentage of women in a population served by an HIM is associated with higher premiums. H2e: A higher percentage of female consumers in an HIM is associated with higher premiums.

Race/Ethnic Composition

Though health insurance coverage varies by racial and ethnic groups, where nonwhites are at a disproportionate risk of being uninsured (Garfield and Damico 2016), there is little research on ACA-era insurance coverage by race and ethnicity. Although the ACA is positioned to shrink the racial divide in health insurance, Clemans-Cope et al. (2012) suggest its success is largely dependent on how effective states are in securing enrollment in Medicaid and the Children’s Health Insurance Program (CHIP) and enrolling consumers in plans offered in HIMs, and on penalty and subsidy levels “particularly in states that contain a large share of the nation’s Hispanic and Black populations” (p. 928). Because blacks and Hispanics are expected to have the largest reductions in uninsured people under the ACA (Clemans-Cope et al. 2012), percentage of nonwhite consumers is likely to have a negative relationship with premiums, as outlined in the following: H2f: A higher percentage of nonwhite consumers in an HIM is associated with lower premiums.

Investigating Equitable Access Within Vulnerable Populations

As proposed in H2a–f, premiums are likely to be related to different demographic groups’ price sensitivity and needs, where premiums will be higher in areas where groups are the least price sensitive and/or have the greatest demand/need for health care coverage. However, research has yet to explore how demographics are related to premiums in HIMs that serve potentially vulnerable populations. From a public policy standpoint, there is considerable concern about whether vulnerable subgroups of the population, that is, individuals who are most at risk for inequitable access to services, are being offered premiums that ensure affordable access to health care.

Research shows that consumers’ predisposing demographic characteristics can act as a barrier to health care service access. Specifically, low-income people, nonwhites, people living in rural and inner-city areas, uninsured people, and people with special health care needs face greater barriers to health care access, which creates disparities in health care utilization (Agency for Healthcare Research and Quality 2016). As a result, federal efforts seek to reduce disparities by focusing on these vulnerable populations. Therefore, to further explore equitable access in HIMs, vulnerable subsamples (i.e., in HIMs that operate in states that chose not to adopt Medicaid expansion plans and HIMs serving populations with >12% uninsured) are studied. Specifically, the prevalence of vulnerable groups (i.e., lower income, young, less educated, women, nonwhites) of vulnerable groups within vulnerable populations is chosen to address the reality that “these groups are not mutually exclusive and often interact in important ways” (Ulbri and Artiga 2016).

HIMs in States That Did Not Adopt Medicaid Expansion Plans

As a result of the ACA, uninsured rates dropped across all states; however, they dropped more in states that chose to expand Medicaid (Garfield and Damico 2016). Under the ACA, Medicaid coverage was extended to low-income adults with incomes up to 138% of the federal poverty level ($27,724 for a family of three in 2016; Garfield and Damico 2016). Further, states that adopted Medicaid expansion plans witnessed a 7% decrease in monthly premiums on average (Sen and DeLeire 2016). Though the number of insured increased as a result of Medicaid expansion plans, nonwhites are more likely than whites to fall into the coverage gap (i.e., where income is too high to be eligible for Medicaid but too low to receive subsidies under ACA plans) in states that did not adopt Medicaid expansion plans (Duckett andArtiga 2013). Furthermore, research by Garfield and Damico (2016) suggests that HIMs in states without Medicaid expansion plans are likely to structurally continue inequitable access for the poor regardless of ACA requirements not to vary rates according to race or income.

HIMs with a High Percentage of Uninsured

Health care customers who are uninsured face greater barriers to service access, placing them at greater risk of increased mortality and medical debt. Younger adults, less-educated people, men, nonwhites, and members of low-income families (Institute of Medicine 2001) represent larger portions of the uninsured, which raises questions about whether these groups are being afforded equitable access to care. For example, Marquis et al. (2004) find that Hispanics are 13–18 percentage points less likely to purchase insurance than non-Hispanics, whereas blacks are 7–12 percentage points less likely to purchase than whites. Though federal efforts are in place to help ensure equitable access, insurance carriers are not bound to any other federal or state guidelines when pricing premiums. Therefore, it is critical to ascertain whether structural pricing inequities under the ACA persist within HIMs.

Though it is expected that premiums will reflect greater price sensitivity among certain groups, it is uncertain to what degree demographic characteristics such as family size, income, age, education, gender, and race/ethnicity are associated with premiums in these vulnerable areas. It is critical to investigate the interplay of the targeted population’s sociodemographic characteristics and premiums within these vulnerable populations.

H3a: Premiums vary by demographic characteristics (i.e., family size, income, age, education, gender, and race/ethnicity) of HIMs operating in states that did not adopt Medicaid expansion plans.

H3b: Premiums vary by demographic characteristics (i.e., family size, income, age, education, gender, and race/ethnicity) of HIMs that have a large percentage of uninsured.

Data and Methods

To investigate competitive forces (H1a–f) and population demographics (H2a–f) in ACA-era HIMs, all predictor variables are incorporated into one baseline model with monthly insurance premiums as the dependent variable (Model 1). To investigate equitable access in vulnerable areas, relationships between demographics and monthly insurance premiums (as the dependent variable; H3a–b) are modeled in HIMs serving areas in states that chose not to adopt Medicaid expansion plans (Model 2) and HIMs serving areas that have greater than 12% uninsured (Model 3).

Health insurance pricing data from Healthcare.gov (2015) and demographic data from the U.S. Census Bureau’s (2015) are used to explore relationships of competition and demographics with premiums in every HIM that used the Healthcare.gov platform in 2015. Demographic data on each county were matched to pricing data of each HIM through a unique identification number (i.e., GEOID) provided by the U.S. government. The unit of analysis is each HIM, determined by the consumer’s county of residence. These include the federally facilitated, state-partnership, and federally supported state-based states. A total of 2,560 counties from 36 states that used the Healthcare.gov platform in 2015 are used to estimate the model.1

Dependent Variable

Health insurance premiums are used to assess HIMs because premium cost is a primary criterion consumers weigh when choosing health insurance (Dickstein at al. 2015. Premiums are also widely used to study the correlation between insurer concentration and price (Dafny 2015) and to compare premium differences within and across HIMs (Appleby and Rau 2015). The premium for the second-lowest-cost silver plan for a 21- year-old person is chosen as the dependent variable. In accordance with previous research on HIMs (e.g., Dickstein et al. 2015; Taylor et al. 2015), the second-lowest-cost silver plan, the benchmark plan, is estimated because it is directly linked to federal subsidies. Pricing for the 21-year-old segment is used because most states use the base rate of a 21-year-old health care consumer to regulate prices (CMS 2013). To uncover the relationship between competitive intensity, population demographics, and health insurance pricing in HIMs, health insurance premiums are modeled as a function of a series of explanatory variables. It is important to recognize that these models capture premium charged, which may or may not be the actual premium paid by the consumer after federal subsidies.2

Independent Variables

Independent variables include measures of competitive intensity within HIMs and population demographics. The variables are operationalized as follows and summarized in Table 1.

Competitive Intensity

Competition in HIMs is captured by market concentration, number of insurance plans, interaction between market concentration and number of insurance plans, number of rating areas, and interaction between number of rating areas and number of insurance plans. The concentration of insurers in a market is measured by the Herfindahl–Hirschman Index (HHI; U.S. Department of Justice 2015), calculated as the sum of squares of market share of each competing firm (HHI = s1 2 + s2 + s3 2 + ... sn 2, where si is the market share of the ith firm). This measure is obtained from KFF’s (2013) analysis of health insurance data. When a market is occupied by many firms of relatively equal size, the market is considered highly competitive (i.e., HHI < 1,000). As the number of firms in the market decreases, and when their size disparity increases, the HHI increases. Markets in which the HHI is between 1,500 and 2,500 points are considered moderately competitive, and markets in which the HHI is greater than 2,500 points are considered uncompetitive and highly concentrated (i.e., few insurers and greater size disparities; U.S. Department of Justice 2015). Though HHI is an imperfect proxy for true market competitiveness, there are no straightforward alternative measures (Dafny 2015). In addition to HHI, competitive intensity is characterized by the number of insurance plans, which is the total number of plans offered in an HIM by all insurers. To test whether the relationship of number of insurance plans to premiums varies by concentration of insurers, an interaction term (i.e., market concentration × number of plans) is included as an explanatory variable. Number of geographic rating areas per state is taken from the Center of Consumer Information and Insurance Oversight (CMS 2015). Because the distribution of number of rating areas is skewed, its log is used. To test whether the relationship between number of insurance plans and premiums varies by number of rating areas, the interaction term (i.e., number of rating areas × number of plans) is included as an explanatory variable. Type of managed care plan is a polytomous dummy variable classified as HMO, EPO, and POS = 1; PPO = 0.

Population Demographics

Key county demographics characteristics taken from the American Community Survey (U.S. Census Bureau 2015) include (1) family size, (2) income, (3) age, (4) education level, (5) gender composition, and (6) race/ethnicity. These variables are operationalized, respectively, as (1) mean family size, (2) log of mean annual household income, (3) log of median age, (4) percentage of population that has earned a high school diploma or the equivalent, (5) percentage of population that is female, and (6) percentage of population that is nonwhite. The NACRHHS (2014) finds that lower state population density is associated with higher premiums; thus, this variable is controlled for in the model. Further, because the distribution of population is skewed, the log of population density is used.

Analyses and Results

Table 1 lists summary statistics for HIMs in states operated by Healthcare.gov. Each HIM has an average of 42.09 insurance plans and 13.56 rating areas. On average for each HIM, mean family size is 3.08, mean family income is $56,728, the median age of consumers is 40.6 years, the percentage with a high school diploma is 35.08%, and the percentage of females is 49.95%. The majority of insurance plans are HMOs (47%), followed by PPOs (33%), POS plans (14%), and EPOs (6%). Multicollinearity diagnostic statistics indicate that correlations between and among independent and dependent variables are near zero, VIF scores are less than 5, and tolerance scores are greater than .2. Therefore, there are no multicollinearity concerns among the explanatory variables (Stine 1995).

Ordinary least squares regression is used to estimate the effects of the explanatory variables on health insurance premiums. Table 2 presents results for the baseline model (Model 1), which is significant at the p < .001 level (F(15, 2,544) = 48.16) and accounts for a sizable portion of variance (R2 = .221). Overall, the results indicate that competitive intensity (e.g., market concentration, number of plans, number of rating areas, type of managed care plan) and population characteristics (e.g., income, age, education, gender, population size) are associated with health insurance premiums. Furthermore, each significant result b can be interpreted, where a one-unit increase in the explanatory variable is associated with an increase in premium by the b value.

Competitive Intensity

Consistent with H1a, highly concentrated health insurance markets (i.e., those with higher HHI score) are associated with higher premiums. Specifically, for each additional point increase in HHI, the monthly premium is higher by $.01 (b = .0095, p < .001). Consistent with H1b, having more insurance plans is associated with lower premiums. For each additional plan in an HIM, the monthly premium is lower by $2.06 (b = \_2.0563, p < .001). Per H1c, there is a significant interaction3 between market concentration and number of insurance plans on premiums. That is, the relationship of number of insurance plans and monthly premiums varies by market concentration (b = \_.0001, p < .001). Figure 1 shows that the relationship of number of plans to premiums varies at different points of market concentration. At a very high level of market concentration (i.e., HHI = 8,450), premiums are lower by approximately $100 when the number of plans increases from 5 to 100. Yet, in an unconcentrated market (i.e., HHI = 950) there is a relatively small decrease in premiums of approximately $30 when the number of plans increases from 5 to 100.

Per H1d, a higher number of rating areas is associated with lower premiums, where each additional 1% increase in rating areas is associated with a \_35.0687/100 = $.35 lower monthly premium in an HIM (b = \_35.0687, p < .001). Consistent with H1e, there is a significant interaction4 between number of insurance plans and number of rating areas on premiums (b = .8094, p < .001). Figure 2 shows that in HIMs that operate in states that are partitioned into many rating areas (e.g., 67 rating areas), premiums are higher by approximately $90 when the number of plans increases from 45 to 165. In contrast, in states that are not heavily partitioned (e.g., 3 rating areas), premiums are lower by approximately $200 in HIMs when the number of plans increases from 45 to 165. Premiums are found to vary by type of managed care plan. Premiums in HMO plans are $4.17 (b = 4.1707, p < .05) higher than those in PPO plans (baseline). EPO plan premiums are $10.36 (b = 10.3553, p < .05) higher than those in PPO plans (baseline). A significant relationship between POS plans and premiums is absent (p > .05). Taken together, these results provide partial support for H1f.

Population Demographics

Premiums are not associated with family size ( p > .05). Thus, H2a is not supported. In support of H2b, premiums are higher in areas populated by families with higher income. For each dollar increase in a population’s average family income, monthly premiums are higher by $23.4894/100 = $.23 (b = 23.4894, p < .001). As the median age in an HIM increases, the monthly premium is lower by \_20.8875/100 = $.21 (b = \_20.8875, p < . 01). Thus, H2c is not supported. Consistent with H2d, the percentage of individuals who have a high school diploma is positively associated with premiums. For each percentage increase in individuals who earned a high school diploma, the monthly premium is higher by $.24 (b = .2428, p < .05). Each percentage increase in women residing in an HIM is associated with a $2.14 (b = \_2.1359, p < .001) lower monthly premium. Thus, H2e is not supported. The relationship between the percentage of nonwhite individuals in an HIM and premiums is not significant (p > .05). Thus, H2f is not supported. Each additional increase in population per square mile is associated with a \_3.7899/100 = $.04 (b = \_3.7899, p < .001) lower monthly premium.

Summary of Baseline Results

These results are consistent with economic views of pricing: insurance premiums are higher in more concentrated markets with fewer competitors and a smaller number of insurance plans (H1a–c). An increase in the number of rating areas—assumed to enhance competition—is associated with lower premiums (H1d); however, this effect is moderated by number of plans in an HIM. Results indicate the existence of plan and rating area thresholds; premiums are higher in HIMs with multiple plans (i.e., approximately 45 plans) that operate in highly partitioned states (i.e., 67 rating areas; H1e). The greatest differences in premiums by managed care plan are found between EPO and PPOs, followed by HMOs and PPOs. Population demographics are also found to be associated with premiums. Results suggest that lower premiums are offered in markets with lower family incomes (H2b) and lower education levels (H2c). Unexpectedly, results indicate that premiums are negatively associated with age (H2d not supported) and gender (H2e not supported). Significant relationships of premiums to family size and to race/ ethnicity are absent (H2a and H2f not supported).

Robustness Check

As a robustness check for competitive intensity, two additional markers of competitive intensity—market share of the largest insurer and number of insurers with greater than 5%share—are used in lieu of concentration of insurers (i.e., HHI; see Appendix B). The models are significant at p < .001 levels (F(15, 2,544) = 48.45 and 41.36 for the two markers, respectively) and account for sizable portions of variance (R2 = .222 and .196, respectively). The results are consistent with baseline results; market competition is associated with premiums. Specifically, each additional percentage increase in market share of the largest insurer is associated with a $1.00 (b = .9958, p < .001) increase in premiums. Likewise, each additional insurer with greater than 5% market share is associated with a $8.70 (b = \_8.7040, p < .001) decrease in premiums.

Potentially Vulnerable HIMs

Table 3 presents results of regression analyses for vulnerable subsamples, including states that chose not to adopt Medicaid expansion plans (Model 2) and HIMs in which more than 12% of the populace are uninsured (Model 3). The models are significant at p < .001 (F(15, 1,600) = 10.66 and 258.32 for the two subsamples, respectively) and account for sizable portions of variance (R2 = .091 and .836. respectively).

HIMs Serving States That Did Not Adopt Medicaid Expansion Plans

H3a is partially supported: family size, income, and race/ ethnicity have significant associations with premiums in HIMs whose states did not adopt Medicaid expansion plans. An increase in average family size by 1 is associated with a $24.16 (b = \_24.1634, p < .001) decrease in premiums. For each dollar increase in a population’s average family income, monthly premiums are lower by $11.5612/100 = $.12 (b = \_11.5612, p < .05). Each percentage increase in nonwhite population is associated with a $.12 (b = .1196, p < .001) increase in premiums. Premiums are not associated with age, education, gender, or population size.

HIMs Serving a High Percentage of Uninsured

H3b is partially supported: income, education, gender, and race/ ethnicity have significant associations with premiums in HIMs serving a large percentage of uninsured consumers. For each dollar increase in a population’s average family income, monthly premiums are lower by $20.4342/100 = $.20 (b = \_20.4342, p < .001). For each percentage increase in individuals who earned a high school diploma, monthly premiums are higher by $.27 (b = .2667, p < .05). Each percentage increase in female population is associated with a $1.09 (b = \_1.0087, p < .01) increase in premiums. Each percentage increase in nonwhite population is associated with a $.97 (b = .9736, p < .001) increase in premiums. Premiums are not associated with family size, age, or population size.

Discussion

Understanding pricing patterns within HIMs is critical to ensuring that competitive offerings are available to the public and to realizing public policy aspirations in insurance markets. Since consumer well-being and public health are a focus of public policy initiatives, the relationship of competitive intensity and population characteristics to insurance premiums is particularly important because price is an instrumental element in motivating consumer decisions. When certain consumer groups face higher premiums according to where they live due to the characteristics of their HIM, such as lack of competitive intensity and/or their county’s demographic profile, serious concerns about equitable access exist, and ability to equitably obtain health care services can be negatively affected. A review of results regarding competitive intensity and population characteristics highlights issues related to equitable access and implications for public policy and future research.

Relationship of Competitive Intensity to Premiums

The finding that market concentration is positively associated with premiums (H1a) is in line with popular views on pricing in HIMs, as theory predicts monopolistic or oligopolistic markets to be uncompetitive since there are fewer alternative insurers to choose from and the disparities in size among competitors are large. Though a positive relationship of increased market concentration and premiums was expected and observed, it is important to also recognize that insurers with larger market shares have lower average operating costs because they can generally negotiate lower prices from health care providers (Dafny 2015). To determine the degree to which savings may be passed onto consumers, this article investigates the relationship between premiums and market share percentage of the largest insurer (see Appendix B). Of concern is the finding that premiums are higher by approximately $1 in HIMs when the largest insurer increases its share of the market. This presents a critical public policy challenge with implications for consumer and societal welfare when savings are not passed on to the consumer through lower premiums. Higher premiums could detrimentally affect consumers’ equitable access to health care services and reduce utilization of health care services, which may affect individual and societal health and well-being.

Further, Dafny (2015) recognizes that even if cost reductions are passed on to consumers, when markets are highly concentrated, there are potential negative ramifications in the form of decreased service quality. Dafny (2015) purports that consolidation can create monopsonies, where a large buyer drives premiums down by reducing the quantity or quality of services below socially accepted levels. The results show that savings can also be passed on to the consumer in the form of lower premiums, with a decrease of $8.70 for each additional insurer in the market (i.e., at least 5% market share; see Appendix B). The results based on this measure of competition are consistent with and underscores findings in H1a, where a larger number of insurers competing in the marketplace helps decrease premiums. Together, these results (i.e., HHI, market share of largest insurer, and number of insurers with greater than 5% share) clearly indicate that less competitive HIMs are associated with higher premiums.

Like those of Walsh et al. (2011), results of this study indicate that choice matters in terms of health care premiums. Although a higher number of plans in an HIM is associated with lower premiums (H1b), this effect is moderated by HIM concentration (H1c). Though HIMs are grounded in the concept of managed competition, results show that the effect of increasing the number of insurance plans as a means to offer competitive premiums varies by market concentration. Premium cost savings (i.e., lower premiums) are likely realized in highly concentrated HIMs, but only up to a certain point. Caution must also be taken when increasing plan choices since consumers are generally more satisfied when given a manageable rather than overwhelming number of options to compare and choose from (Iyengar and Lepper 2000). Furthermore, though a higher number of rating areas is also associated with premium cost savings (H1d), premiums are higher in HIMs that operate in states that are partitioned too finely regardless of number of plans in the market (H1e). These results suggest it would be in consumers’ best interests for states to partition into an optimal (rather than excessively large) number of rating areas (to help address cost differentials) while also offering an optimal number of insurance plans.

Healthcare.gov provides detailed explanations on types of managed care providers, but information on how these plans vary by price is absent. By design, HMOs and EPOs are most restrictive (i.e., within-network coverage), whereas PPO and POS plans are the least restrictive (i.e., coverage within and outside of network). Though variability in premiums by type of managed care provider was expected, it is interesting that across HIMs studied, HMOs and EPOs are found to be more expensive than PPO plans. While this finding appears to contradict popular thinking that HMOs are less expensive (Campbell 2016), it is important to note that variations in premiums by managed care provider are only being compared for the second-lowest-cost silver plan in each HIM. The least expensive silver plan could very well be an HMO or EPO within a particular HIM. When comparing plans within HIMs, Appleby and Rau (2015) find a sharp difference in premiums between HMOs and PPOs for the least expensive silver plan (e.g., average of $299 for HMOs vs. $339 for PPOs), which the authors attribute to fewer PPOs in the marketplace. For example, some states only offered one silver PPO plan in 2015, and many states dropped or reduced PPO plans in 2016 due to insurers’ inability to affordably price plans (Hempstead 2015).

Relationship of Population Characteristics to Cost of Premiums

The results show that premiums are related to the demographic composition of a population served by an HIM (H2a–f), suggesting possible inequities related to price. Insurers may be capitalizing on the tendency for populations with higher incomes (H2b) and higher education levels (H2d) to be more tolerant of higher premiums. Although a main objective of U.S. health care reform is affordable care for every American, charging higher premiums in high-income, high-education areas may be a means of subsidizing costs of insuring lower-income areas. From a public policy perspective, increasing the premiums for any consumer group could serve as a barrier to access and negatively impact health care outcomes (O’Connor 2015).

Lower monthly premiums are also associated with HIMs that serve higher percentages of older individuals (H2c) or females (H2e). While the results regarding these consumers are inconsistent with hypothesized relationships, insurers may be offering lower premiums in these markets because they recognize that older consumers and females are less likely to switch health care providers than their counterparts (Hendriks et al. 2010). The relationship of consumer age to premiums may also be attributed to variability in each state’s adaptation of ACA’s age bands and the purchasing power of this relatively large segment of older consumers. The finding that less densely populated areas are associated with higher premiums is concerning. This finding is consistent with research on how maldistribution of health professionals in urban areas contributes to neglect of rural areas (Rosenblatt and Hart 2000) and decreased access to services and higher premiums.

Potentially Vulnerable Areas

Historically, minorities (Winnick, Zueva, and Cohen 2000) and females (O’Connor 2015) have faced disparities in health care access. Although the passing of the ACA helps protect vulnerable populations and has sharply reduced the uninsured rate for vulnerable groups (Garfield and Damico 2016), public policies need to recognize that certain groups are still at risk for inequitable access to care.

Analyses of HIMs operating in vulnerable populations (i.e., states that did not adopt Medicaid expansion plans and states with a high percentage of uninsured) suggest premiums are associated with population demographics. In states that did not adopt Medicaid expansion plans, the finding that each additional increase in the percentage of nonwhite residents is associated with a $.12 increase in premiums is concerning because nonwhite consumers are less likely to be insured than whites, and any cost increase can serve as a barrier to access. In areas where more than 12% of residents are uninsured, the findings that each additional increase in the percentage of women or nonwhites in HIMs is associated with approximately a $1 increase in premiums ($1.09 and $.98 for women and nonwhites, respectively) is also concerning because the results suggest that barriers to access through differential pricing based on gender and race/ethnicity are still prevalent.

Public Policy Implications

Similar to Mittelstaedt, Duke, and Mittelstaedt (2009), this study’s findings highlight the importance of understanding barriers to access for any public policy intended to reduce constraints on health care. Of utmost concern is whether HIMs are ensuring health equity such that all consumers are able to access health care services as needed. The results are also relevant to antitrust mandates, which seek to protect consumers by encouraging competition and preventing price discrimination (Gundlach 1995).

#### Effective healthcare solves existential risks from pandemics and bioterror.

Millett ’17 [Piers and Andrew Snyder-Beattie; August 1; Ph.D. and Senior Research Fellow in the Future of Humanity Institute at Oxford University; M.S. and Director of Research in the Future of Humanity Institute at Oxford University; Health Security, “Existential Risk and Cost-Effective Biosecurity,” vol. 15]

Cost-Effective Biosecurity

How should we balance speculative risks of human extinction in a biosecurity portfolio? Here we turn to cost-effectiveness analysis, which is one method of prioritizing public projects.[29](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/#B29) Cost-effectiveness analysis is helpful if our goal is to maximize the effect of our resources to achieve a measurable aim (such as life-years saved or cases of disease averted). Here we compare the cost-effectiveness of reducing risks in the categories of incidents, events, disasters, and existential risks.

Calculating Costs

The US federal government was projected to spend almost $13 billion on health security–related programs in 2017.[59](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/#B59) To our knowledge, there has not been a quantitative assessment of how this spending has reduced the chances of bioterrorism, biowarfare, or even naturally occurring pandemics. However, the World Bank estimates that it would cost $1.9 billion to $3.4 billion per year over 5 years to bring all human and animal health systems up to minimal international standards, and it suggests that these measures would prevent at least 20% of pandemics. [60](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/#B60) Many countries do not currently have healthcare systems that meet international standards—for example, in 2014 only 33% of countries reported their national arrangements met those required under the International Health Regulations.[61](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/#B61)

These mitigation measures would be adopted to be effective regardless of whether a disease outbreak originates naturally, accidentally, or deliberately. The ability to rapidly detect and characterize the agent involved helps fast-track public health and R&D responses. Acting promptly enables basic public health measures that might decrease the likelihood of spread (such as social distancing) and track its emerging epidemiology (providing critical input for tailoring the responses). Even if we lack existing or candidate vaccines or therapeutics, having the capacity to treat symptoms can have a dramatic impact on case fatality rates.

We therefore assume that strengthening healthcare systems to meet international standards would have an impact on mitigating all types of disease risk, ranging from incidents and events to existential risks. We extend the World Bank's assumptions to include bioterrorism and biowarfare—that is, we assume that the healthcare infrastructure would reduce bioterrorism and biowarfare fatalities by 20%. We conservatively assume that existential risks will be reduced by only 1%, since any potential existential risk would likely be deliberately designed to overcome medical countermeasures.

We calculate that purchasing 1 century's worth of global protection in this form would cost on the order of $250 billion, assuming that subsequent maintenance costs are lower but that the entire system needs intermittent upgrading.[†††††](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/#fn18) To calculate the cost per life-year saved, we use the equation C/(N × L × R), where C is the cost of reducing risk, N is the number of biothreats we expect to occur in 1 century, L is the number of life-years lost in such an event, and R is the reduction in risk achieved by spending a given amount (specified by C). For non-extinction risks, we increase L 50 times over to denote 50 life-years saved per life. The denominator N × L × R denotes the total number of life-years saved. In a subsequent model we also apply a discount rate to represent policymakers concerned only about lives in the short term.

Results

Including future generations into our cost-effectiveness calculations demonstrates that reducing existential risks, even if they are improbable, can be incredibly cost-effective in expectation ([Table 2](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC5576214/table/T2/)). Depending on the model used, we estimate that we can purchase 1 quality adjusted life-year in expectation for 10s of dollars (with outliers suggested around 12 cents to $1,600). Even with the most conservative estimates of existential risk, reducing the risk of human extinction is at least 100 times more cost-effective than standard biosecurity interventions, and possibly up to 1 million times more cost-effective.

#### Strong public health deters bioterror attempts.

Kosal ’14 [Margaret; December 2014; Associate Professor at the Georgia Tech University School of International Affairs, Ph.D. in Chemistry from the University of Illinois; "A new role for public health in bioterrorism deterrence," https://doi.org/10.3389/fpubh.2014.00278]

This commentary will explore the creation of new relationships between deterrence, infectious disease, and public health to reduce the threat of biological terrorism and increase international security. Examining the global spread of re-emerging infectious disease, such as the re-emergence of polio from northern Nigeria, offers a novel case study for thinking about how to deter potential bioterrorists who seek to use infectious disease. Polio outbreaks have more directly affected the developing world compared to the US or other nations with robust public health sectors. This example suggests that a bioterrorist attack would also be more devastating for developing countries in low-resource settings compared to the western world. Credibly, communicating this may offer a new approach to deterring bioterrorism by foreign actors. Although a robust public health sector has long been noted to reduce the vulnerability to a bioterrorism attack, actively promoting the strength of US public health can also serve as a powerful deterrent in its own right. The issue of terrorist groups utilizing biological weapons against other states is a mounting concern, yet little deterrence research in the field of political science addresses methods of dealing with the threat of bioterrorism. Thus, creating new conversations among the life sciences, public health, and political science can lead to new perspectives on deterring bioterrorism.

The issue of bioterrorism deterrence, if addressed, has been often added or subsumed under the auspices of deterrence strategies associated with nuclear weapons. In the second half of the twentieth century, nuclear deterrence dominated geopolitics and national security strategies. At its height, the threat of mutually assured destruction (MAD) existed in which both superpowers possessed arsenals with second-strike capabilities, i.e., the ability to respond to a first nuclear strike on land via use of nearly undetectable submarine-launched ballistic missiles with nuclear warheads.

These historical approaches, however, undermine and oversimplify the distinct challenges of deterring bioterrorism. One such method attempted is focusing on pathogen security, or securing and denying access to the materials necessary to develop biological weapons (i.e., deterrence by denial). Based on the nuclear non-proliferation model, pathogen security strives to control the materials, equipment, and personnel involved with production and use of biological agents. With nuclear weapons, controlling fissile materials proved successful because of key characteristics of the critical materials: fissile material is man-made and can be tracked. Those same characteristics that make nuclear weapons easier to track are those that make biological weapons material difficult to monitor. These characteristics include the presence of biological agents in nature, lower production costs, increased diversity of materials that could be used in bioweapons attacks, and multiple legitimate uses for biological materials. These differing features have not always been fully considered by policy-makers (1). Rather than focusing solely on securing biological materials and laboratories from misuse, other recommendations and strategies that the US has pursued include prevention measures such as biosurveillance, global laboratory and research cooperation, research and development of diagnostics and countermeasures, international stockpiles of effective medical countermeasures, and increased response and mitigation capabilities (2–6). These approaches aim to reduce consequences of an attack, afford earlier detection, and reduce vulnerability; they do not address the challenge of deterring use and reducing motivation directly, however.

To date, discussions about public health and deterrence have focused on measures such as regular vaccinations; access to timely medical care to treat infected, isolate suspected infected, and mitigate the spread of disease; confidence in the professional nature of health providers, etc. These are largely passive, defensive deterrence measures, in that they demonstrate credible capacity by a state to respond and mitigate the consequences of an attack (post-exposure) or reduce vulnerability to an attack by making it ineffective (pre-exposure) (7–9). Both approaches mentioned thus far, pathogen security and a defensive approach to terrorism, which ultimately aim to decrease vulnerability by fortifying civilian populations, are examples of deterrence by denial adapted from the realm of nuclear deterrence.

In contrast to these passive approaches, active deterrence strategies have not been explored. Active deterrence is actions and policies preventing a specific opponent from doing something they may wish to do. Traditionally, robust active deterrence has involved the application of expressive force to change the policy or character of the target government or group (10). Forces and policies are used to send a political message. In contrast to passive strategies, active deterrence is more dynamic and may incorporate escalating threats in response to an adversary. What this would look like at the nexus of international security and public health is largely an unexplored area of study or policy. Therefore, there are limited models for thinking about deterrence that have been developed exclusively for bioterrorism. As a consequence, the role of a robust public health system for twenty-first century active deterrence remains to be explored. There has not been a substantive consideration of robust public health system as a strategic asset in a more active deterrence role.

The threat of inflicting punishing retaliation against some aggressor, not the ability to prevent some hostile act from occurring, is the core of traditional deterrence theory. Within new deterrence approaches in political science, however, there are several types of definable strategies that may be applied to bioterrorism by foreign actors (11). Indirect deterrence focuses on third party players and their roles in terrorist attacks. Third parties are most typically state sponsors or supporting financiers. This concept is based on the recognition that while a terrorist may be willing to die for his cause, it is less likely that explicit and tacit supporters are willing to pay a similar retribution. Appealing to or directing bioterrorism deterrence efforts toward tacit supporters is an untapped area. Collective actor deterrence utilizes the power and influence of institutions like the United Nations, NATO, or other broad coalitions to deter terrorist actions, highlighting the legitimacy of the organization and the international community rather than the interests of a single state. For bioterrorism, the WHO and African Union’s disease eradication efforts are examples. Internalized deterrence plays off the psyche of a terrorist, combining abstract concepts of criminology and social constructivism to subconsciously deter a terrorist through social taboos and norms (12, 13). This might involve leveraging fear of disease spreading to oneself or one’s own community. Tailored deterrence attempts to individualize each situation to reach the best possible solution, leveraging cultural, political, social, and other specific knowledge. These newer deterrence strategies offer opportunities for dealing with bioterrorism threats by foreign actors, which could be combined with public health information and resources.

In thinking about public health infrastructure as an active or passive part of new deterrence strategies, it is useful to think about the role of missile defense. As the presence of a ballistic missile defense system is supposed to be an existential deterrent itself, so could be a strong public health system. Missile defense is both a passive deterrent and, if used, an active deterrent, as it stops something from occurring. A strong public health infrastructure is likely to be the key in reducing the vulnerability to bioterrorism attack, as well as having a potential role in deterring a foreign terrorist group from even considering such an attack. If a biological weapon launched by a terrorist group will have little or no effect on the target country because of a known robust public health sector, then a foreign terrorist may be discouraged from launching a biological weapons attack in the first place. If foreign terrorists are also aware of the weak public health infrastructure with their own borders, and the increased risks to them and their publics in the event of an accident in developing biological weapons and/or spread of an infectious disease that they might launch, this may also deter them from pursuing this work. In addition, even the accidental release of a dangerous pathogen or the spread of an infectious disease via attack will most likely cause disproportional negative effects to nations with limited public health infrastructures and affect tacit and explicit supporters in those states.

#### Pathogen emergence and transmission are guaranteed.

Leigh ’21 [Andrew; 12/2/21; Fellow of the Australian Academy of Social Sciences, Ph.D. in Public Policy from Harvard University, former Professor in the Research School of Economics at the Australian National University; "Chapter 2: Bad Bugs," in What’s the Worst that Could Happen? Existential Risks and Extreme Politics, eBook; acronym expanded in brackets]

Diseases have been called “our deadliest enemy,” often posing a greater danger than combat. A century ago, the 1918 influenza pandemic infected one-third of the world’s population, killing one in fifty people.7 Twice as many people died from that pandemic as were slaughtered in combat in World War I. Over the full twentieth century, infectious diseases—what some scientists dubbed the “oldie moldies”—killed twenty times as many US citizens as wars.8

Yet the twentieth century also marked a turning point in the war against disease. In 1900, infectious diseases were the leading killers in the United States, with pneumonia, influenza, tuberculosis, and gastrointestinal infections ranking as the top causes of death.9 By the start of the twenty-first century, following a hundred years of advances in vaccines, antibiotics, and sanitation, infectious diseases were not among the top five causes of death in the United States. Only in the poorest nations were people more likely to die from infectious disease than anything else. From 1970 to 2016, worldwide mortality from infectious diseases dropped from fifteen million (35 percent of all deaths) to eight million (15 percent of all deaths).10 Consequently, people began to think of public health less as a matter of collective action, and more as a function of personal decisions such as diet and exercise.

Then, at the end of 2019, a new infectious disease threw the world into chaos. COVID-19 is a coronavirus—a specific kind of RNA virus that has proven especially virulent. SARS and MERS are forms of coronaviruses. Many coronaviruses are mild. When you catch a cold, there’s about a one in six chance it’s a coronavirus (the rest of our colds are rhinoviruses, which are also RNA viruses, but lacking some of the features of coronaviruses such as a viral envelope). Designing a vaccine against a coronavirus is tricky. Coronaviruses infect the upper respiratory tract, an area that we think of as being inside our body, but that our immune system regards as almost external. As one expert remarked, “It’s a bit like trying to get a vaccine to kill a virus on the surface of your skin.”11

COVID-19 is also highly infectious. Doctors measure disease transmission by calculating the reproduction ratio, or R0. This measures how many people each patient can be expected to infect. If the R0 is above one, then the disease will spread. If it is below one, the disease will die out because it cannot infect enough people. Seasonal flu has an R0 of one to two, meaning that each person who gets it infects one or two others. Common colds have an R0 of two to three. Smallpox has an R0 of five to seven.12 Without physical distancing, COVID-19 has an R0 of between two and six, meaning that each person can be expected to infect two to six others.13 Some who contract COVID-19, especially younger patients, may be infectious despite having no symptoms. In February 2020, COVID-19 was spreading so rapidly through Italy that the number of cases was doubling daily. Vaccines, mask-wearing, social distancing, and enforced lockdown measures help slow the spread, but more infectious virus strains (such as variant B.1.1.7) have a higher R0, making them harder to control.

In 2020, COVID-19 claimed 1.8 million lives, and the death toll in 2021 is likely to be higher still. These huge numbers are of a similar magnitude to tuberculosis, which kills 1.3 million people annually. The economic cost of avoiding the virus has been massive. Globally, hundreds of millions of people have lost their jobs, and as much as $9 trillion of economic activity may be destroyed.14 For the first time in the twenty-first century, world poverty rates are expected to rise.15 The Great Lockdown led to the worst economic slump since the Great Depression.

COVID-19 has also been a reminder of how modern living has affected the ability of viruses to jump the species barrier. The spread of human settlements and livestock farms next to natural forests raise the odds of animal viruses infecting humans.16 Three-quarters of new human diseases—including HIV/AIDS and Ebola—have their source in other animals.17 Each year, five new diseases emerge.18 When researchers took blood samples from bats in twenty countries, they estimated that there are over three thousand potential coronaviruses, most of which are yet to be described.19 Transmission to humans is commonplace. Every year, more than a million people are infected by bat coronaviruses.20

With their mind-boggling numbers and ability to replicate speedily, viruses mutate more rapidly than any other organism.21 Over the past eight million years, humans have evolved by 1 percent.22 Many viruses can evolve by more than this in just a few days. As COVID-19 has shown, the factors that have driven prosperity—urbanization, busy workplaces, and global travel—also allow viruses and bacteria to spread further and faster than they could in the era of the black death.

The coronavirus pandemic has prompted an unprecedented surge of research into how the virus emerged, and how to treat it. “Wet markets”—wild animal markets, in which dozens of different species are caged close together and sold for human consumption—have been described as “the perfect place” for viruses or bacteria to jump the species barrier.23 As Laurence Fishburne’s character says in the film Contagion, “Someone doesn’t have to weaponize the bird flu—the birds are already doing that.” China’s wet markets were partially shut down after the 2003 SARS, 2013–2014 bird flu, and 2019–2020 coronavirus outbreaks. Many have pushed for a permanent end to the trade, though experts note that a full ban would also require a strategy for curtailing the unregulated black market that would inevitably emerge in response.24

Put enough monkeys in a room with enough typewriters, and it’s a sure bet that one monkey will eventually murder another with a typewriter. Likewise, the mathematics of viral replication is guaranteed to keep creating new diseases. As molecular biologist Joshua Lederberg ruefully observed of new infectious diseases, “It’s our wits versus their genes.”25 Viruses are not alive; they are virtual organisms, running on the hardware of plants or animals, and reproducing by infecting cells. Viruses outnumber all living things by a factor of ten. A gallon of seawater or pound of dried soil contains around four hundred billion virus particles.26 So pure chance will invariably lead to new diseases, and close-knit societies risk spreading them quicker than ever.

But bad luck isn’t all we have to worry about. Bad actors are looking to create and weaponize biological agents too. Biological warfare dates back more than two thousand years.27 In the Trojan War, archers dipped their arrows into poison. Roman commanders poisoned the wells of besieged towns. Mongol attackers catapulted the bodies of plague victims over castle walls. In the Ohio River valley, British soldiers gave smallpox-infected blankets to Native Americans. During World War I, Germany attempted to infect Allied horses with anthrax.

In World War II, advances in microbiology led the Soviet Union, Germany, Britain, and the United States to develop bioweapons programs. Japan created plague epidemics by dropping infected fleas from aircraft into Chinese cities. During the 1950s and 1960s, the United States carried out an active bioweapons program, investigating yellow fever, typhus, and the plague.28 The program also experimented with how to disperse the germs, using pseudo biological weapons. In 1965, government agents at what is now Reagan National Airport secretly sprayed harmless bacteria onto passengers. In New York the following year, agents smashed bacteria-filled light bulbs in the subway. The government sprayed chemicals from aircraft onto north central Texas and from ships into the San Francisco Bay. By the time it was shut down in 1969, the program had mass-produced a half-dozen biological weapons, including anthrax, tularemia, and botulism. These weapons were destroyed over the next few years, as the United States signed onto the Biological Weapons Convention, banning all biological weapons.

The Soviet Union signed the Biological Weapons Convention as well, but continued to secretly develop biological weapons through the 1970s and 1980s. Employing thirty thousand people across eighteen laboratories and production centers, the Soviet Biopreparat program created “veepox,” a hybrid of Venezuelan equine encephalitis with smallpox, and “ebolapox,” a hybrid of Ebola with smallpox.29 It stockpiled twenty tons of smallpox, twenty tons of bubonic plague, and hundreds of tons of anthrax.30 Only when leading scientists defected and exposed the program did the Russian leadership admit its existence and begin closing it down.

The Soviets weren’t the only ones skirting the law. During the 1980s, Saddam Hussein produced over a hundred million gallons of biological weapons, including botulinum toxin, anthrax, and aflatoxin.31 So lax were the international controls that Hussein’s scientists were able to source much of their equipment and materials from Germany, France, and the United States. Adhering to guidelines that encouraged the free exchange of samples among researchers, the American Type Culture Collection in Virginia mailed strains of the bubonic plague, West Nile virus, and dengue fever to Basra and Baghdad, where they were used to develop Iraqi germ weapons.32 In the twenty-first century, most government-run biological weapons programs seem to have ceased, though the Syrian regime, aided by the Russian government, appears to have used chemical weapons (chlorine and sarin) to attack dissidents.33

Beyond governments, terrorist groups have recruited scientists to work on germ warfare. In 1984, the worst biological terror attack in US history took place in the Dalles, a farming town of about 10,000 people situated an hour and a half’s drive west of Portland, Oregon. Thousands of members of a religious cult run by Bhagwan Shree Rajneesh had established a commune and won political control of the nearest town, Antelope (which they renamed “Rajneesh”). They planned to win county elections in Wasco County by deterring other residents from voting. To achieve their goal, they sprinkled salmonella into the salad bars of ten restaurants, poisoning 751 people, all of whom eventually recovered. The decision to use a nonlethal bacteria came only after cult members had considered deadlier alternatives. As part of their planning, they obtained samples that would have caused typhoid fever, tularemia, and shigellosis. They also tried to culture HIV/AIDS, drawing blood from a homeless man who was infected with the virus.34

Among the most advanced terrorist biological weapons program was that of the Japanese Aum Shinrikyo doomsday cult, which aimed to bring about the end of the world so its followers could attain salvation. In the early 1990s, cult members attempted to obtain Ebola virus in Zaire and carried out three unsuccessful biological attacks. Later interviews with cult members revealed how close they came to unleashing botulism and anthrax, failing in one case merely because they used a vaccine strain of anthrax rather than a lethal one.35 In 1995, cult members released sarin gas into the Tokyo subway system during rush hour, injuring six thousand people and killing fourteen.36 When officials later raided the cult’s headquarters at the foot of Mount Fuji, they found enough sarin to kill over four million people.37

The leading danger today arises from synthetic biology—techniques that blend physical and genetic engineering to create new life-forms. Many applications of the technology can have enormous benefits, such as helping create higher-yielding crops, novel health treatments, and new biofuels. But the same technology can be misused to alter existing bacteria or viruses in order to make them more dangerous. This might involve creating superbugs by adapting bacteria so that they are resistant to antibiotics, making vaccine-resistant diseases, changing bugs so that they produce harmful toxins, or combining multiple diseases into dangerous hybrids.

So far, this is merely the stuff of fiction. In Richard Preston’s 1998 thriller The Cobra Event, an attacker engineers a disease called “brainpox” from smallpox and the common cold. But fiction has a way of influencing policy making. Preston’s novel was reportedly influential on President Bill Clinton, who read it on the recommendation of genetic researcher Craig Venter and subsequently commissioned work from his national security advisers on the risks of recombinant biotechnology.38

In the two decades since, synthetic biology has advanced considerably. As Ord has underscored, the cost has also fallen dramatically. The project that led to sequencing the first human genome cost taxpayers $3.4 billion.39 Today, a range of US laboratories will speedily sequence your genome for less than $1,000. A Chinese company recently claimed that it can do the task for just $100.40 Gene editing technology has now become so simple that high schoolers are being taught to create proteins containing genes that make them resistant to antibiotics.41

Intelligence agencies are concerned. A leading review of the health security implications of gene editing pointed out that the techniques are likely to be valuable in identifying, diagnosing, and treating outbreaks of infectious diseases. Yet it also acknowledged that “CRISPR gene editors could be used bluntly as a bioweapon if a delivery mechanism could be devised.”42 Similarly, the US intelligence community’s Worldwide Threat Assessment names bioterrorism as one of the threats to national security, noting that “these technologies hold great promise for advances in precision medicine, agriculture, and manufacturing, but they also introduce risks, such as the potential for adversaries to develop novel biological warfare agents, threaten food security, and enhance or degrade human performance.”43

The practical risks of gene editing were highlighted when two researchers at the University of Alberta in Canada showed that it was possible to make horsepox, a disease cousin of smallpox, by ordering parts of DNA on the internet and reassembling them. The project cost $100,000 and took about six months. Although the researchers claimed that their work could lead to a better smallpox vaccine, critics noted that an effective vaccine already exists. The research demonstrated the tension between academics’ instinctive desire for openness and the risk that malevolent actors might misuse the findings (what security researchers call a “dual use”). When the researchers submitted their findings to the journal Science, the editors replied, “While recognizing the technical achievement, ultimately we have decided that your paper would not offer Science readers a sufficient gain of novel biological knowledge to offset the significant administrative burden the manuscript represents in terms of dual-use research of concern.” But the researchers simply sent their findings to another journal, which published the study. Some scientists were outraged, with one critic arguing, “If anyone wants to recreate another poxvirus, they now have the instructions to do that in one place.”44

When it comes to bioengineered bugs, two factors determine how dangerous they are to a population: deadliness and contagiousness. These are simple concepts, but they can be tricky to measure. Do we measure the deadliness of the bubonic plague in medieval Europe or a world with antibiotics? Do we estimate the contagiousness of COVID-19 with or without vaccines?

In figure 2.1, I rely on the work of data journalist David McCandless, who has reviewed the scientific literature to estimate the deadliness and contagiousness of more than a dozen diseases. Where possible, deadliness estimates are for a patient who is untreated, and contagiousness estimates are in the absence of a concerted community response.45

Some diseases are natural-born killers. Ebola and bird flu (H5N1) kill about half of those who contract them. Other diseases are extremely contagious, spreading like a new internet meme. Mumps has an R0 of around seven. Measles has an R0 of around nine.46 But thankfully the most dangerous diseases don’t tend be as infectious. Ebola and bird flu lack the supercontagion of mumps and measles. Conversely, over 99 percent of those infected with mumps and measles will make a full recovery. Few diseases are both extremely deadly and ultracontagious. Pathogens that kill their host quickly don’t allow much time to infect others.

Yet while germs are rarely fast spreading and fatal, such a disease is not impossible. The greatest risk to humanity comes from a bioengineered bug that would fit in the top right corner of figure 2.1. This would mean that the disease had both a high mortality rate and high R0 [reproduction ratio]. In 2011, a researcher at the Erasmus Medical Center in Rotterdam reported that he had “mutated the hell out of H5N1,” and created a virus that would attach to nose and trachea cells—a contagious bird flu.47 Another example was raised in a 2018 report from the Bipartisan Commission on Biodefense: a hypothetical scenario in which terrorists released a version of the plague that had been aerosolized and genetically engineered to make it resistant to antibiotics.48

#### Extinction from pandemics.

Kim et al. ’21 [Kiseong; 3/26/21; associate professor at the Faculty of Life and Environmental Sciences, University of Yamanashi; “Network Analysis to Identify the Risk of Epidemic Spreading,” Applied Sciences, Volume 11, Number 7, p. 2997]

Several epidemics, such as the Black Death and the Spanish flu, have threatened human life throughout history; however, it is unclear if humans will remain safe from the sudden and fast spread of epidemic diseases. Moreover, the transmission characteristics of epidemics remain undiscovered. In this study, we present the results of an epidemic simulation experiment revealing the relationship between epidemic parameters and pandemic risk. To analyze the time-dependent risk and impact of epidemics, we considered two parameters for infectious diseases: the recovery time from infection and the transmission rate of the disease. Based on the epidemic simulation, we identified two important aspects of human safety with regard to the threat of a pandemic. First, humans should be safe if the fatality rate is below 100%. Second, even when the fatality rate is 100%, humans would be safe if the average degree of human social networks is below a threshold value. Nevertheless, certain diseases can potentially infect all nodes in the human social networks, and these diseases cause a pandemic when the average degree is larger than the threshold value. These results indicated that certain infectious diseases lead to human extinction and can be prevented by minimizing human contact.

1. Introduction

The emergence of a pandemic is one of the various scenarios frequently discussed as a human extinction event, and it is listed as one of the global catastrophic risks in studies regarding the future [1,2,3]. In particular, several pandemics, such as the Black Death [4,5], Spanish flu [6], and those caused by smallpox [7], severe acute respiratory syndrome (SARS) [8], and Ebola [9], have affected a large population throughout history. The risk of pandemics increases with an increase in population mobility between cities, nations, and continents, thereby threatening humankind [10,11,12]. It is essential to analyze the epidemic spread in society to minimize the damage from epidemic disasters; however, extinctive epidemic spreading experiments have limitations in real-world situations, as they predict stochastic effects on the spread without considering the structure of human society. Network-based approaches have been proposed to overcome these limitations and perform epidemic spreading simulations by considering the network structure of numerous real-world connections [13,14,15]. These methods use various models of epidemic spreading, such as the susceptible–infectious–susceptible (SIS) [16,17,18], susceptible–infectious–recovered (SIR) [19,20,21], and Watts threshold models [22]. While these methods are mathematically convenient, they are epidemiologically unrealistic for various infections because they require exponentially distributed incubation and infectious periods [23,24,25]. Moreover, previous epidemic studies did not perform quantitative assessment of the pandemic risk depending on the network connectivity in individuals and fatality rate of various diseases [26].

In the present study, we applied an SIR epidemic model to a scale-free network with Monte Carlo simulation to identify the quantitative relationship between infectious diseases and human existence. Our fundamental hypothesis states that when the epidemic spreads to all nodes of the network and the fatality rate is 100%, it can increase the pandemic risk. To address this, we initially constructed a scale-free network to simulate a society. Moreover, for the epidemic spreading simulation, an SIR model was applied to the network to describe the immune state of an individual after infection. From the simulation study, we found that the mean degree of a scale-free network was an essential factor in determining whether epidemics threaten humans. This approach provides important insights into epidemic spreading analysis by investigating the relationship between epidemic and scale-free network parameters. Furthermore, it highlights the necessity of determining information flow during an epidemic.

2. Materials and Methods

We designed an epidemic simulation process to identify the relationship between pandemic risk and network parameters. This study was performed in four steps (Figure 1): (i) generating a scale-free network model to reflect real-world conditions; (ii) applying an SIR model to the scale-free network for epidemic spreading simulations; (iii) adapting the Monte Carlo method to reflect the stochastic process in the node status of the SIR model; and (iv) iteratively performing simulation for every parameter set and analyzing the results. We have provided the source code and sample results of epidemic simulation in Supplementary Materials.

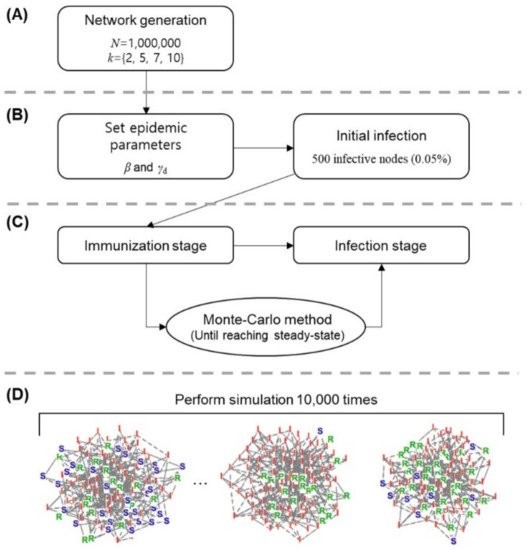


Figure 1. Overview of epidemic simulation process based on the Monte Carlo method. (A) We generated scale-free networks for a fixed population (N = 1,000,000) and various node degrees (k = 2, 5, 7, and 10). (B) Epidemic spreading was simulated by applying a susceptible–infectious–recovered (SIR) model to the scale-free network. We set the epidemic parameters, β and γd. β represents the spreading rate of epidemics, and γd is the reciprocal of γ and reflects the time interval between infection and recovery. Randomly, 0.05% of nodes were initially infected. (C) We adapted the Monte Carlo method to determine the status of the transition from the infection node to immunization node. Repeated simulations were performed until a steady state was achieved. (D) For every parameter set, 10,000 simulations were performed.

2.1. Network Generation Based on a Scale-Free Model

We constructed a network model for the epidemic spreading simulation (Figure 1). The nodes and edges of the network represent people in the society and their physical contacts, respectively. We used a scale-free network model, which follows the preferential attachment property observed in numerous real-world networks, such as social networks, physical systems, and economic networks [27,28,29]. In the scale-free network, when a node is added to the network, its likelihood of connecting to existing nodes increases with an increase in the node’s degree. Hub nodes, which lead to fast and vast spreading of epidemics, exist. Two characteristic parameters, including N and k, affect the form of scale-free networks. The parameter N denotes all nodes in the network. In the real world, N indicates the whole population size. The parameter k is the average degree of the network, which determines the degree of the newly attached node for each step during network generation. Following the characteristics of the network model, we generated scale-free networks representing human contacts for epidemic spread. The scale-free network was generated by the Barabasi–Albert graph distribution, in which the network is constructed from a cycle graph with three vertices, followed by the addition of k edges at each construction step [30]. The k edges are randomly attached to the vertex based on the degree distribution of the vertex. After network generation, we investigated the degree distribution properties of the network (Figure 2). The results indicate that the degree distributions have similar tendency for networks with varying number of nodes and edges. This study constructed scale-free networks with the largest number of nodes considering computational complexity (N = 1,000,000).

[FIGURE 2 OMITTED]

Figure 2. Degree distribution of the scale-free network. We analyzed the degree distribution of the network based on the number of nodes (N) and mean degree (k).

2.2. Epidemic Spreading Based on the SIR Model

For the epidemic spreading simulations, we applied an SIR model to the generated scale-free network. The classical SIR model can be expressed by the following nonlinear differential equations [21]:

[EQUATIONS OMITTED]

where S, I, and R represent susceptible, infected, and recovered compartments, respectively, in the whole population. S represents people who have not been infected yet but can be infected in future. I represents infected people who can spread the epidemic to susceptible people through physical contact. R denotes people who have recovered or died from the epidemic and who no longer participate in the epidemic spreading process. The sum of the S, I, and R values represents the whole population size N. Epidemics have two parameters in the SIR model, transmission rate (β) and recovery rate (γ), which arise from the basic reproduction number R0 (Figure 1B). The basic reproduction number is the number of infections caused by one infective node [31,32,33]. If the R0 is more than 1, the infection can spread in a population, whereas if R0 is less than 1, the infection cannot spread. We express the basic reproduction number as R0 = β/γ, where β represents the spreading rate of epidemics between infective nodes and adjacent susceptible nodes and γ represents the probability of recovery from infection [34]. We mainly used γd, which is the reciprocal of γ and reflects the time interval between infection and recovery.

2.3. Investigation of Epidemic Status Based on the Monte Carlo Method

The epidemic simulation was performed for a time series event by constructing epidemic status matrix (z) to represent the status of the nth node at time step t. For each node, the value of epidemic status matrix at time step t can be 0, 1, or 2, indicating that a node is susceptible, infective, or recovered, respectively. We initially (t = 0) set every value of epidemic status matrix to 0 because all nodes are susceptible before the epidemic spreads. At the initial infection stage, randomly selected 0.05% of nodes were infected. At every time period, we performed immunization and observed the infection stages (Figure 3).

[FIGURE 3 OMITTED]

At the immunization stage, we identified infective nodes and determined whether these nodes would be recovered in the next time step. To calculate the transition probability of infected and recovered phenomena, the Monte Carlo method was applied [35,36]. When infection and recovery parameters are provided, it is possible to investigate whether a node transitions from an epidemic state to another state. To accomplish this, we compared the method revealing the change in each population in every compartment over time (Figure 4).

[FIGURE 4 OMITTED]

The final steady state of the epidemic spreading simulation model indicates the total number of casualties of the epidemic who either are dead or have recovered from the disease. Infective nodes at time t (zn [t] = 1) are transformed to recovered nodes at time t + 1 (zn [t + 1] = 2) when 1/γd is larger than a random real number between 0 and 1. We determined whether the neighbor nodes of the infection node would be infected by identifying susceptible nodes adjacent to the infective nodes at time t (zn [t] = 0, with the adjacent infective node) (Figure 5). When β is larger than a random real number between 0 and 1, a susceptible node becomes an infective node at time t + 1 (zn [t + 1] = 1); this scenario represents epidemic spread. For each time step, we recorded the number of susceptible, infective, and recovered nodes during epidemic spread.

[FIGURE 5 OMITTED]

2.4. Simulation Parameters

We carried out simulation trials for various mean degrees of networks (k = 2, 5, 7, and 10). Each network considered the following epidemic parameters: β ranges from 0.05 to 0.95 and γd ranges from 1 to 10. The Monte Carlo model was repeatedly simulated to observe saturation of the recovery process. Considering that the simulation pipeline contains random processes such as initial infection and Monte Carlo trials, we performed the simulation iteratively until the status of nodes remained unchanged. After simulation, time series data from every simulation were interpolated in the time domain.

The fatality rate determines the ratio of deceased and recovered individuals in the final population [37,38,39]. If the fatality rate is below 100%, the recovered population contains both dead and recovered individuals. Such a situation does not always cause a pandemic. In this simulation, we assumed a 100% fatality rate. To accomplish this, we enumerated the recovered nodes as dead for considering the pandemic risk.

3. Results

Through our method, we obtained epidemic spreading data with various network and epidemic parameter sets. In the present study, we focused on the case where the epidemic infects all nodes and defined this phenomenon as “extinctive spread”. Diseases causing extinctive spread are potential candidates of high pandemic risk. In the real world, extinctive spreading indicates that the disease will infect every person in the society. From the simulation data, we calculated the extinctive spread score by dividing the total number of simulation trials by the number of extinctive spread cases. Thereafter, we identified that the number of extinctive spread cases is mainly influenced by spreading speed, which is determined by β, γd, and k (Figure 6).

[FIGURE 6 OMITTED]

The extinctive spread region (brown area in Figure 6) is expanded as the value of mean degree of network (k) is increased, thereby indicating that the area of extinctive spread becomes noticeably wider in a dense network than in a sparse network. Thus, the more contact between people, the higher the risk of epidemics. Moreover, high γd and high β cause extinctive spread across a large region, indicating that the high spreading rate and short time interval between infection and recovery are risk factors of epidemic diseases. In contrast, the infective nodes recover before they transmit the disease to their neighbors in low β and low γd scenarios, thus disconnecting the network and preventing extinctive spread. This occurs because the infective nodes need more time to transmit the disease in low β and high γd scenarios. Therefore, the disease begins to subside due to a lack of new infective nodes.

Furthermore, we investigated the range of β and γd for existing epidemics of the common cold [40,41] and fatal diseases, namely, cholera [42,43], Marburg [44,45], Ebola (Congo and Uganda) [46,47,48,49], SARS [50], and MERS [51] (Table 1). We selected diseases with relatively well-known epidemic parameters, such as average duration of infection and basic number of reproductions from previous studies. Transmission rates were calculated using the mean duration of infectious periods and basic reproduction numbers of the epidemics. Different studies reveal multiple values of infectious period and transmission rate for some of these diseases; we considered these values separately [40,41,42,43,46,47,48,49]. For example, the infectious period of a common cold is from 3 to 7 days and that of Ebola is 6.5 days. Next, we placed the possible regions of these epidemics as a disease band for various k values (colored lines in Figure 6). When k > 5, fatal diseases have an opportunity to cause a pandemic. Even when k = 5, diseases such as cholera and Ebola (Congo) can be threatening in regions of low γd and high, thus demonstrating that the knowledge of network parameters of the society and the characteristics of epidemic diseases can aid in quantifying the risk of epidemics.

[TABLE 1 OMITTED]

4. Discussion

Many previous studies have made stochastic SIR models to analyze the dynamics or stability of epidemic diseases. They investigated the distribution of susceptible, infected, and removed populations for specific epidemic disease spreading, such as cholera, SARS, Marburg, and MERS, based on mathematical modelling [52,53,54,55]. However, they did not conduct a quantitative assessment of pandemic risk taking into account physical contact between people. To solve this limitation, we performed epidemic spreading simulations by applying an SIR model to scale-free networks with Monte Carlo simulation. In the simulation, we consider various connectivity and disease characteristics on scale-free networks. For each network and epidemic parameter set, the probability of extinctive spread was calculated. The results revealed that certain infectious diseases can lead to extinction. Moreover, even if the disease band extends over the extinctive spread regions, it does not indicate that human extinction results from the disease, as the fatality rate is below 100%; however, in the case of 100% fatality, the disease can cause a human extinction event. The risk of infectious disease is influenced by the network structure. A dense network has a higher risk of spreading infectious disease than a sparse network, as we observed in the extinctive spreading maps. According to our results, when the average degree of human social networks is below the risk threshold, i.e., less than 4 in this study, human society is safe from an extinctive outbreak based on our knowledge regarding the epidemic parameters of the infectious disease. Nevertheless, in other cases, human extinction is possible. For example, if the population is 1,000,000 and there are 4 or more instances of physical contact between people, human extinction events may occur, depending on the fatality rate of the epidemics. Hence, physical contact between people is closely related to an extinction event of infectious diseases. Eventually, from a public health perspective, lowering the average contact level of society is an appropriate way to increase the robustness of strategies against the occurrence of extinction. In the real world, reducing network density can be accomplished by epidemic prevention activity, such as isolation and quarantine treatment. This action prevents epidemic risk to the society, thereby avoiding human extinction.

Additional considerations may improve our analysis. First, large population size and various proportions of initial infective nodes were not considered in the experiments. We have confirmed that the result was consistent when the proportion of initial infective nodes was 0.05% of the total population; however, this can vary depending on the distinct proportion of initial infective nodes in a different population. To achieve robust results, we need to perform additional experiments for various parameters; however, we could not address this issue due to computational complexity. Second, we did not consider numerous known epidemic diseases. We calculated the transmission rates of epidemic diseases using the known infectious periods and reproduction numbers of the epidemics from evidence in the literature. In the present study, we only considered five epidemic diseases, since the information on infectious periods and reproduction numbers of diseases was mostly unavailable for other epidemic diseases. Third, this study only considers the SIR model on scale-free networks in epidemic simulation. Since the dynamics of epidemic diseases can be varied in different models or networks, it is important to experiment in various simulation environments to confirm the robustness of the results. Nevertheless, these limitations can be considered in future experiments or using improved computational methods. With these further improvements, our approach can be used as a computational tool to analyze the risk of epidemic diseases.

5. Conclusions

In this study, we analyzed the risk of epidemic diseases by creating an epidemic simulation on a scale-free network. Based on the simulation results for various epidemic parameters, we confirmed that certain infectious diseases can lead to extinction and can be prevented by minimizing human contact. We believe that identifying potential candidate diseases that may lead to human extinction is crucial in addressing epidemic prevention activities such as quarantine.

#### Antitrust is key---insurer consolidation and anticompetitive practices raise prices and deny access to care.

AHA ’21 [American Hospital Association; August 2021; national organization founded in 1898 to provide education for health care leaders, track healthcare issues and trends; "Anticompetitive Conduct by Commercial Health Insurance Companies," https://www.aha.org/guidesreports/2021-08-16-anticompetitive-conduct-commercial-health-insurance-companies]

For decades, the commercial health insurance industry has largely escaped close scrutiny for conduct and practices that adversely impact both consumers and providers. Passage of the Affordable Care Act (ACA) and, most recently, the repeal of the industry’s McCarran-Ferguson antitrust protection should be a catalyst for a more scrutiny by the federal antitrust and other federal agencies.1 And, as strongly suggested by the American Medical Association’s report that more than 74% of commercial health insurance markets are concentrated, scrutiny should include a retrospective investigation into the industry’s consolidation.2 Such scrutiny would be consistent with the observation made by two U.S. Senators that the industry has, over the decades, acquired the market power “to raise prices, restrict competition and deny consumers choice.”3

Consolidation has undoubtedly contributed to the industry’s proclivity for anticompetitive conduct. A number of court cases have highlighted just how harmful that conduct can be for consumers and providers.

In the Department of Justice’s Antitrust Division (DOJ) successful challenge to Anthem’s proposed acquisition of Cigna, it produced evidence that despite Anthem’s claims that any savings resulting from the proposed combination would be passed on to consumers, “Anthem’s internal documents reflect[ed] that the company has been actively considering multiple scenarios for capturing any medical cost savings for itself . . .”

In the FTC’s unsuccessful challenge of a hospital combination in Philadelphia, the court reported that the dominant Blue Cross plan, Independence Blue Cross, threatened to terminate its contract with the hospital if the hospital’s Chief Executive Officer helped a competitor enter the market. “At halftime, IBC’s CEO and another executive told [the hospital CEO] that IBC would terminate its contract . . . [if the hospital] partnered with UPMC.” UPMC wanted to enter the southeastern Pennsylvania market as both a provider and an insurer.

Private challenges to the Blue Cross Blue Shield network’s anticompetitive impact on competition and providers have resulted in one settlement to date. In that class-action suit, plaintiffs successfully alleged that Blue Cross “violated antitrust laws by entering into an agreement not to compete with each other and to limit competition among themselves in selling health insurance and administrative services for health insurance.” The plaintiffs argued that Blue Cross was able to charge higher rates for plans through the practice of limiting competition. Despite these serious charges and the resulting settlement, neither federal antitrust agency has given any indication that it intends to follow up and investigate this entrenched cartel or take any action to deal with the lack of competition and increase in prices laid bare by this private litigation.

Blue Cross Blue Shield of Michigan’s prolific use of most-favored-nation’s clauses in its contracts with hospitals and health systems, which was intended to forestall competition from other health plans, was halted only when DOJ brought suit against the company.

These cases are certainly emblematic of problematic insurer anticompetitive conduct. Yet, much of it appears to escape scrutiny by any responsible federal agency.

Below is cataloged some of the anticompetitive conduct that merits scrutiny by one or both of the federal antitrust agencies acting alone or in combination with the Department of Health and Human Services (HHS). That conduct implicates a range of competition and consumer protection issues that should be subjected to prompt and serious scrutiny.4

Bait and Switch Coverage Policies

Commercial health insurers compete for customers on basis of their offerings, including the network of providers and prescription drug formulary. Most insurers also provide financial incentives, such as lower out-of-pocket costs, for their customers who use in-network providers and formularies. Unfortunately, a growing number of commercial health insurers are engaging in tactics that substantially change the coverage their customers purchase without adequate notice, mid-year during the term of the policy. These changes can separate consumers from their chosen providers and result in much higher out of pocket costs. It is doubtful that consumers are aware these changes could occur because, among other reasons, it would be contrary to health insurers’ own messaging about how to select a health plan. Nevertheless, customers of a growing number of health plans are being subjected to unexpected coverage changes that restrict their access to care, separate them from their chosen providers, and/or result in much higher and unexpected out-of-pocket costs.

Both Anthem and UnitedHealthcare (United) have implemented mid-year restrictions on their customer’s access to certain sites of care for surgical procedures. More specifically, both insurers are directing them away from in-network hospital outpatient departments to freestanding ambulatory surgical centers. These mid-year coverage changes reduce the number of providers available, can separate patients from their primary care provider, and are often implemented without regard to whether there is reasonable access to the centers that remain available. In some cases, such as with United, the insurer has a financial stake in the centers that remain covered by the policy

### Plan---1AC

#### Plan: The United States federal government should substantially increase its prohibitions on anticompetitive business practices by healthcare entities in the private sector, including those that result in abuse of market power and are exempt from its core antitrust laws.

### Solvency---1AC

#### Finally---SOLVENCY:

#### The plan’s expansion of scope deters anticompetitive mergers and practices while driving down costs and increasing competition.

Dafny ’21 [Leemore; 6/10/21; Professor of Business Administration at the Harvard Business School and the John F. Kennedy School of Government, former Deputy Director for Healthcare and Antitrust in the Bureau of Economics at the Federal Trade Commission; "The Covid-19 Pandemic Should Not Delay Actions to Prevent Anticompetitive Consolidation in US Health Care Markets," https://www.promarket.org/2021/06/10/covid-pandemic-consolidation-pandemic-monopoly/]

Some argue that addressing the financial instability provoked by the pandemic, in particular by allowing financially weaker entities to be acquired by organizations with more robust balance sheets, should trump concerns about market consolidation. This argument is not compelling. There has been no permanent shift in the health care ecosystem that would imply a change in the dynamics associated with health care consolidation. If anything, the pandemic has exposed some of the harm linked to consolidation. Providers compensated on a fee-for-service basis have struggled financially, spurring a government bailout. Research has shown that dominant hospitals have successfully resisted the shift away from fee-for-service reimbursement and toward risk-sharing models; had more shifted in this direction prior to the pandemic, hospitals would be on stronger financial footing today.

The pandemic has also exposed the limited degree of competition in the insurance sector. As medical expenses have declined, insurers’ earnings have soared. In a competitive market, insurers would try to retain fully-insured customers by refunding premium payments for much of 2020 and reducing premiums for 2021. However, there is scant evidence of refunds beyond the minima required by statute. When patients/employers have few rival insurers to turn to, any market imperative for insurers to share medical cost savings with customers is limited.

Going forward, there is growing concern that the pandemic is accelerating hospital consolidation and hastening the movement of physicians into employment with hospitals, insurers, and private equity-owned groups. Paired with greater exit by financially-strapped health care providers, this is a recipe for even higher prices.

The possibility of a different type of “long haul” effect of Covid—higher prices due to consolidation—is substantial enough that some stakeholders have called for a merger moratorium. In May 2020, a group representing large employers, whose members include Boeing, Salesforce, Tesla, and Walmart, asked Congress for a yearlong ban on mergers and acquisitions among hospitals and physician groups that received government money to cope with the effects of the Covid-19 pandemic.

Health Care Markets a Decade After the ACA

Over the past decade, health care markets have increased substantially in size. Per-capita health care spending in 2019 stood at $11,582, yielding a national total of $3.8 trillion, as compared to $8,383 in 2010, or a national total of $2.6 trillion. At the same time, many sub-sectors of health care have become substantially consolidated. There were nearly 1,600 hospital and hospital system mergers over the 20 years from 1997 to 2017, involving thousands of hospitals. This merger and acquisition activity has increased the absolute size and geographic footprint of hospital and health care delivery systems—and with it, their market power and political heft. Merger and acquisition activity in physician markets has also increased, and the share of physicians employed in practices wholly or partly owned by hospitals has increased from below 20 percent in the mid-2000s, to 30 percent in 2012 and 50 percent in 2018. Commercial health insurance markets have grown increasingly consolidated as well. By 2019, more than 74 percent of metropolitan areas were “highly concentrated” as defined in the Federal Trade Commission (FTC)/ Department of Justice (DOJ) Horizontal Merger Guidelines.

Current State of Enforcement

Antitrust enforcement vis-a-vis horizontal transactions among health care providers or payers is active, although enforcers do not have sufficient resources to be as active as needed. In the past few years, the DOJ, together with state plaintiffs, successfully blocked two proposed mega-mergers of large health insurers. In the past decade, the FTC and DOJ have successfully challenged over a dozen hospital mergers and a number of mergers among other health care providers, including matters settled with consent decrees requiring divestitures to preserve competition and matters the parties abandoned in the face of agency opposition.

However, as Commissioner Rebecca Slaughter, the current acting FTC chair has noted, these efforts have “faced resistance, with two of these recent victories only coming after district court setbacks.” Blocking a horizontal merger, even when it appears to be an “open and shut” case to a layperson, requires extraordinary resources, including large investigation and litigation teams, as well as economic and other subject matter experts who must analyze the transaction, lay out the case for blocking the merger, and rebut arguments advanced by Defendants’ attorneys and experts.

To pick a recent example, consider the proposed merger of two hospital systems in the Memphis area, which the FTC filed to block in November 2020. Based on the FTC’s complaint, the merger would have reduced the number of competing systems from four to three and created a system with over a 50 percent market share. In the face of litigation, the parties abandoned the deal—consistent with this being a straightforward case. Although the FTC prevailed without a trial, it took nearly a year from the merger announcement to the abandonment. Over that period, the FTC likely devoted thousands of staff hours to the investigation and lawsuit and expended substantial taxpayer resources on expert witnesses.

The higher the payoff from the merger for the merging parties—and the payoff in the case of an increase in market power can be substantial—the greater the incentive for defendants to invest extraordinary resources to fight a merger challenge. Even if there is only a middling (and in some cases, small) chance of getting a merger through, it may well be in the parties’ interest to see if they can prevail, absorbing the agencies’ (i.e., DOJ and FTC’s) scarce resources in that attempt and preventing them from devoting those resources to investigate other transactions or anticompetitive practices.

The substantial resources required to challenge transactions, paired with stagnating enforcement budgets, may explain why authorities have elected not to challenge some horizontal transactions they would likely have challenged in previous eras. Using data on a wide range of industries, antitrust scholar John Kwoka documents that enforcers rarely raise concerns about changes in market structure that used to draw scrutiny—that is, mergers that yield five or more market participants.

Because pre-merger reporting to the federal agencies is only required for transactions exceeding minimum dollar thresholds (currently $92 million), the agencies have limited visibility into smaller acquisitions, as well as some larger combinations not involving asset exchanges. Even if the agencies become aware of so-called “non-reportable” transactions, the parties may legally merge before an agency has reviewed the transaction. Unwinding consummated transactions parties is notoriously difficult, reducing the odds of a resolution that restores competition. A recent study found that an amendment to the HSR Act in 2000, which raised the effective asset threshold for reporting from $10 million to $50 million, resulted in a large increase in mergers of rivals in that range, relative to mergers among rivals in the always-exempt range ($50 million). Importantly, the number of federal investigations into transactions in the newly-exempt range fell from around 150 per year to nearly zero. Clearly, reporting thresholds matter for competition, and in health care, where many transactions are small, many are escaping detection and investigation.

Both federal and state enforcement agencies have largely steered clear of challenging nonhorizontal transactions in health care. However, there is substantial evidence that at least two common forms of non-horizontal integration among health care providers—hospital acquisitions of physician groups and cross-market mergers—can lead to significant increases in prices without commensurate benefits and, therefore, raise health care spending without any clear improvements for patients.

In the following section, I suggest reforms that can assist the agencies in identifying and challenging anticompetitive acquisitions and practices.

Reforms to Bolster Antitrust Enforcement and Preserve and Promote Competition in Health Care Markets

1. Strengthen the federal enforcement agencies’ ability to identify and review potentially problematic transactions and conduct in health care.

● Require more health care transactions to be reported. Implement additional filing requirements, specifically lowering the asset value threshold and adding revenue thresholds to cover smaller facility and provider consolidation and transactions involving low- or no-asset transfers; and require filers to provide information that can facilitate the screening process, such as the distance and driving time between the closest establishments of the merging parties.

● Increase the budgets of enforcement agencies. The volume of transactions the agencies must review has increased dramatically even as funding has declined in real terms. The agencies require these resources to develop expertise in a range of new and changing sectors, to litigate and establish new precedents that protect competition, and to advocate for pro-competitive policies. Investing in our enforcement agencies will help to prevent anticompetitive practices and consolidation and yield a return for years to come.

● Remove two unnecessary limitations on the authority of the FTC. The first precludes the FTC from investigating anticompetitive conduct by nonprofit organizations, and the second precludes the FTC from studying the business of insurance absent explicit Congressional authorization. These restrictions have no merit. The former results in an arbitrary and likely inefficient allocation or transfer of cases across the agencies, and the latter impedes the FTC’s efforts in a sector where the lines between provision of care and insurance are increasingly blurred.

2. Request that the agencies issue revised Health Care Statements (or “Health Care Guidelines”).

● Issued in 1996, the Statements of Antitrust Enforcement Policy in Health Care describe how the DOJ and FTC evaluate—or once evaluated—certain types of mergers, joint ventures, and contracting practices among health care entities. The health care landscape has changed considerably since 1996, and the guidelines should be updated and expanded to include discussions of recent types of transactions that have been shown to harm consumers, such as “cross-market” mergers of providers in adjacent geographic markets. The revised Statements should be renamed as “Health Care Guidelines,” in keeping with agency practice when issuing significant documents setting forth the agencies’ approach to assessing mergers. They should also describe concerns about the contracting clauses imposed by dominant health care systems, including but not limited to “all or nothing” requirements and anti-steering/tiering provisions. Ideally, the Guidelines would span the life sciences as well, and would include discussion of a range of pharmaceutical practices that weaken competition. The revised Guidelines would provide an opportunity for the DOJ and FTC to set forth their interpretation of antitrust statutes, provide valuable guidance to the health care industry, and potentially deter anticompetitive conduct and mergers that would otherwise be costly and time-consuming for the authorities to challenge even if they are highly likely to prevail.

3. Amend and strengthen the antitrust statutes.

● Per Clayton Act Section 7, the agencies must demonstrate a transaction “substantially” lessens competition or “tends to create a monopoly” in order to block a merger. Replacing “substantially” with “meaningfully” or “materially” could reduce the burden of merger challenges, and expand the scope of such challenges. For example, with such a change authorities may be able to address the problem of smaller acquisitions, such as serial acquisitions of physician practices by hospital systems, that may not have substantial effects individually but, collectively, lead to the same outcomes as a large merger.

● Implement a legal framework—whether by amending the Clayton Act, amending Section 2 of the Sherman Act, or interpreting the agency’s unfair methods of competition authority — to explicitly prohibit health care mergers that enable greater exploitation of existing market power and are likely to result in harm to consumers. Such a reform would discourage transactions that yield price increases without commensurate benefits to consumers, such as when a dominant hospital system buys a suburban hospital and instantly raises its price, or when a new acquirer (such as a private equity firm) implements surprise billing to the detriment of patients.

● Ease the agencies’ legal burden for challenging certain combinations by requiring the merging parties to demonstrate their transaction is not anticompetitive. This “burden shifting” should be limited, but particularly for the largest transactions, and for those with especially high potential to prove anticompetitive, such a shift would help to deter anticompetitive mergers and conserve scarce agency resources.

4. Create a federal database to track health care ownership and spending, both private and public.

● This database could form the basis for regularly scheduled reports by HHS or the enforcement agencies, and could inform public hearings on industry consolidation and its effects. It would also allow the agencies to more quickly and efficiently distinguish innocuous and potentially concerning provider transactions, which will be particularly useful if, as I recommend above, the reporting thresholds for such transactions are lowered. At a minimum, the data should be available to public agencies for use in analysis and investigations; ideally, it would be available to researchers for analysis as well, subject to all the necessary privacy and confidentiality protections.

Although the current health care system is rapidly evolving, there is no reason to believe that consolidation in our health care sectors is likely to be less harmful going forward than it has been, on average, in the past. Indeed, as the share of the population that is publicly insured increases, and as commercial insurers increasingly administer health plans for the publicly insured, there is considerable risk that market power exercised vis-a-vis the privately insured population through higher prices will become apparent for the publicly insured as well. And consolidation-fueled price increases are not linked to improvements in patient outcomes or satisfaction. Congress should provide funding and pass needed legislation to support and promote competition in health care markets. It is precisely during this time of change in the health care system that the risks of consolidation are highest and the rewards of vigilance will be greatest.

#### Expansion of antitrust and prohibition of anticompetitive practices that enhance market power are necessary.

Gaynor ’20 [Martin; March 2020; Professor of Economics and Public Policy at Carnegie Mellon University, Ph.D. in Economics from Northwestern University; "What to Do about Health-Care Markets? Policies to Make Health-Care Markets Work," https://www.brookings.edu/wp-content/uploads/2020/03/Gaynor\_PP\_FINAL.pdf]

Antitrust enforcement in health care by federal and state governments, both horizontal and vertical, needs to be continued and enhanced. The U.S. antitrust enforcement agencies, the Antitrust Division of the DOJ, and the FTC enforce U.S. antitrust laws, promote competition (such as consulting with other federal agencies or with state governments), and study markets and competition.20 The DOJ and the FTC in their law enforcement capacities review mergers, monitor business practices, bring lawsuits to block mergers between firms that are likely to harm competition, sue to stop practices by firms that harm competition (e.g., practices that prevent rivals from fairly competing), and prosecute cases of collusion. Both agencies engage in competition advocacy and study markets and competition. The FTC has special authority through Section 6b of the Federal Trade Commission Act to study markets and use its subpoena authority to obtain access to relevant information for the purpose of a study. In practice, within the healthcare sector the DOJ has focused on antitrust issues in health insurance markets and the FTC has focused on hospital, physician, and pharmaceutical markets.21

As I reviewed previously, there is a serious problem with lack of competition in health-care markets. Active enforcement is needed to prevent firms from acquiring more market power via mergers or anticompetitive conduct, and to preserve or enhance competition. In some markets conditions have evolved to the point that, short of major breakups of firms, there is little antitrust enforcement can do to restore competition. However, even in those places antitrust enforcement can play a role by preventing dominant firms from engaging in anticompetitive conduct to maintain or extend their market power. Moreover, asking the antitrust enforcement agencies to engage in more work with federal agencies and state governments to assess and comment on competitive impacts of regulations, and to study new areas to assess impacts on competition and antitrust implications, will require more resources. I therefore propose that policymakers:

• Increase funding for antitrust enforcement by $156.75 million per year.

• Eliminate certain policy limits on antitrust enforcement, including:

ӽӽ remove the exemption of merging parties in small transactions from merger reporting,

ӽӽ authorize the FTC to take action against anticompetitive conduct by not-for-profit firms, and

ӽӽ permit the FTC to study the health insurance industry under the authority of Section 6b of the Federal Trade Commission Act.

• Strengthen the antitrust laws to strengthen the antitrust enforcement agencies’ positions in court, act as a more effective deterrent, and conserve agency resources.

• Create a specialized court to hear all antitrust cases.

I suggest that the antitrust enforcement agencies do the following:

• Continue their efforts to block horizontal mergers that harm competition.

• Address anticompetitive practices in the health-care sector like anti-tiering, anti-steering, and gag clauses in agreements between providers and insurers.

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### Case

#### Heg is sustainable.

Kroenig 20, Professor in the Department of Government and the Edmund A. Walsh School of Foreign Service at Georgetown University. (Matthew, *The Return of Great Power Rivalry: Democracy versus Autocracy from the Ancient World to the U.S. and China*, pg. 205-207, Oxford University Press)

America’s Military Strength

America’s final advantage is its military strength. The United States remains the world’s only military superpower. It has global power-projection capabilities. As it demonstrated as far back as World War II, it can bring military forces to any spot on the globe and wage a sustained, major-theater war. It currently deploys forces on every major continent except Antarctica. Russia and China lack these capabilities.

When analysts worry about World War III, they are talking about a possible fight in Russia or China’s backyard. Some international relations theorists argue that we are moving to a more multipolar world. But in the classic European balance of power system, Prussia’s ability to threaten France was roughly equivalent to France’s capacity to do harm to Prussia. Until Russia and China have the ability to fight a full-scale war in North America, talk of genuine multipolarity is premature.

In addition, as the United States demonstrated in Iraq, Afghanistan, Serbia, and Libya, hostile dictators in small and medium-sized countries remain in power only at the mercy of the U.S. Department of Defense. While rebuilding governments has proved to be an insurmountable challenge, the Pentagon has shown that it can topple them with relative ease.

The United States uses its large economy to continue to invest in military strength. Its annual defense spending towers over that of its competitors at $718 billion per year, compared to $146 billion in China and $68 billion in Russia. Indeed, the United States spends more on defense than the next nine countries combined, and most of these countries are U.S. allies and partners.

China is certainly expanding its military capabilities, but it takes time (often a decade or more) to build major military platforms. Even if Xi Jinping makes the decision to do so today, it would take China until 2050 at the earliest to become a global military superpower.

Washington also has trust in its officer corps and strong civil-military relations. The United States is comfortable delegating tactical decisions to commanders on the ground. This provides a significant advantage over more sclerotic autocratic competitors, especially in a messy, high-intensity fight.

The United States also retains a healthy lead in military applications of high technology and strategic forces. Washington first deployed stealth technology in the late 1980s, for example. China has been working on stealth technology since that time, and it is still not clear whether it has mastered it. Washington is still the only great power that conducts regular nuclear deterrence patrols with its submarine force; this is a strategic advantage that is sixty years old and counting.

Washington is also exploring new military technologies: hypersonic glide vehicles, directed-energy lasers for missile defense, and other sci-fi-like capabilities. The United States is already incorporating 3D printing into its defense acquisition process, with the potential to produce better products while drastically lowering the defense budget.13 China and Russia are also working in these areas, but history and theory, from the Greek phalanx to thermonuclear weapons, suggest that an open society will likely be the first to develop novel military technologies and the operational concepts to put them to good use.

Perhaps America’s greatest military strength, however, is the simple fact that it can focus its defense strategy against foreign threats. Unlike its autocratic foes, U.S. leaders do not worry that the American system of government might fall tomorrow. As a result, they do not need to spend exorbitant amounts on domestic security. To be sure, the United States has effective law enforcement and provides adequate resources to the FBI and state and local police. But among the new great power competitors, the United States is unique in spending less on domestic security than on international security. If you follow the money, Russia and China believe that the greatest threat to their security comes from their own people. In the United States, domestic tranquility provides for our common defense.

U.S. domestic political stability will allow Washington to continue to execute its consistent grand strategy from the past seventy-five years and counting: expanding and defending the U.S.-led, rules-based international order. Pessimists have argued that this order is dead, but they are incorrect. It can and should be revitalized, adapted, and defended for a new era.14

The United States has certainly made some costly errors in foreign and defense policy. Most believe the Iraq war was a mistake and the execution of the conflicts in both Iraq and Afghanistan left something to be desired. Yet, consistent with democracies in the past, America’s mistakes have been fewer and easier to rectify. Occupying Iraq and Afghanistan is not invading Russia in the winter. Despite fighting for nearly two decades in what may be considered losing wars, the United States remains the world’s preeminent military power.

#### China’s revisionist---actions and rhetoric.

Brands 20, Henry Kissinger Distinguished Professor at Johns Hopkins University’s School of Advanced International Studies and a scholar at the American Enterprise Institute. (Hal, 5-20-2020, “What Does China Really Want? To Dominate the World”, *Bloomberg*, <https://www.bloomberg.com/opinion/articles/2020-05-20/xi-jinping-makes-clear-that-china-s-goal-is-to-dominate-the-world>) \*typo corrected---brackets

Can we pay the Chinese Communist Party the compliment of acknowledging that it means what it says and knows what it wants? That may be the key to understanding Beijing’s strategic ambitions in the coming decades. A long-standing trope in the U.S. debate on that subject is that China itself doesn’t know what it seeks to achieve, that its leaders haven’t yet worked out how far Beijing’s influence should reach. Yet there is a growing body of evidence, assembled and interpreted by talented China experts, that the Chinese government is indeed aiming for global power and perhaps global primacy over the next generation — that it seeks to upend the American-led international system and create at least a competing, quasi-world order of its own. It doesn’t take unparalleled powers of deduction to reach this conclusion. Top Chinese officials and members of the country’s foreign policy community are becoming increasingly explicit in saying so themselves. President Xi Jinping more than hinted at this goal in his landmark address to the 19th Party Congress in October 2017. That speech represents one of the most authoritative statements of the party’s policy and aims; it reflects Xi’s understanding of what China has accomplished under Communist rule and how it must advance in the future. Xi declared that China “has stood up, grown rich, and is becoming strong,” and that it was now “blazing a new trail for other developing countries” and offering “Chinese wisdom and a Chinese approach to solving the problems facing mankind.” By 2049, Xi promised, China would “become a global leader in terms of composite national strength and international influence” and would build a “stable international order” in which China’s “national rejuvenation” could be fully achieved. This was the statement of a leader who sees his country not just participating in global affairs but setting the terms, and it testifies to two core themes in China’s foreign policy discourse. The first is a deeply skeptical view of the existing international system. Chinese leaders recognize that the global trade regime has been indispensable to the country’s economic and military rise. Yet when they look at the key features of the world Washington and its allies have made, they see mostly threats. In their view, American alliances do not preserve peace and stability; they stunt China’s potential and prevent Asian nations from giving Beijing its due. Seen through that lens, promoting democracy and human rights is neither moral nor benign, but propaganda supporting a dangerous doctrine that threatens to delegitimize the Communist government and energize its domestic enemies. U.S.-led international institutions appear as tools for imposing America’s will on weaker states. The Communist Party recognizes that the liberal international order has brought benefits, writes Nadege Rolland, a senior fellow at the National Bureau of Asian Research, but “the party abhors and dreads” the principles on which it is based. The second theme is that the international order must change — not a little, but a lot — for China to become fully prosperous and secure. Chinese leaders have, understandably, been somewhat opaque in describing the world they want, but the outlines are becoming easier to discern. If one studies the statements of Xi and other top officials, China expert Liza Tobin concludes, what emerges is a vision in which “a global network of partnerships centered on China would replace the U.S. system of treaty alliances” and the world would view Chinese authoritarianism as preferable to Western democracy. Based on a similar analysis, Rolland agrees that China has “a yearning for partial hegemony,” a loose dominance over large swaths of the global south. When it comes to global governance, still other examinations show, Beijing wants a system in which international institutions buttress rather than batter repressive regimes. Meanwhile, Chinese strategists and academics are talking openly about building a “new China-centric global economic order.” There is little indication, in any of this, that Beijing’s strategic horizon is limited to the Western Pacific or even Asia. Xi’s invocation of a “community with a shared future for humanity” indicates a global tableau for Chinese influence. One hardly has to read between the lines to understand that this agenda will require fundamentally resetting the current geopolitical balance. As Xi remarked several years ago, China must work resolutely toward “a future where we will win the initiative and have the dominant position.” Of course, there’s not need to take literally everything national leaders say, or even everything that makes it into official speeches. In Beijing’s case, however, Chinese leaders are actually saying less than what the country is doing. Whether it is the naval shipbuilding program that is churning out vessels at astonishing rate[s]; the drive to control existing international organizations and build new ones; the projection of military power in the Arctic, the Indian Ocean and points beyond; the quest to dominate the world’s high-tech industries; the ever-more systematic efforts to support authoritarian regimes and weaken democratic institutions; or the Belt and Road Initiative that encompasses multiple continents, China is hardly acting like a country that lacks a grand geopolitical design. As with so many aspects of the U.S.-China competition, there is a Cold War parallel. During the 1970s, some leading American Sovietologists insisted that Moscow was becoming a satisfied, status quo power. Yet that claim required ignoring what Soviet leaders said about detente and peaceful coexistence — that it was a way of ensuring the triumph of socialism without war — as well as their efforts to build military superiority and positions of strength in the Third World. The warning signs were evident then, as they are today. China probably doesn’t have a step-by-step checklist for achieving global primacy, any more than the Soviet Union did in the 1970s. Chinese leaders aren’t insensitive to costs and obstacles: Xi may ritualistically restate the importance of unifying the Chinese nation, but that doesn’t mean he’s hell-bent on war over Taiwan. Beijing may not even have decided which of its two paths to global influence is preferable: Establishing dominance in the Western Pacific and then expanding outward from there, or outflanking the U.S. position in the region by building up economic and political power around the world. Finally, China may ultimately fail to accomplish any of this. Perhaps the coronavirus will so weaken the U.S. and the liberal order that China’s ascent will be accelerated. Or perhaps China will run into so many internal problems, and so much external resistance, that its drive will stall. Yet we ought to recognize that the debate about what China wants is growing stale, because China’s leaders and behavior have increasingly answered that question. When a proud and powerful challenger starts to advertise its global ambitions, Americans should probably err on the side of taking those ambitious seriously.

#### Hegemonic decline causes transition wars with China.

Choi 18, associate professor in the Department of Politics and Government and affiliated professor in the International Studies Program and East Asian Studies Program at Ohio Wesleyan University (Ji Young, “Historical and Theoretical Perspectives on the Rise of China: Long Cycles, Power Transitions, and China's Ascent,” *Asian Perspective*, Vol. 42, Issue 1, January-March 2018, pages 61-84, Available through ProQuest)

I have explored in light of historical and theoretical perspectives whether China is a candidate to become a global hegemonic power. The next question I will address is whether the ascent of China will lead to a hegemonic war or not. As mentioned previously, historical and theoretical lessons reveal that a rising great power tends to challenge a system leader when the former's economic and other major capabilities come too close to those of the latter and the former is dissatisfied with the latter's leadership and the international rules it created. This means that the rise of China could produce intense hegemonic competition and even a global hegemonic war. The preventive motivation by an old declining power can cause a major war with a newly emerging power when it is combined with other variables (Levy 1987). While a preventive war by a system leader is historically rare, a newly emerging yet even relatively weak rising power at times challenges a much more powerful system leader, as in the case of Japan's attack on Pearl Harbor in 1941 (Schweller 1999). A historical lesson is that "incomplete catch-ups are inherently conflict-prone" (Thompson 2006, 19). This implies that even though it falls short of surpassing the system leader, the rise of a new great power can produce significant instability in the interstate system when it develops into a revisionist power. Moreover, the United States and China are deeply involved in major security issues in East Asia (including the North Korean nuclear crisis, the Taiwan issue, and the South China Sea disputes), and we cannot rule out the possibility that one of these regional conflicts will develop into a much bigger global war in which the two superpowers are entangled. According to Allison (2017), who studied sixteen historical cases in which a rising power confronted an existing power, a war between the United States and China is not unavoidable, but escaping it will require enormous efforts by both sides. Some Chinese scholars (Jia 2009; Wang and Zhu 2015), who emphasize the transformation of China's domestic politics and the pragmatism of Beijing's diplomacy, have a more or less optimistic view of the future of US-China relations. Yet my reading of the situation is that since 2009 there has been an increasing gap between this optimistic view and what has really happened. It is premature to conclude that China is a revisionist state, but in what follows I will suggest some important signs that show China has revisionist aims at least in the Asia Pacific and could develop into a revisionist power in the future.

#### the alt ensures digital authoritarianism which is wrose.

Bennett ’22 [Michael Timothy and Sean Welsh; Jan 16; PHD student who works in AI research at the ANU; author and PhD in philosophy; Quillette, “Will AI Spell the End of Capitalism?,” https://quillette.com/2022/01/16/ai-and-the-end-of-capitalism/]

As is commonly said, artificial intelligence is brittle (but fast) whereas human intelligence is robust (but slow). If the task is to land a drone, provide song recommendations, or even predict protein folding, then mimicry can work well, given a sufficiently varied quantity of training data. If, on the other hand, rationality or the ability to provide nuanced reasoning for past decisions is required, mimicry flops. The ability to deal with the unexpected is one of the great strengths of Homo sapiens.

Feng’s claim is simply that AI oligarchs are bad and the only credible fix is a “socialist market economy” governed by a Marxist one-party state. This is a false dichotomy; our choice is not between these two extremes. We agree that AI oligarchs are an unattractive prospect. However, there are existing remedies for cartels, monopolies, and harmful AI products in the pluralist West. Targeted regulation is a better fix for capitalism’s defects than a revolution led by an alliance of workers and peasants. As a result of Frances Haugen’s testimony, many in the US Congress are looking to clip the wings of social media. The EU has led the world in regulating AI products, introducing rights to explanations, rights to be forgotten, and rights to data privacy. The Australian government has released draft legislation to expose anonymous trolls to defamation actions by removing the “platform” shield of social media and making them “publishers” accountable for the views their users post just like traditional media. The “wild west” days of the information age are over.

But Feng offers a typically Marxist “all or nothing” argument. To fix the problems of competitive capitalism, his solution is a Marxist political monopoly based on the revolutionary expropriation of the expropriators. His argument is unconvincing because it is based on a hopelessly dated caricature of capitalism. “Laissez-faire capitalism as we have known it,” he says, “can lead nowhere but to a dictatorship of AI oligarchs who gather rents because the intellectual property they own rules over the means of production.”

The obvious problem with this argument is that laissez-faire capitalism is extinct, long since abandoned in favour of regulation, anti-trust legislation, and redistribution through the welfare state. Feng overstates the market power of the AI oligarchs, most of whom make their money selling ads in a competitive market. He says nothing about the coercive power of a political monopoly, that can silence policy competition by throwing it into the gulag.

The most sinister aspect of current AI is what a one-party state can do with it. Silicon Valley has given China the technical tools to set up the world of 1984. Now the party telescreen can monitor the likes of Winston Smith 24/7. Instead of a screen on the wall, it’s the mobile phone in your pocket connected to the Internet that can be used to track you and monitor what you click on, who and what you message, and keep you and all your fellow citizens under constant surveillance for “counter-revolutionary” views. In China, the Internet and social media have evolved to be a tyrant’s dream. Comrade political officers in technology firms monitor online posts for “objectionable” material and have unlimited powers of “moderation.”

The Achilles heel of this political strategy is that it creates a culture in which people are afraid to think and speak freely. When you have to filter every word you say in case it offends the powers that be, you are strongly motivated to avoid risky creative thinking. In a society where the state can control everything and purge celebrity and wealth, talented people vote with their feet and migrate to places where they can get rich and famous and say what they think. Those that remain settle for the safety of government-approved groupthink. As a result of this systemic dampening of creativity, the economy stagnates in the long run.

Aspects of contemporary AI theory align with the intuitions of Karl Popper as expressed in The Open Society and Its Enemies. Driven mostly by reaction to the totalitarian horrors of fascism and communism in World War II, Popper intuited that social truth is best served by policy competition and piecemeal social engineering not policy monopoly. Contemporary AI, in the form of discussion of the exploration/exploitation tradeoff in reinforcement learning (a variant of ML), explains why.

Exploitation is a strategy whereby the AI takes a decision assumed to be optimal based on data observed to date. In essence, it is about trusting past data to be a reliable guide to the future, or at least today. Exploration, by contrast, is a strategy that consists of not taking the decision that seems to be optimal based on existing past data. The AI agent bets on the fact that observed data are not yet sufficient to correctly identify the best option. Obviously, exploitation works better in closed and well-understood systems, but exploration is a better bet in those that are open and poorly understood.

Even if decisions are made by the most generally intelligent AI possible, the optimal strategy for that AI is to subdivide tasks, duplicate itself, and specialize for local conditions. In other words, a swarm of individuals each making their own choices can learn from the best of what its population tries. If all individuals are constrained, then the ability of the swarm to learn and change is crippled. There are exceptions, particularly where the cost of an individual failing is so high it is comparable to the whole population failing (for instance, letting more people have access to a button that ends the world is worse than letting fewer people have access to this button). But, generally speaking, more distributed control consistently beats more centralised control. By employing many different, often contradictory policies at once, we constantly explore as we exploit. Applying this recent technical insight retrospectively to history, it explains the sustained stagnation of Marxist economies.

Presently, no functioning state has either completely central or distributed control. We are all somewhere in between. In the mid-19th century, when The Communist Manifesto was published, there was hardly any spending on social services. Income tax was three percent in the UK, there was no such thing as company tax, and the welfare state did not exist. What existed was the parish and the poorhouse. In the days of Gladstone and Disraeli, with property-based suffrage and a budget than went mostly on the Army, the Navy, and servicing debt incurred during the Crimean War, one could plausibly claim, as Marx and Engels did, that “the executive of the modern state was nothing but a committee for managing the common affairs of the bourgeoisie.” In the 19th century, spending by the UK government was less than a 10th of GDP. Today it is a third. Half the UK budget, one-sixth of GDP, goes on health, education, and welfare.

A degree of central planning is desirable to provide infrastructure, to support basic research, and to ensure that everyone has access to education and health services. Regulation is required to enforce contracts, to facilitate cooperation, to provide minimum standards for products and services, and to enforce rules on safety, pollution, and so on. However, as an overall policy, maximising individual autonomy within reason, erring towards computational efficiency and distributed control, will yield dramatically better outcomes than central control by the AI of a one-party state.

Central planning ignores what is arguably the greatest advantage of distributed control and local adaptation: error correction. It also ignores the fact that “fairness” is notoriously hard to define in AI terms, assuming resources are to be fairly allocated. A central planner might select what is best for an average human, but what is best is often far from obvious. Humans are quite dissimilar from one another. We share goals only in the most general sense (for example, we seek to avoid pain, find food, take shelter, and so forth). We rarely agree on what we want to do today or any other day, and our beliefs about how to achieve things are often inconsistent.

The best possible central planner, mathematically, is a pareto-optimal super-intelligence. This is a software agent that learns faster to predict more accurately than any other agent, on average across all possible tasks. This is the theoretical upper limit of intelligence (allowing for debate over the exact definition of intelligence itself). However, even this theoretical perfection will always be out-performed by those with a more specifically relevant inductive bias toward a given task (those who are less intelligent in general, but more suited to the task at hand). In other words, even the most intelligent being possible would make mistakes when compared with the possibilities presented by distributed control, localised adaptation, and selective evolution. The same goes not just for correcting mistakes, but for improving our lot in life. Every beneficial innovation in history was an instance of an individual breaking ranks to correct a perceived flaw in the norm, to adapt to the specific situation at hand. Innovation requires disobedience. To centralise control is to encourage stagnation.

The problem with state-run monopolies is that they are inherently inefficient because they lack the error correction provided by competition. Markets provide error correction in the form of people deciding products suck and buying elsewhere. In the realm of ideas, error correction occurs when people say a party’s policy does not work, but this option is removed when free speech is curtailed. In China, those who criticise government policy (or government officials) disappear and get silenced. Only a lucky few like Peng Shuai have global profiles high enough to get noticed. Notwithstanding their claims about “participatory” democracy, in the one-party state, dissidents and innovators are purged in darkness.

The history of the communist world is replete with economic disaster. Millions died as a result of famines caused by Stalin and Mao. Marxist doctrine underlies the economic underperformance of China compared to Taiwan. AI cannot save Marxism, but it can be used by Marxists to serve their agendas of surveillance and social control. AI can be used to bring about the death of democracy and enable the rule of a digital Big Brother.

### Cap k

#### Growth sustainable.

Randall **Wright 20**, Program director for MIT’s Office of Corporate Relations, 4/1/2020, “Forget Megatrends . . . Find and Follow Movements,” *Research-Technology Management*, 63(3), pp 55-58, <https://doi.org/10.1080/08956308.2020.1733897>, pacc

For starters, megatrends are vague. And that’s the main reason they sound so convincing and inevitable. They’re seductive, just like horoscopes: “There will be about 1 billion more of us by 2030, and we will live longer” (Winston 2019). Can’t argue with that. “With relentless planet Mars at the helm, an investment, real estate, or financial matter could pay dividends, but it will come with many demands” (ELLE 2020). I can see that happening. But so what? That there might be “about 1 billion more of us by 2030,” or that “an investment . . . could pay dividends . . . with many demands,” leaves us dangling. Like horoscopes, the first problem with megatrends is that despite their sounding so satisfying and compelling, they’re just too nebulous to take meaningful actions.

In Megatrends, the book that started it all, author John Naisbitt begins by stating that none of the 10 transformations his book is about “is more subtle, yet more explosive . . . than the shift from an industrial to an information society” (Naisbitt 1982, p. 11). He was right. And? He failed to predict not only the iPhone but the Macintosh computer (“the Mac”), the World Wide Web, Internet of Things, radio frequency identification (RFID), global positioning systems (GPS), and social media—the meaningful inventions to which we really need to pay heed and that have caused, and will continue to cause, major changes in how we live.

But it gets worse—a lot worse. That’s because megatrends are frequently wrong—way wrong. In 1956, legendary geologist M. King Hubbert predicted that US petroleum production would peak in 1970 with oil running out in 2015 (Novak 2014). In his best-selling 1968 book, The Population Bomb, Stanford biologist Dr. Paul Ehrlich predicted, “The battle to feed all of humanity is over. In the 1970s hundreds of millions of people will starve to death in spite of any crash programs embarked upon now. At this late date nothing can prevent a substantial increase in the world death rate” (Ehrlich 1968, p. 11). Harrison Brown, a scientist at the National Academy of Sciences, published a chart in Scientific American that looked at metal reserves and estimated that humanity would totally run out of copper shortly after 2000. Lead, zinc, tin, gold, and silver would be gone before 1990 (Brown 1970). Needless to say, none of it happened.

In his book More from Less, Andrew McAfee, principal research scientist at MIT Sloan School of Management, suggests technology and capitalism are why predictions of the future are frequently so terribly wrong. Essentially, humans invent things to empower themselves and subvert material shortages, while capitalism—Schumpeter’s “creative destruction” (Alm and Cox 2020) fueled by capitalism’s price mechanism that allocates resources to their most highly valued use—takes them mainstream. Together they’re why megatrends get derailed. It’s why and how we invent ways to grow more food, find more oil, and better use materials.

Here is one example of current megatrends from “The World in 2030: Nine Megatrends to Watch” that is currently being displaced by meaningful inventions:

Transparency: Our world will become even more open—and less private. It’s hard to imagine that the trend to track everything will be going anywhere but one direction: a radically open world. The amount of information collected on every person . . . will grow exponentially . . . The tools to analyze information will be well-developed . . . But, all these tools will shatter privacy in the process (Winston 2019).

Sounds bleak—except that a movement to ensure data privacy is already well underway, both in software and hardware. In 2015, MIT professor Nikolai Zeldovich developed Vuvuzela, a private chat application that hides metadata, including who you chat with and when you are chatting. Vuvuzela supports millions of users and is secure even if the network and most of the servers are compromised by powerful nation-state hackers with capabilities like the US National Security Agency.

MIT professors Vivienne Sze and Max Shulaker are creating new chip architectures that will enable artificial intelligence (AI) to run locally on mobile devices. Instead of transmitting personal data to the cloud, processing occurs locally so only answers or results are transmitted, keeping personal data secure on devices: “We’re developing systems that enable efficient processing of visual data, so we can disconnect the processing from the cloud and bring it to the edge or the palm of your hand,” says Sze. “We want to send only relevant information to the cloud or maybe no information at all” (Brown 2018).

For people who want to keep their personal data private, a movement is already afoot to figure out economic ways to do so. This movement is obsessed with making email exchanges as private as face-to-face conversations and keeping personal data as secure as cash hidden inside a money belt.

Here’s a second megatrend being upended:

Resource Pressures: We will be forced to more aggressively confront resource constraints. To keep volumes of major commodities (such as metals) in line with economic growth, we will need to more quickly embrace circular models: sourcing much less from virgin materials, using recycled content and remanufactured products, and generally rethinking the material economy (Winston 2019).

Except that we won’t. McAfee compares the consumption of metals for the entire US economy (not per capita) and US GDP from 1900 to 2015:

In 2015 (the most recent year for which USGS data are available) the American use of steel was down more than 15 percent from its high point in 2000. Aluminum consumption was down more than 32 percent and copper 40 percent from their peaks . . . . This dematerialization becomes even more impressive when consumption is compared to the country’s economic growth . . . . Throughout the twentieth century up to the time of Earth Day (1970), consumption of metals in America grew just about in lockstep with the overall economy. In the years since Earth Day, the economy has continued to grow pretty steadily, but the consumption of metals has reversed course and is now decreasing. We’re now getting more ‘economy’ from less metal year after year (McAfee 2019, p. 80).

How is this possible? It’s because things like aluminum beverage cans keep getting thinner and thinner, and lots of gadgets like telephones, tape recorders, flashlights, calculators, camcorders, cameras, compasses, and compact disc players— stuff with metal parts—keep vanishing inside of smart phones. Here, meaningful inventions are springing from movements to maximize resource efficiency and converge a multitude of devices onto a single digital platform all spurred on by capitalism’s price mechanism.

#### Transition fails.

Dr. Noah Smith 21, economics PhD from the University of Michigan, finance professor at Stony Brook University, 9/6/2021, “People are realizing that degrowth is bad,” <https://noahpinion.substack.com/p/people-are-realizing-that-degrowth>, pacc

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

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

The political argument against degrowth

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

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

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

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

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

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

I think that if the political demand of the [degrowth] movement becomes you don’t get to eat beef, you will set climate politics back so far, so fast, it would be disastrous. Same thing with S.U.V.s. I don’t like S.U.V.s. I don’t drive one. But if you are telling people in rich countries that the climate movement is for them not having the cars they want to have, you are just going to lose. You are going to lose fast…This is where the politics of [degrowth] for me fall apart…

I just don’t see the argument for degrowth as being anything but an extraordinarily slower way of approaching the politics, probably counterproductive compared to what we’re doing, which is I think you can make tremendous strides on climate change by deploying renewable energy technologies and giving people the opportunity to have a more materially fulfilling life atop those technologies.

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

#### U.S. collapse is insufficient. There are 194 other countries in the world that would not embrace degrowth.

#### Bounce-back is worse for the environment.

Dr. Samuel Alexander 20, PhD, Lecturer at the University of Melbourne, Co-Director of the Simplicity Institute, and Research Fellow with the Melbourne Sustainable Society Institute, 3/24/2020, "Is the Economic Shut Down what Degrowth Advocates have been Calling For?" https://www.resilience.org/stories/2020-03-24/is-the-economic-shut-down-what-degrowth-advocates-have-been-calling-for/, pacc

That’s what degrowth means.

Impacts are reducing for now, but isn’t the goal a return to growth?

From an environmental perspective, the risk is that everything bounces back to ‘normal’ levels of growth and consumption as soon as this pandemic passes. History shows that emissions go down during recessions or depressions but tend to rise again as soon as the growth engine starts turning again.

**Slow growth causes great power war.**

Dr. Hal **Brands 21**, history PhD from Yale, Kissinger Distinguished Professor of Global Affairs at the Johns Hopkins University School of Advanced International Studies; and Dr. Michael Beckley, political science PhD from Columbia, associate professor of political science at Tufts University; 9/24/2021, “China Is a Declining Power—and That’s the Problem,” <https://foreignpolicy.com/2021/09/24/china-great-power-united-states/>, pacc <3 Stras

Slowing growth makes it harder for leaders to keep the public happy. Economic underperformance weakens the country against its rivals. Fearing upheaval, leaders crack down on dissent. They maneuver desperately to keep geopolitical enemies at bay. Expansion seems like a solution—a way of grabbing economic resources and markets, making nationalism a crutch for a wounded regime, and beating back foreign threats.

Many countries have followed this path. When the United States’ long post-Civil War economic surge ended, Washington violently suppressed strikes and unrest at home, built a powerful blue-water Navy, and engaged in a fit of belligerence and imperial expansion during the 1890s. After a fast-rising imperial Russia fell into a deep slump at the turn of the 20th century, the tsarist government cracked down hard while also enlarging its military, seeking colonial gains in East Asia and sending around 170,000 soldiers to occupy Manchuria. These moves backfired spectacularly: They antagonized Japan, which beat Russia in the first great-power war of the 20th century.

A century later, Russia became aggressive under similar circumstances. Facing a severe, post-2008 economic slowdown, Russian President Vladimir Putin invaded two neighboring countries, sought to create a new Eurasian economic bloc, staked Moscow’s claim to a resource-rich Arctic, and steered Russia deeper into dictatorship. Even democratic France engaged in anxious aggrandizement after the end of its postwar economic expansion in the 1970s. It tried to rebuild its old sphere of influence in Africa, deploying 14,000 troops to its former colonies and undertaking a dozen military interventions over the next two decades.

All of these cases were complicated, yet the pattern is clear. If a rapid rise gives countries the means to act boldly, the fear of decline serves up a powerful motive for rasher, more urgent expansion. The same thing often happens when fast-rising powers cause their own containment by a hostile coalition. In fact, some of history’s most gruesome wars have come when revisionist powers concluded their path to glory was about to be blocked.

**America lashes out. Cross out defense that doesn’t assume polarization.**

Matthew **Baum 19**, Marvin Kalb Professor of Global Communications at Harvard University, and Philip Potter, Associate Professor of Politics at the University of Virginia, April 2019, “Media, Public Opinion, and Foreign Policy in the Age of Social Media,” *The Journal of Politics*, 82(2), <https://www.journals.uchicago.edu/doi/abs/10.1086/702233>, Stras

An erosion of the public’s capacity to impose democratic constraint has a similar impact on the audience cost arguments and, more broadly, on our understandings of democratic credibility and conflict reciprocation. International relations scholars generally agree that leaders usually feel some pressure to actually carry out the threats and promises that they make in the international system. This might be because they care about their reputation with other leaders, but the usual argument is that democracies are more likely than autocracies to follow through on threats because they have domestic audiences who will hold them to account if they fail to do so (Fearon 1994; Schultz 2001). Polarization undermines that linkage, thereby potentially undermining the democratic advantage in foreign crisis negotiations and, ultimately, making war more likely. The tribal element of polarized politics means that followers are unlikely to hold their leader to account. Opposition, in turn, is unlikely to give the president any credit regardless of the policy. Thus, while traditional versions of audience cost theory assumed that in democracies domestic audiences would judge a vacillating leader harshly, such accountability is less likely to emerge in a polarized environment.3 In this respect, polarization thus causes democratic leaders to more closely resemble their autocratic counterparts.

As we have noted, even in the information environment that preceded cable, satellite, and the Internet, the public had a low baseline of attentiveness. But voters were able to use heuristics to help them determine both when to engage with foreign policy issues and what to think about them when they did (Popkin 1991; Sniderman et al. 1991). This was accomplished primarily through reliance on partisan elites (Iyengar and Kinder 1987; Krosnick and Kinder 1990). However, opposition and disaffected copartisans have no meaningful access to the public in a polarized and fragmented media ecosystem. Elite whistle-blowing will only inhibit leaders when there is a credible threat that the public will hear the whistle being blown, but the audience cost mechanism relies on precisely this hand-tying process. If it breaks down there is no reason for democratically elected leaders to fear punishment for backing down on their threats and commitments and therefore no boost to their credibility when they make commitments.

The polarized and fragmental information environment also has corrosive effects on the rally-round-the-flag phenomenon, at least with regard to how it has been widely understood to date. Since approval rallies for presidents following uses of force abroad were traditionally located primarily among opposition partisans, partisan tribalism seems likely to result in smaller and less frequent rallies. For instance, when President Obama drew a “red line” with Syria over President Assad’s use of chemical weapons against civilians, he faced widespread criticism from Republicans in Congress and low marks from the public over his handling of the crisis. At the same time, public support for intervening in Syria remained low, arguably complicating Obama’s efforts to credibly communicate America’s resolve to Assad.

That said, while we may observe smaller and less frequent spikes in presidential approval ratings as a consequence of heightened polarization, a different sort of rally effect may become more common. That is, the intensity of support for and opposition to the president might spike among his supporters or opponents in the immediate aftermath of a crisis event. A case in point is President Trump’s recent sounding of the alarm over a Central American migrant caravan during the run-up to the 2018 midterm election. Notwithstanding the assertions of many pundits, there is little evidence that President Trump succeeded in increasing overall support for Republicans by characterizing the migrant caravan as an invasion. Trump first tweeted about the caravan on October 18, 2018. According to data on fivethirtyeight.com, Democrats led Republicans by 8.4 percentage points in the generic ballot during October 1–18. The Democratic lead from October 19 through election day was 8.3 points, or basically unchanged. Indeed, one postelection analysis (Winston Group 2018) concluded that late-deciding voters broke toward the Democrats by 12 points and cited the emphasis on the migrant caravan, which crowded out good news on the economy, as a key causal factor. However, among Republicans, concern over illegal immigration measurably increased with Trump’s caravan-related tweets. It is entirely possible, albeit uncertain, that Republican turnout in some states consequently rose, thereby improving the performance of Republican candidates in close elections, such as the Senate race in Florida and the gubernatorial race in Georgia. Since Democrats were already at historic levels of intensity leading up to the election, such a spike could have produced a net benefit for Republican candidates. The implication is that prior concerns about “diversionary” conflict were overblown because the types of conflicts that a leader might initiate for such a purpose were precisely those most likely to collapse the elasticity of reality (making the risk greater than the potential reward). However, in a highly polarized environment where the electoral battle is more about mobilizing supporters than convincing the undecided there may be much more incentive for leaders to engage in this potentially destructive behavior.

**Economic decline ensures global leadership turnover.**

Dr. Markus **Brückner 19**, Economics PhD and Professor at Australian National University, External Consultant to IMF and World Bank; and Dr. Hans Grüner, Economics PhD and Professor at the University of Mannheim, External Consultant to European Central Bank; 10/31/2019, “Economic growth and political extremism,” *Public Choice*, Issue 185/1-2. pp 131-159, <https://doi.org/10.1007/s11127-019-00745-w>, pacc

Abstract

We argue that the growth rate, but not the level of aggregate income, affects the support for extreme political parties. In our model, extreme parties offer short-run benefits to part of the population at the expense of a minority. Growth effects on the support for such parties arise when uncertainty exists over whether the same subset of individuals will receive the same benefits in the future. More people are willing to take political risks if economic growth is slow. Based on a panel of 16 European countries, our empirical analysis shows that slower growth rates are associated with a significant increase in right-wing extremism. We find no significant effect of economic growth on the support for extreme left-wing parties.

1 Introduction

Distributional consequences are associated with political extremism, both in the short run and in the long run. Extreme political parties often propose to redistribute resources away from specific subgroups of society, such as the rich, ethnic minorities, or citizens living in specific regions. This paper analyzes the impact of economic growth on the support for extreme political parties in western democracies. We argue that the growth rate, but not the level of aggregate income, affects the support for extremism.

In the first part of our paper, we discuss three alternative explanations for why an increase in the economic growth rate reduces the support for extreme political parties. Two well-known explanations are related to retrospective voting and behavioral effects, the latter meaning that voters may react more strongly to changes in than to levels of economic well-being. The third, novel explanation is that parties with extreme political platforms are perceived to create considerable uncertainty about the future distribution of income.

We develop a simple game-theoretic model that analyzes that uncertainty effect. In our model, extreme political parties offer short-run gains from redistribution to a group of individuals. However, the same individuals also face long-run losses owing to the higher income risk that is associated with an extreme regime.1 The model permits a comparative static analysis with respect to several key variables of interest. The growth rate is associated with larger future income risk. Such risk reduces the number of voters favoring extreme parties. The level of aggregate income has no effect on the support for extremism. Income inequality raises support for redistribution and affects the impact that a change in the growth rate has on the support for extremism.

An important feature of our model is that the effect of economic growth on the support for extremism depends on uncertainty of future income redistribution. If redistributive policies are perceived as predictable—in the sense that the same group will have income taken away from it in the future—then the political support for an extremist party is unaffected by growth.

In the empirical part of our paper, we estimate the relationship between economic growth and the support for extreme political parties using a panel dataset comprising 16 European countries. Our dependent variable is a survey-based measure, compiled by Euro-barometer, of respondents' support for extreme right-wing parties and extreme left-wing parties. We use that data, which spans more than three decades and contains entries on a semi-annual frequency, to estimate the effects of economic growth on the support for extremism. Our empirical analysis shows a significant negative effect of real per capita GDP growth on the support for extreme right-wing parties: controlling for country and time fixed effects, a one percentage point decline in real per capita GDP growth increases the vote share of extreme right-wing parties by up to one percentage point. We document that the negative effect of economic growth on the support for right-wing extremism is robust across estimation techniques and model specifications. We do not find a systematic effect of growth on the support for left-wing extremism.

A possible explanation for the differential effects between left-wing and right-wing extremism that relates closely to our theoretical model is that right-wing extremism might be associated with more uncertainty over what groups will be subject to income expropriation in the future. Left-wing extremism is associated with income redistribution, but little uncertainty exists over its target. Communist doctrine (see, for example, the Communist Manifesto by Marx and Engels 1848), envisions a classless society; i.e., a society wherein incomes are distributed equally. Over the past century, extreme left-wing parties have followed closely that doctrine by proposing to redistribute incomes from rich to poor; as opposition parties they have voted against laissez faire policies and, when in power, they have implemented programs that reduced the wealth and income prospects of the rich (see, e.g., Brown 2010).

Right-wing extremism, in contrast to left-wing extremism, does not advocate a classless society. Instead, it often is associated with discrimination against specific groups of society for racial, religios, political or other reasons.2 An extreme case of a murderous and discriminatory regime was the German fascist rule during the first half of the 20th century. One can see it as a direct consequence of the Nazi party's "Fuhrerprinzip"—"the principle of unconditional authority of the leader" (Bernholz 2017, p.9)—which created considerable uncertainty over who might be stigmatized, imprisoned or killed in the future.3 Indeed, from the Nazi period we know that various groups were stigmatized for different reasons4 and that stigmatization also was particularly erratic.5,6

The empirical analysis of our paper is related to Stevenson (2001), who examines the determinants of aggregate policy preferences in a panel of 14 European countries. One of Stevenson's main findings is that declines in economic growth cause policy preferences to shift to the right, while increases in economic growth cause policy preferences to shift to the left.7 Our paper differs from Stevenson in at least three important aspects. First, in contrast to Stevenson, we show that our empirical results are robust to controlling for country fixed effects, meaning that our results also hold at the within-country level, and not just in cross-section. Relatedly, Acemoglu et al. (2008, 2009) showed that the cross-country relation between income and democracy turns insignificant when country fixed effects are entered into the econometric model. Second, we provide evidence that our empirical findings reflect a causal effect of economic growth on political extremism. We show that our main findings are robust to estimating dynamic models that enable to test for Granger causality; and we also show that the main findings hold with an instrumental variables approach. Third, we distinguish in our empirical analysis between extreme right-wing and extreme left-wing parties. That distinction matters: a robust negative effect of economic growth is found on the support for extreme right-wing parties, whereas no systematic effect exists for the support of extreme left-wing parties. Our finding of a significant negative effect of economic growth on the support for right-wing extremism is in line with the finding of Bromhead et al. (2012), who show that the vote share of right-wing extremists during the Great Depression was significantly larger in those countries that experienced a more severe economic crisis. Using subnational data for 218 European regions during 1990-2016, Rao et al. (2018) find a significant negative effect of regional output on the vote share of extreme right-wing parties, but no signicant effect on extreme left-wing parties.

Extinction outweighs.

Ord ’20 [Toby; 2020; Senior Research Fellow in Philosophy at Oxford University & world-renowned risk-assessment expert who’s advised the World Health Organization, the World Bank, the World Economic Forum, the US National Intelligence Council and the UK Prime Minister’s Office; The Precipice: Existential Risk and the Future of Humanity, “Existential Risk,” Ch. 2]

If, over the coming century, humanity is destroyed in a nuclear winter, or an engineered pandemic, or a catastrophic war involving some new technology, then seven billion lives would be cut short—including, perhaps, your own life, or the lives of those you love. Many would likely die in agony—starving, or burning, or ravaged by disease.

The moral case for preventing such horror needs little elaboration. Humanity has seen catastrophes before, on smaller scales: thousands, or millions, of human lives destroyed. We know how tremendously important it is to prevent such disasters. At such a scale, we lose our ability to fully comprehend the magnitude of what is lost, but even then the numbers provide a guide to the moral stakes. Other things being equal, millions of deaths must be much worse than thousands of deaths; and billions, much worse than millions. Even measured just in terms of lives cut short, human extinction would easily be the worst event in our long history.

#### Comparing opportunity costs is best for clash and argument refinement, which is a prerequisite to making their framework portable

Fairclough and Fairclough, 18—emeritus Professor of Linguistics at Lancaster University AND School of Humanities and Social Sciences, University of Central Lancashire (Norman and Isabela, “A procedural approach to ethical critique in CDA,” Critical Discourse Studies Volume 15, 2018 - Issue 2, 169-185, dml) [CDA=critical discourse analysis]

The term ‘discourse ethics’ is Habermas’s (Fairclough & Fairclough 2012: 30-34), but we are using it here in a general sense: for the view that an adequate framework for ethical evaluation and critique must include the comparison and evaluation of different arguments for different lines of action in a process of deliberation. Such assessments of arguments pose difficult problems, and deliberation is by no means guaranteed to produce consensus. Nevertheless, deliberation can contribute to the quality of ethical critique by ensuring that a wide range of arguments are considered in making decisions, that all alternatives are taken into account and thoroughly criticized, and that people have to (at least) moderate their own partialities in evaluating a range of arguments collectively.

To illustrate this, we shall refer to two ethically contentious political decisions and the courses of action which they led to. The first is the decision by the British Prime Minister Tony Blair to advocate Britain’s participation in the invasion of Iraq in 2003 (we have discussed this in Fairclough & Fairclough 2012: 96-97). The second is the decision by the German Chancellor Angela Merkel to open Germany’s borders to the refugees coming from the Middle East in the autumn of 2015. In so doing, we will illustrate the relevance of ethical critique from all three of the major ethical positions: deontological, consequentialist and virtue ethics.

CDA and practical argumentation

CDA is mainly concerned with critical analysis of discourse which is oriented to action, including political discourse, but also managerial, organisational and other forms of discourse. The primary activity in such discourse is practical argumentation, argumentation over action, over what is to be done (e.g. what policies should be adopted). Practical argumentation should accordingly be the primary analytical focus in CDA (Fairclough & Fairclough 2012). This does not exclude other familiar forms of analysis (such as analysing representations) but subsumes them. The point of representing (or ‘framing’) an issue in a particular way is to create particular public attitudes and opinions, and thus legitimize or facilitate a particular course of action.

Critique of discourse is the focal concern for CDA, but critique of discourse is by no means exclusive to CDA. On the contrary, critique of discourse is a normal part of all discourse. It is a normal part of everyday practical argumentation: people find reasons in favour and against proposals for action, they consider alternatives, adopt them or discard them, and so on. A course of action worthy of being adopted is one that has withstood criticism. Agents may decide to discard proposals either because they are likely to be instrumentally inadequate in relation to the goals they are supposed to achieve, or because they find them ethically problematic, for example because the values or goals they are motivated by are unacceptable. Ethical critique is a concern for CDA at three levels: as an aspect of agents’ reasoning, for example as an aspect of politicians’ deliberation over what policy to adopt; as an aspect of the normative critique of those deliberative practices which CDA carries out; as an aspect of the critique that CDA itself is open to. There are therefore three main places where ethical values come into the picture: what values are arguers (e.g. politicians) arguing from? what are the values that CDA analysts are espousing, from the perspective of which they are evaluating the arguments of those arguers? what are the values of other critics (including critics of CDA)?

CDA is itself a form of discourse, which is specialized for academic critique of social actions, events, practices and structures, with a focus on discourse. It can itself be viewed as a form of practical argumentation (Fairclough 2013), open to the same critical questions that it directs at the discourse it subjects to critique. CDA practitioners are bound by an obligation to address ethical evaluations that are critical of their work. Moreover, the ethical judgement which is part of the normative critique carried out in CDA does not come out of thin air, but is built upon elements drawn selectively from ethical judgement and critique in public discourse. And CDA needs to rethink its own critique in response to shifts in public discourse and political reality, such as the emergence of controversy over ‘political correctness’ (Fairclough 2003).

We have argued that the primary focus of critical analysis in CDA should be practical argumentation and deliberation (Fairclough & Fairclough 2012). This was based upon a claim about the character of political discourse, which we saw as primarily concerned with the question of what is to be done. Deliberation is an abstract genre in which (alternative) proposals are being tested. The framework for critical analysis of practical argumentation and deliberation which we have developed since 2012 provides CDA with an effective way of evaluating and critiquing discourse from an ethical point of view. One of its strengths is that it allows different approaches to thinking about ethical questions (deontological, consequentialist and virtue ethics) to be combined within an ethical deliberative procedure for achieving impartiality.

In a more recent version of this framework (Fairclough, I. 2016, 2018), deliberation is modelled as a critical procedure designed to filter out those practical conclusions (and corresponding decisions) that would not pass the test of critical questioning. Two distinct argument schemes are involved in deliberative activity types: an argument from goals, circumstances and meansgoal relations, and an argument from (negative or positive) consequences. Proposals are tentatively supported by practical arguments from goals, and are tested in the light of their potential consequences, via practical arguments from consequence. Goals are generated by various sources of normativity, and these can be what conventionally is called ‘values’, but can also be obligations, rights and duties. Critical questioning seeks to expose potential negative consequences of proposals and thus evaluate them in terms of their acceptability or reasonableness: if the consequences are on balance unacceptable for those affected, then it would be more reasonable not to engage in the proposed course of action. Unacceptable consequences are critical objections which can conclusively rebut a proposal. Where two or more proposals survive critical testing, one may be chosen as the better proposal on nonarbitrary grounds (e.g. being simpler to enact).

In our view, the most significant perspective in the light of which proposals are to be tested is a consequentialist one (Fairclough & Fairclough 2012, Fairclough, I. 2016). The term ‘consequence’ is however used here broadly to refer to several types of states-of-affairs: the goals of the proposed action (the intended consequences); the potential unintended consequences (or risks) involved; various known and predictable impacts, including impacts on institutional, social facts. If a proposal is likely to result in a situation that is illegal or unjust, then the proposal can be evaluated as unacceptable from both a consequentialist ethics and a deontological ethical position. Our framework can therefore accommodate deontological ethical issues within a broader consequentialist perspective. By inquiring into the motives of action, the framework can also accommodate a virtue-ethical perspective.

#### Perm do both – either the alt overcomes the links or it cannot overcome the status quo.

#### Expanding the scope allows limitless goals. Antitrust law isn’t bound by constraints.

Teachout ‘20 [Zephyr; 6/7/2020; Associate Professor of Law at Fordham University, J.D. from Duke Law School; "Antitrust Law, Freedom, and Human Development," Cardozo Law Review, Volume 41, Issue 3, p. 1081-1140]

Because the scope of existing and potential antitrust law is broad—it includes a huge range of rules shaping market structures and power—the range of potential goals could be infinite. Nothing in antitrust precludes any possible goals. Despite this, an enormous amount of debate presumes that we need historical support to argue for particular goals. Unlike, say, rent regulation, where we understand that the goals of housing policy should be driven by the needs of the moment, there is no similar recognition that antitrust is fundamentally legislative, and therefore designed to be responsive to the needs of the moment. Although I also turn to history in this Paper, and rely on thinkers of the last few centuries, we are not constrained by history in considering what the goals of antimonopoly laws might be. Antitrust is not, as it were, constitutional, even as it is constitutive. We could conclude that new goals, invented out of whole cloth, are the appropriate goals: were we to do so, we would then push for passing new laws to implement those purposes. Nothing in existing antitrust and antimonopoly laws themselves limits the goals to a singular purpose, or solely economic purposes.[10]

#### Competition empowers organizing and a lack of antitrust fractures it.

Paul, 22—assistant professor of law at Wayne State University (Sanjukta, “A Democratic Vision for Antitrust,” <https://www.dissentmagazine.org/article/a-democratic-vision-for-antitrust>, dml)

One reason that many on the left are skeptical about antitrust is the perception that the labor movement enjoyed some of its greatest successes in the context of oligopolistic industries. The history is not so simple, of course: many organizers have also spoken about the difficulties of organizing huge firms and the opportunities for organizing presented by smaller ones. Sociologist Steve Viscelli noted in The Big Rig that organizers in the trucking sector achieved major wins by leveraging the generally small size of retailers; because larger shipments needed to be broken down at multiple terminals, there were more strategic entry points for union organizing. The United Mine Workers of America offer another example: the union may not have achieved such significant victories in the twentieth century if it had been dealing with massive coal operators rather than, effectively, taking the lead in coordinating many smaller ones.

Still, union organizing in fractured, unstable markets poses significant challenges of its own. Fortunately, antitrust reforms can help address those challenges by accommodating coordination among smaller enterprises—a practice that was once conventional and was likely intended by the original antitrust statutes.

It is no accident that the most significant antimonopoly figure of the Progressive Era, Louis Brandeis, sought to stabilize markets through coordination among small players. He understood that a chaotic, fractured market was ripe either for corporate consolidation or for domination by powerful players in adjacent markets (whether buyers or sellers). Looser coordination within decentralized markets can have the same stabilizing effects as oligopolistic ownership, while avoiding concentrated employer power.

#### Market distortions in healthcare are inevitable – competition is net good and solves the K.

Gaynor ’20 [Martin; March 2020; Professor of Economics and Public Policy at Carnegie Mellon University, Ph.D. in Economics from Northwestern University; "What to Do about Health-Care Markets? Policies to Make Health-Care Markets Work," https://www.brookings.edu/wp-content/uploads/2020/03/Gaynor\_PP\_FINAL.pdf]

There are four key points that are important to recognize with regard to policies toward health-care markets. First, the goal is not to make these markets function like perfectly competitive markets. Health-care markets differ from canonical perfectly competitive markets in important ways: uncertainty, asymmetric information, product differentiation, high fixed costs, and so on. As a consequence, it is neither realistic nor productive to expect health-care markets to function like perfectly competitive markets.

The second key point is that even with their intrinsic market imperfections, health-care markets can be more competitive, and competition can lead to them performing better. The research evidence shows that with competition in health-care markets, prices are lower, quality is often higher, and new and innovative forms for the organization and delivery of care can emerge, compete, and thrive.

Third, there is no single policy to address the functioning of health-care markets, and there is no single actor to implement these policies. There is instead a constellation of policies to address various issues (forces driving consolidation, ease of market entry, attempts to thwart competition, inability to support competition, etc.) and different government sectors and agencies that operate in these spaces. In what follows, I will indicate a set of simple policies that will improve the functioning of health-care markets. Any of these will lead to improvements, although I expect that there are synergies between and among them so that they will prove more powerful in concert.

The fourth key point is that consolidation has led to many areas of the United States becoming dominated by a single powerful hospital system or health insurer. In these areas there is little scope for competition. The market is dominated by a large powerful firm and there are few good alternatives for consumers, employers, or insurers (or providers in the case of a dominant insurer). Entry is difficult in these markets and seldom happens. Breaking up these dominant firms is a possible means to enable competition, but antitrust suits to break up firms with market power are difficult, expensive, and rare; antitrust enforcers are reluctant to bring them. As a consequence, for many areas in the United States I think there is little hope of fostering meaningful competition in health care anytime soon. This dictates a flexible approach to policy toward health-care markets that promotes competition where practical, but uses selective regulatory intervention where necessary.

#### Turn – rising healthcare spending causes income inequality.

Cutler ’18 [David; 2/14/18; Professor of Applied Economics in the Department of Economics at Harvard University, Ph.D. in Economics from M.I.T.; "What is the US Health Spending Problem?" Health Affairs, Volume 37, Number 3, p. 493–497]

Rising Spending Worsens Inequality

The second problem with medical spending is that it feeds into the already severe harms caused by growing income inequality. The most important fact about the income distribution in the United States is that it is becoming increasingly unequal: Real incomes have soared at the very high end, risen modestly in the next few deciles, and been stagnant or falling at the bottom. 18

Rising medical costs combined with stagnant incomes for a large share of the population mean that more people will need help paying for medical care. A family at the median income level, whose income is relatively constant, has had no easy way to pay the roughly $10,000 rise in the cost of a family health insurance policy between 1999 and 2017. 19

At the same time that needs are increasing, however, government resources are being cut. Governments at all levels are loath to raise taxes, and some are even cutting them. Total government revenue as a share of GDP has been relatively constant for several decades and is projected to fall with enactment of the federal tax bill in December 2017.

This combination of increased need for help and fewer resources to spend inevitably creates problems. Three problems are particularly apparent.

#### Racial capitalism’ is ahistorical and essentialist.

Hughes ’19 [Coleman; October 27; Philosophy Student at Columbia University; City Journal, “How to Be an Anti-Intellectual,” https://www.city-journal.org/how-to-be-an-antiracist]

The book is weakest in its chapter devoted to capitalism. “Capitalism is essentially racist,” Kendi proclaims, and “racism is essentially capitalist.” To test this claim, a careful thinker might compare racism in capitalist countries with racism in socialist/Communist ones; or he might compare racism in the private sector with racism in the public sector. Kendi does neither. Instead, he presents the link between capitalism and racism as self-evidently true: “Since the dawn of racial capitalism, when were markets level playing fields? . . . . When could Black people compete equally with White people?” Kendi asks, implying that the answer is “never.”

I can think of several historical examples in which capitalism inspired anti-racism. The most famous is the Plessy v. Ferguson Supreme Court case, when a profit-hungry railroad company––upset that legally mandated segregation meant adding costly train cars––teamed up with a civil rights group to challenge racial segregation. Nor was that case unique. Privately owned bus and trolley companies in the Jim Crow South “frequently resisted segregation” because “separate cars and sections” were “too expensive,” according to one scholarly paper on the subject.

A lesser known example is the South African housing market under Apartheid. Though landlords in whites-only areas were legally barred from renting to nonwhites, vacancies made discrimination against non-white tenants costly. As a result, white landlords often ignored the law. In his book South Africa’s War on Capitalism, economist Walter Williams notes that at least one “whites-only” district was in fact comprised of a majority of nonwhites.

History offers little evidence that capitalism is either inherently racist *or* antiracist. As a result, Kendi must resort to cherry-picking data to demonstrate a link. Citing a Pew article, he asserts that the “Black unemployment rate has been at least twice as high as the White unemployment rate for the last fifty years” because of the “conjoined twins” of racism and capitalism. But why limit the analysis to the past 50 years? A paper cited in the same Pew article reveals that the black-white unemployment gap was “small or nonexistent before 1940,” when America was arguably more capitalist—and certainly more racist.

#### Materially---a confluence of statistical factors prove racial progress is possible and occurring due to successful institutional engagement

Hochschild 17 (Jennifer L. Hochschild , Professor of Government, African and African American Studies, and the Chair of the Department of Government (Harvard University), Chair in American Law and Governance at the Library of Congress, President of the American Political Science Association, “Left Pessimism and Political Science,” Perspectives on Politics, Volume 15, Issue 1, March 15th, p. 6-19, DOI: <https://doi.org/10.1017/S1537592716004102> \*\*modified to allow for more humanizing frames)

Is Pessimism the Only Sensible or Empirically Warranted Response in these Two Arenas? It is easy to find evidence to support pessimism about American racial dynamics or the societal deployment of genomic science. The United States is notorious for its racially- and ethnically-inflected poverty and excessive levels of incarceration; undocumented migrants live in legal limbo; new genomics techniques such as CRISPR-Cas9 tempt humankind into hubristic manipulation of nature, and scientists’ promises to cure cancer through genetics knowledge ring hollow to many. The question for this article is whether there are also strong grounds for optimism in my two illustrative realms, such that one could plausibly and persuasively choose to be “centered on advancement concerns” rather than “centered on security concerns.” The answer is yes. Again I can point only to illustrative, suggestive evidence. First, the gap between ~~blacks’~~ [black people’s] and whites’ life expectancy declined from seven years in 1990 to 3.4 years in 2014. That is an astonishing, perhaps unprecedented, rate of change given the usual slow pace of demographic transformation. It is important in itself, of course, and also as a summary statement about an array of other social phenomena in which racial disparities are declining. ~~Blacks~~ [Black people] are living longer mainly because of declining rates of homicides, HIV mortality, infant mortality, cancer and heart disease, and suicide among black men.19 A lot of things have to go right for a group’s life expectancy to rise rapidly. Second, applications for U.S. citizenship rose from the previous year in ten of the fifteen years from 2000 to 2015, while declining in four (and remaining stable in one). That is an important indicator of immigrant incorporation, and especially relevant to political scientists because “Hispanics and Asians who are naturalized citizens tend to have higher voter turnout rates than their U.S.-born counterparts.” 20 Third, non-white Americans themselves tend to feel pretty good about their lives. Gallup Poll asked in 2016, “Where do you expect your life satisfaction to be in five years?” If whites’ response is standardized at 1, then ~~blacks~~ [black people’s] are at 2.97, and Hispanics at 1.29. Only Asian Americans, at 0.97, were less optimistic than whites. Gallup also asked about one’s level of stress in the previous day. If whites are again standardized at 1, then ~~blacks~~ [black people] are at 0.48; Hispanics at 0.53; and Asian Americans at 0.75. Middle-class ~~blacks~~ [black people] were half as likely as middle class whites to report stress during the previous day.21 In the arena of genomics also, one can point to grounds for optimism rather than pessimism. The Innocence Project, “dedicated to exonerating wrongfully convicted individuals through DNA testing and reforming the criminal justice system to prevent future injustice,” has enabled about 350 people to be released from prison. (Not so parenthetically, seven out of ten are African American or Latino, mostly poor men.) More extensive DNA testing might lead to many more exonerations; one careful analysis of serious crime convictions found that “in five percent of homicide and sexual assault cases DNA testing eliminated the convicted offender as the source of incriminating physical evidence.” Previous estimates had pegged the share of wrongful convictions at no more than one to two percent.22 More generally, “DNA profiling [of convicted felons] reduces the probability of future convictions by 17% for serious violent offenders and by 6% for serious property offenders .... These are likely underestimates of the true deterrent effect of DNA profiling.” 23 Genomic scientists can point to impressive successes with regard to Mendelian (single-gene) diseases, and they focus even more on diagnoses and cures yet to come. Eric Lander, director of the Broad Institute, likens the trajectory of genomic medicine to the development of medicine based on the germ theory of disease, which “took about 75 years. With genomics, we’re maybe halfway through that cycle.” In his view, “the rate of progress is just stunning. As costs continue to come down, we are entering a period where we are going to be able to get the complete catalogue of disease genes.” Cancer is a prime target, almost in sight:“If you understand that this is a game of probability, and there is only a finite number of cancer cells and each has only a certain chance of mutating, and if we can put together two or three independent attacks on the cancer cell, we win. If we invest vigorously in this and we attract the best young people into this field, we get it done in a generation. If we don’t, it takes two generations.” Lander is “not Pollyanna .... [I]t’s not for next year. We play for the long game. I don’t want to overpromise in the short term, but it is incredibly exciting if you take the 25-year view.” 24 This is a classic statement of optimism, or being centered on advancement concerns. It begins with expertise and perspective, sees dangers and weaknesses, and nonetheless asserts empirical grounds for faith. President Obama’s insistence that “if you had to choose a moment in human history to live ... you’d choose now” has the same quality. My point is not that left pessimism is wrong—only that there are grounds, perhaps equally strong, for left optimism. One can choose either, and then find good evidence for that choice. Why Is Left Pessimism Problematic? That wily politician, Barney Frank, offers the best answer from the vantage point of the public arena: “When you tell your supporters that nothing has gotten better, and that any concessions you’ve received are mere tokenism, you take away their incentive to stay mobilized. As for those you’re negotiating with, if you denigrate anything they concede as worthless, they will soon realize they can obtain the same response by giving nothing at all.” 25 One can offer the same type of answer from the vantage point of a teacher. Many of us have had the experience of teaching a course—about civil war, inequality and politics, environmental policy, or the meaning of liberty—only to have our students politely request on the last day of class some idea or piece of information about which they can feel good or which they can use in their public engagement. We need to offer answers. Optimism may also be associated with academic success; one careful study found that“although achievement in mathematics was most strongly related to prior achievement and grade level, optimism and pessimism were significant factors. In particular, students with a more generally pessimistic outlook on life had a lower level of achievement in mathematics over time.” 26A study of college students similarly found that “dispositional and academic optimism were associated with less chance of dropping out of college, as well as better motivation and adjustment. Academic optimism was also associated with higher grade point average.” 27 And for those of us of a certain age, it is heartening to discover that “after adjusting for covariates, the results suggested that greater optimism [among middle-aged, predominantly white Americans] was associated with greater high-density lipoprotein cholesterol and lower triglycerides .... In conclusion, ... optimism is associated with a healthy lipid profile; moreover, these associations can be explained, in part, by the presence of healthier behaviors and a lower body mass index.” 28

#### The spread of capitalism solves war.

Mousseau, 19—Professor in the School of Politics, Security, and International Affairs at the University of Central Florida (Michael, “The End of War: How a Robust Marketplace and Liberal Hegemony Are Leading to Perpetual World Peace,” International Security, Volume 44, Issue 1, Summer 2019, p.160-196, dml)

Is war becoming obsolete? There is wide agreement among scholars that war has been in sharp decline since the defeat of the Axis powers in 1945, even as there is little agreement as to its cause.1 Realists reject the idea that this trend will continue, citing states' concerns with the “security dilemma”: that is, in anarchy states must assume that any state that can attack will; therefore, power equals threat, and changes in relative power result in conflict and war.2 Discussing the rise of China, Graham Allison calls this condition “Thucydides's Trap,” a reference to the ancient Greek's claim that Sparta's fear of Athens' growing power led to the Peloponnesian War.3

This article argues that there is no Thucydides Trap in international politics. Rather, the world is moving rapidly toward permanent peace, possibly in our lifetime. Drawing on economic norms theory,4 I show that what sometimes appears to be a Thucydides Trap may instead be a function of factors strictly internal to states and that these factors vary among them. In brief, leaders of states with advanced market-oriented economies have foremost interests in the principle of self-determination for all states, large and small, as the foundation for a robust global marketplace. War among these states, even making preparations for war, is not possible, because they are in a natural alliance to preserve and protect the global order. In contrast, leaders of states with weak internal markets have little interest in the global marketplace; they pursue wealth not through commerce, but through wars of expansion and demands for tribute. For these states, power equals threat, and therefore they tend to balance against the power of all states. Fearing stronger states, however, minor powers with weak internal markets tend to constrain their expansionist inclinations and, for security reasons, bandwagon with the relatively benign market-oriented powers.

I argue that this liberal global hierarchy is unwittingly but systematically buttressing states' embrace of market norms and values that, if left uninterrupted, is likely to culminate in permanent world peace, perhaps even something close to harmony. My argument challenges the realist assertion that great powers are engaged in a timeless competition over global leadership, because hegemony cannot exist among great powers with weak markets; these inherently expansionist states live in constant fear and therefore normally balance against the strongest state and its allies.5 Hegemony can exist only among market-oriented powers, because only they care about global order. Yet, there can be no competition for leadership among market powers, because they always agree with the goal of their strongest member (currently the United States) to preserve and protect the global order based on the principle of self-determination. If another commercial power, such as a rising China, were to overtake the United States, the world would take little notice, because the new leading power would largely agree with the global rules promoted and enforced by its predecessor. Vladimir Putin's Russia, on the other hand, seeks to create chaos around the world. Most other powers, having market-oriented economies, continue to abide by the hegemony of the United States despite its relative economic decline since the end of World War II.6

To support my theory that domestic factors determine states' alignment decisions, I analyze the voting preferences of members of the United Nations General Assembly from 1946 to 2010. I find that states with weak internal markets tend to disagree with the foreign policy preferences of the largest market power (i.e., the United States), but more so if they are major powers or have stronger rather than weaker military and economic capabilities. The power of states with robust internal markets, in contrast, appears to have no effect on their foreign policy preferences, as market-oriented states align with the market leader regardless of their power status or capabilities. I corroborate that this pattern may be a consequence of states' interest in the global market order by finding that states with higher levels of exports per capita are more likely than other states to have preferences aligned with those of the United States; those with lower levels of exports are more likely to have interests that do not align with the United States, but again more so if they are stronger rather than weaker.

Liberal scholars of international politics have long offered explanations for why the incidence of war may decline, generally beginning with the assumption that although the security dilemma exists, it can be overcome with the help of factors external to states.7 Neoliberal institutionalists treat states as like units and international organization as an external condition.8 Trade interdependence is dyadic and thus an external condition.9 Democracy is an internal factor, but theories of democratic peace have an external dimension: peace is the result of the expectations of states' behavior informed by the images that leaders create of each other's regime types.10 In contrast, I show that the security dilemma may not exist at all and how peace can emerge in anarchy with states pursuing their interests determined entirely by internal factors.11

#### Alt has zero chance of success---prefer quantitative studies that analyze one-thousand years of data---gradual reforms

Calnitsky ’21 [David; August 8; Assistant Professor in the Department of Sociology at Western University; *Critical Sociology,* “The Policy Road to Socialism,” Sage Online]

David Calnitsky, Published August 8, 2021

I do not, however, think that the revolutionary road is implausible. Rather, it is impossible, at least inside the rich capitalist democracies. And between the implausible and the impossible the choice is clear.

Again, this can be framed as an empirical hypothesis: You do not see revolutions in developed capitalist democracies. As Przeworski and Limongi (1997) have written, there has never been a revolution in a moderately middle-class democracy (see also Przeworski, 2019). Drawing on a thousand years of data, cumulatively collected across 37 democratic countries, they show that not one had collapsed with a per-capita GDP higher than that of Argentina in 1976. Among countries with half that figure, collapse was exceedingly rare. Even a modest GDP brings with it an enormous amount of regime stability. These data in fact include any kind of regime collapse; narrowing the data to socialist revolution makes the empirical case against it even more impressive. Any case for revolution must begin by acknowledging rather than ignoring this evidence.

To look at this question in a different way, I draw on the Cross-National Time-Series Data Archive, which contains information on revolutions (rather than government collapse) for over 200 countries since 1919. Their definition of revolution is very broad (see footnote 7) and includes “attempts” to overthrow government as well as “unsuccessful” rebellions. The data were compiled from newspaper sources and warrants caution, but nonetheless constitutes the most systematic evidence available for these questions. In Figure 9, I present the GNP per capita distribution of revolutions, from 1919, where GNP is first available, to the present. By considering only those country-years with revolutions I reduce the observation count from 17,520 to 184. Unlike Przeworski, I do not further restrict the data to democracies. The graph displays an extreme skew: The vast, overwhelming majority of cases of revolutionary threat occur in countries with a per capita GNP below $5,000 USD. For reference, the figure for the US in the data is about $65,850 in 2019. The hypothesis above—that we do not see revolutions in developed democracies—seems borne out by the evidence.

figure

Figure 9. Histogram of country-years with revolutions.

Source: Cross-National Time-Series Data Archive. Data drawn from 200 plus countries between 1919 and 2018 are then restricted to country-years (N = 184) in which there were “revolutions,” as well as a “major government crisis” and “anti-government protests.”

Why exactly is this true and what are the mechanisms to explain it? Why is the revolutionary strategy impossible for a country like the US? There are, at bottom, three reasons, each of which stands alone as a sufficient condition to snap the last threads of one’s revolutionary faith.23 The first two suggest that revolution is unachievable, and the last suggests that even if it is achievable, socialism by revolutionary means is unachievable. The revolutionary road is closed on the following grounds:

(1) Workers do not want it

(2) Capitalists would sooner grant reforms

(3) A smashed state is more likely to result in tyranny than deep democracy

Not only has there never been a successful revolution in a developed democracy, there has never been a working class that has wanted one (e.g. Erikson and Tedin, 2015; Sassoon, 1996).24 There are no clear cases where the dominant inclination of the working class in a developed democracy was revolutionary. Recall that the above graph also includes attempts and unsuccessful cases. It is self-evident that workers have not joined revolutionary groups en masse at any point in the context of a rich democracy. Nor were their aspirations to join such groups thwarted by violence or ideology. When gains inside a capitalist democracy are available—either individual or collective ones, and this has been true even through the neoliberal period, where median living standards have continued to (slowly) go up and not down—it is not worth risking everything for an uncertain future (Thewissen et al., 2015).25 More important than the dynamic point is the static one: When standards of living are moderately high, as shown in Figure 9, the modal worker has more to lose than her chains. This is not an argument against socialism; but to revise Werner Sombart, the life raft of revolution really was shipwrecked on shoals of roast beef and apple pie.

Therefore, the reasons workers are not revolutionary are materialist in character. Explaining their reformist politics does not require appeal to venal trade union leaders or false consciousness. Most people wish to minimize risk in their lives, and revolution involves taking on colossal risks. For example, home-ownership in the developed world hovers around 70%; this means that a lot of people have a lot to lose.

By contrast, the materialist case for revolution proposes that people favor it when their expected post-revolutionary standards of living are greater than their current standard (Roemer, 1985). But when we add moderate risk- and loss-aversion the calculation changes (Kahneman and Tversky, 1991). Say you have a low income, but own a few assets, maybe a house, a car, and perhaps you also have a child; what risk profile would you require to gamble your modest holdings for an uncertain future which might be better but might be worse? Even if you are certain that the probability of better is greater than the probability of worse, you have to envision workers as a class of inveterate gamblers to take the bet. Moderately cautious people who prefer a bird in the hand will still view the downside risk as too great. Equal gains and losses are not experienced equally. This is the loss aversion phenomenon. But the assumption of a population confident about improved standards of living—and a willingness to take risky strategies to achieve them—is itself unwarranted. This is the risk aversion phenomenon. The modal worker is of course correct to suspect that her post-revolutionary welfare is uncertain; socialists after all do not have satisfactory answers to the problems of coordination, motivation, and innovation under socialism (for attempted answers that are provocative and oftentimes brilliant, see Albert, 2004; Cottrell and Cockshott, 1992; Corneo, 2017; Roemer, 1994; and Wright and Hahnel, 2016). When one compares the status quo to a future where both heaven and hell are seemingly plausible, it is perfectly rational that people everywhere would abandon the barricades. And abandon them they did.

Now perhaps the revolutionaries have persuaded us that negative outcomes are far-fetched, that we are very confident that revolution will usher in, eventually, the land of milk and honey. It is still the case that in this model the promised land will only be reached after a social breakdown of unknown duration: A complete overhaul in the organization of production will lead to some middle period of deteriorating material welfare as capitalists rapidly exit the economy. This means chaos and uncertainty, but it could also mean war. The interregnum could last a year, but it might last two decades, and however optimistic we are about the end point, we cannot in advance know how long this interim phase will persist. In the meantime, revolutionary enthusiasm will wane, erstwhile supporters will decamp, a “stay-the-course” electoral strategy will be outflanked by competitor parties promising a return to normalcy, and the desire to consolidate gains will make the authoritarian impulse greater. From a materialist perspective, the uncertain passage through what Przeworski (1986) calls the “transition trough” makes the journey less appealing.26

To my mind, these factors explain why all working classes in all developed democracies have been decidedly reformist in orientation. The reason why revolutionary socialism has always been marginal in rich capitalist economies—and will always be outflanked by reform-oriented socialism—is that only the latter consistently deliver high (and usually increasing) standards of living and low (and usually decreasing) levels of risk. As long as the Mad Max world of catastrophic collapse can be avoided, reform-oriented parties will always better capture the enthusiasm of poor and working people.

Thus, when we try to explain the non-revolutionary attitudes of our working-class friends and family, we do not need to lean on the false consciousness account, for there is a more parsimonious materialist explanation. As such, any case for revolution must be non-materialist in character: You can be a materialist or a revolutionary, but not both.

This is the dilemma the revolutionaries must consider: Revolution is only possible when the forces of production are underdeveloped, but it can only be successful when they are sufficiently developed to make socialism (or communism) objectively viable.27 As Elster (1986) has argued, the circumstances under which revolutions spark and succeed never coincide.

What about the capitalists? Under these circumstances, it is reasonable to expect that they will fight far harder against a revolution than they would against reformist drives. Indeed, ignoring the response from capitalists violates Elster’s first law of political rationality: Never assume your opponent is less rational than you. If revolution were the alternative, employers would grant every imaginable reform, from far higher taxes to the rejiggering of power relations in the workplace. In a mugging, most people will surrender their wallet before their life.

Actors in the state ought to respond in more or less the same way—that is, as long as you admit your adversary the competence to read the situation as well as you. If our theory of the state suggests that it acts on behalf of the capitalist class, its apparatchiks would anticipate and preempt any revolutionary crusade with a cocktail of concession and repression. And while it will certainly contest reforms, it will devote all of its resources to break the revolution. Nonetheless, this means that revolutionaries can play a crucial role, even if it is not to foment revolution. Militancy is a powerful strategy to foment reform (for an argument about the history of social democracy along these lines, see Piketty, 2014).

Thus far, the main reason revolution is off the table is because no one wants it—not workers, nor employers, nor the state.

The third point above asks us to imagine the prospects for revolutionary success even if we ignore the wrinkle that workers have neither an interest nor capacity to make it. But let us pretend they did: Why then would we imagine that total social breakdown would prompt a deepening of democracy rather than authoritarian entrenchment? This happy outcome has never before emerged in the wake of social collapse, and there is little reason why the final showdown with the American military ought to produce fertile ground for deepening democracy in all spheres of life. In fact, evidence from the General Social Survey suggests that in response to recession and economic downturn people tend to become less altruistic and less concerned with questions of fairness.28 After situations of economic crisis, voters tend to shift to the right (Lindvall, 2014). The old union song cries out that “we can bring to birth a new world from the ashes of the old,” but life is not birthed on ash. None of the historical case studies track this narrative, and indeed everything we know about human psychology suggests that social devastation makes people more, not less, prone to demagoguery. This means that even if a revolution were achievable, it is probably undesirable.

The argument I have thus far laid out against revolution contends only that it is off the table in middle-class democracies. I have in mind social dynamics within developed capitalist democracies, countries “like the US,” but the premise no longer holds true if we imagine a society that has already suffered some sort of catastrophic societal disintegration—at that point all bets are off. We are of course now talking about a world we are not living in, but it is worth considering the thought experiment nonetheless.

It is possible that America, after some world-historic environmental or economic collapse, begins to look something more like Russian feudalism than contemporary developed capitalism. Revolution then might again be on the table, but the context of desperation and scarcity in this scenario gives little reason to expect it would incubate an egalitarian democratic society. The historical evidence is unambiguous: None of the communist revolutions of the 20th century ushered in deeply democratic egalitarian social structures. Not only are there no examples, but there are also no clear mechanisms on offer.

The fact that this scenario generates an interest in bringing about an egalitarian society by means of revolution does not mean there will be a capacity to do so. The theory is little more than “where there is a will there is a way.” But, as Elster (1980: 124) argues, the general interests of society do not secrete the conditions for their fulfillment. Interests and capacities need not overlap.

There is a final reason to be skeptical of non-evolutionary strategies: The highly dubious premise that the system we erect the morning after will actually work. A socialist economy, if plopped down tomorrow, would be so rife with unintended consequences and pathologies that it is easy to imagine a democracy voting its way back into capitalism. This is true even if we believe (mistakenly, in my view) that the socialist calculation debate is solvable in the age of big data (Morozov, 2019). Interlocutors in the calculation debate have had very little to say about the politics of transition. Indeed, it is hard to imagine success of any kind without a slow and incremental transformation, experimenting with bits and pieces along the way—as we have been doing for the past century. An experimental approach is likely the only way to avoid devastating blunders that undermine the whole project. Moments of institutional upheaval and big change may at times be necessary, but to be successful they will have to rest on a foundation of smaller changes that have been tested.

#### Sudden transition kills two-thirds of the world within two weeks---ONLY gradual transition via reformism is possible in the modern world---prefer ev from the world’s most famous living Marxist

Harvey ’20 [David; 2020; Distinguished Professor of Anthropology & Geography at the Graduate Center of the City University of New York; *The Anti-Capitalist Chronicles*, Pluto Press: London]

Global Unrest

There are many contradictions in the capitalist system, and some are more salient than others. The incredible class and social inequalities and collapsing environmental conditions are obvious priorities. But then comes the “too big to fail, too monstrous to survive” contradiction. Neither the social inequality nor environmental degradation issues can be addressed without taking on this underlying contradiction. A socialist and anti-capitalist program will have to negotiate a knife-edge path between preserving that which services the world’s population and which appears too big and foundational to fail while confronting the fact that it is becoming too monstrous to survive without sparking geopolitical conflicts that will likely turn the innumerable small wars and internal struggles already raging across the planet into a global conflagration.

This is the core of the problem. In Marx’s time, if there was a sudden collapse of capitalism, most people in the world would still have been able to feed themselves and reproduce. They were reasonably self-sufficient in their local area procuring the kinds of things they needed to live and reproduce. People could put some sort of breakfast on their table irrespective of what was going on in the global economy and in global markets. Right now, that’s no longer the case in many parts of the world. Most people in the United States, in much of Europe, in Japan, and now increasingly in China, India, Indonesia, and in Latin America are depending more and more on the delivery of food through the circulation of capital. In Marx’s time, perhaps 10 percent of the global population was vulnerable to disruptions in the circulation of capital, as opposed to many more who were subject to famines, droughts, epidemics, and other environmental disruptions. The crisis of European capitalism in 1848 was part a product of harvest failures and part produced by a speculative crash focused on railroad finance. Since then, capital operating in the world market has largely eliminated the prospect of starvation due to supposedly natural causes. If there is famine the underlying causes (as opposed to the immediate triggers) can invariably be traced to failures in the social and political system of capitalist governance and distribution. Much of the world’s population is now dependent upon the circulation of capital to procure and ensure its food supply, access the fuels and the energy required to support daily life, and to maintain the elaborate structures and equipment of communication that facilitate the coordination of basic production requirements.

Capital, right now, may be too deeply implicated in the reproduction of daily life to fail. The economic consequences and social impacts and costs of a massive and prolonged failure in the continuity of capital circulation will be catastrophic and potentially lethal for a significant portion of the world’s population. To be sure, indigenous and peasant populations in the Andean highlands may survive quite well, but if the flow of capital shuts down for any prolonged period, then maybe two-thirds of the world’s population would within a few weeks be threatened with starvation, deprived of fuel and light, while being rendered immobile and deprived of almost all capacity to reproduce their conditions of existence effectively. We cannot now afford any kind of sustained and prolonged attack upon or disruption of capital circulation even if the more egregious forms of accumulation are strictly curbed. The kind of fantasy that revolutionaries might once have had – which was that capitalism could be destroyed and burned down overnight and that something different could immediately be built upon the ashes – is impossible today even supposing there ever was a time when such a revolutionary overthrow might have happened. Some form of the circulation of commodities and therefore of money capital has to be kept in motion for some considerable time lest most of us starve. It is in this sense that we might say that capital appears to be now too big to fail. We may aspire to make our own history, Marx observed, but this can never be done under conditions of our own choosing. These conditions dictate a politics that is about sustaining many existing commodity chains and flows while socializing and perhaps gradually modifying them to accommodate to human needs. As Marx noted in his commentary on the Paris Commune,

in order to work out their own emancipation, and along with it the higher form to which present society is irresistibly tending by its own economical agencies, they [the working classes] will have to pass through long struggles, through a series of historic processes, transforming circumstances and men. They have no ideals to realize, but to set free the elements of the new society with which old collapsing bourgeois society is pregnant.

The task is to identify that which lays latent in our existing society to find a peaceful transition to a more socialist alternative. Revolution is a long process not an event.

### EU CP

#### U.S. companies would refuse international pressure.

Posner ’13 [Eric and Alan Sykes; 2013; Kirkland & Ellis Distinguished Service Professor of Law and Arthur and Esther Kane Research Chair at the University of Chicago School of Law, JD from Harvard Law School, MA and BA from Yale University; Professor of Law at Stanford University, PhD in Economics from Stanford University, Economic Foundations of International Law, p. 301-302]

The Failure of Global Cooperation

Why has international cooperation on antitrust matters been so limited? As noted, commentators have certainly called for broader measures, and multilateral initiatives were undertaken at the WTO. These initiatives failed, however, and at this writing there is no serious prospect of greater cooperation. Why the lack of success?

There is no one answer to this question, but we note a few factors. Most important, it is not clear that all nations would gain politically from a competition policy agreement that imposed sound principles of antitrust policy. Developing countries in particular showed a lack of enthusiasm for the competition policy initiative at the WTO. Some may be net beneficiaries of a system that allows the persistence of export cartels. Others may be home to firms that benefit from lax antitrust enforcement and that are quite powerful politically, in comparison to consumer interests that may be particularly weak politically.

In addition, international consensus does not exist on many of the substantive issues of antitrust law. The compromises necessary to reach an international agreement on key principles, therefore, might undermine core judgments of some national antitrust enforcers. Comparing Eu rope and the United States, for example, Europe is far more likely to go after single firm conduct under its “abuse of dominance” jurisprudence, condemning practices that American regulators would likely deem efficient and permissible. U.S. regulators were, accordingly, rather unenthusiastic about the WTO initiative.

The lack of consensus on some antitrust principles, particularly relating to single firm conduct, has led to proposals for more modest agreements, perhaps imposing a basic national treatment obligation (an obligation to treat foreign firms no less favorably than domestic firms), and an agreement to prohibit certain hard- core cartel practices. The OECD in particular has focused on encouraging all nations to address the problem of cartels. But even these limited initiatives are not without problems. Consider first a national treatment obligation. Antitrust enforcement often involves difficult and rather subjective judgments— will a merger lead to substantial efficiencies, and will the increase in concentration cause prices to rise importantly? If national authorities were accused of shading these judgments to favor their domestic firms over foreign interests in violation of a national treatment obligation, for example, it is not at all clear how a dispute process could confidently determine the truth of the allegation.

Even cartel practices raise challenging issues. Although a consensus may exist that hard-core cartel practices such as price fixing are undesirable, disagreement may well arise over the question of when price fixing is present. The long- standing controversy in the United States over the line between price fixing and mere “conscious parallelism,” and the “plus factors” that are required to prove the former, illustrates the problem.

National regulators may be particularly reluctant to agree to any arrangement that entrusts these difficult questions to international arbitrators. WTO adjudicators are not competition policy experts historically, for example, and it is unclear whether participants in any international dispute process would have both the skills and the incentives for a proper evaluation of the subtle antitrust issues that national regulators often confront.

Of course, some of the same concerns about difficult and subtle policy issues, and about the skills and incentives of international arbitrators, might be raised about trade agreements and their dispute resolution processes, yet the world has made great strides in multilateral cooperation on trade matters. But perhaps trade agreements differ at least in degree. Although we cannot quantify or prove this claim in a precise way, it does seem that many trade obligations are relatively crisp and straightforward. (Is the tariff commitment being observed? Is there an impermissible quota? Is there reasonable scientific support for this regulation? Has the antidumping duty calculation ignored some substantive or procedural rule? And so on.) In antitrust, by contrast, the questions can be much harder to answer with confidence. (Is this merger likely to raise prices a lot? Does bundling a browser with an operating system somehow foreclose competition in some software market?) The uncertainties and potential error costs associated with entrusting such matters to international arbitration may simply be too great, or may at least be perceived to be too great. The specter of problematic international decisions also affords entrenched domestic bureaucrats an opportunity to argue against international cooperation that might undermine their authority.

In sum, although cooperation on international competition policy is quite restricted, one cannot exclude the possibility that the absence of greater cooperation is efficient— the costs may simply exceed the benefits. In any case, the politics of international antitrust suggest that deeper cooperation is unlikely to arise anytime soon.

#### EU has single damages – those fail. Compensation guarantees consumers will detect and challenge antitrust violations.

Leslie 20, \*Christopher R. Leslie, Chancellor’s Professor of Law, University of California Irvine School of Law; (2020, “The DOJ’s Defense of Deception:   
Antitrust Law’s Role in Protecting the Standard-Setting Process”, https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/25382/1\_Leslie\_FNL.pdf?sequence=1&isAllowed=y)

In litigation involving FRAND violations, the core of the plaintiff’s case is the same under either a contract law approach or an antitrust law approach. The same conduct—charging a supra-FRAND royalty—is the foundation of both a breach of contract and an antitrust violation. Besides the fact that Section 2 liability requires proof of a defendant’s monopoly power, the two most important differences are the remedies and the universe of potential plaintiffs. With respect to remedies, under contract law, if the patentee charges a royalty that is not FRAND, the contract plaintiff can recover the difference between the FRAND amount and the royalty actually paid. In contrast, successful antitrust plaintiffs are entitled to treble damages on the overcharge as well as reasonable attorneys’ fees and costs.200 These differences in available remedies have important implications for both compensation and deterrence. Although called compensatory damages, the single damages associated with contract law do not actually fully compensate victims of breach for their injuries. Although contract damages are supposed to make the nonbreaching party whole, they do not for several reasons. First, contract law does not generally provide attorneys’ fees for successful plaintiffs.201 Second, contract remedies do not compensate the nonbreaching party for the time and effort of investigating their contract claims.202 As a result, even when a plaintiff wins her contract law case, she is not fully compensated for her injuries. She remains worse off than if the contract had been properly performed.

Congress provided for the automatic trebling of antitrust damages in order to deter firms from engaging in anticompetitive conduct in the first place.203 Antitrust law’s treble damages are also intended to compensate victims of antitrust violations for the time it takes to investigate and pursue potential antitrust violations.204 Congress recognized that consumers would be less likely to spend the necessary resources to detect and challenge antitrust violations if they were not compensated for their investment in time. Although contract law alone does not deter patentholder deception and holdup,205 Delrahim praises contract remedies specifically because contract law does not provide for treble damages.206 He raises the threat of overdeterrence if antitrust law were in play. But there should be no meaningful risk of overdeterrence because the owner of a SEP can eliminate the prospect of antitrust litigation by adjudicating FRAND royalty rates ahead of time.

#### Soft power is useless.

Gray 11 – Dr. Colin S. Gray, International Politics and Strategic Studies Professor at the University of Reading. [Hard Power and Soft Power: The Utility of Military Force as an Instrument of Policy in the 21st Century, Strategic Studies Institute, https://www.files.ethz.ch/isn/128690/pub1059-1.pdf]

Unfortunately, although the concept of American soft power is true gold in theory, in practice it is not so valuable. Ironically, the empirical truth behind the attractive concept is just sufficient to mislead policymakers and grand strategists. Not only do Americans want to believe that the soft power of their civilization and culture is truly potent, we are all but programmed by our enculturation to assume that the American story and its values do and should have what amounts to missionary merit that ought to be universal. American culture is so powerful a programmer that it can be difficult for Americans to empathize with, or even understand, the somewhat different values and their implications held deeply abroad. The idea is popular, even possibly authoritative, among Americans that ours is not just an “ordinary country,” but instead is a country both exceptionally blessed (by divine intent) and, as a consequence, exceptionally obliged to lead Mankind. When national exceptionalism is not merely a proposition, but is more akin to an iconic item of faith, it is difficult for usually balanced American minds to consider the potential of their soft power without rose-tinted spectacles. And the problem is that they are somewhat correct. American values, broadly speaking “the American way,” to hazard a large project in reductionism, are indeed attractive beyond America’s frontiers and have some utility for U.S. policy. But there are serious limitations to the worth of the concept of soft power, especially as it might be thought of as an instrument of policy. To date, the idea of soft power has not been subjected to a sufficiently critical forensic examination. In particular, the relation of the soft power of attraction and persuasion to the hard power of coercion urgently requires more rigorous examination than it has received thus far.

When considered closely, the subject of soft power and its implications for the hard power of military force reveals a number of plausible working propositions that have noteworthy meaning for U.S. policy and strategy.

1. Hard military threat and use are more difficult to employ today than was the case in the past, in part because of the relatively recent growth in popular respect for universal humanitarian values. However, this greater difficulty does not mean that military force has lost its distinctive ability to secure some political decisions. The quality of justification required for the use of force has risen, which means that the policy domain for military relevance has diminished, but has by no means disappeared.

2. The political and other contexts for the use of force today do not offer authoritative guidance for the future. History is not reliably linear. To know the 2000s is not necessarily to know the 2010s.

3. The utility of military force is not a fixed metric value, either universally or for the United States. The utility of force varies with culture and circumstance, inter alia. It is not some free-floating objective calculable truth.

4. For both good and for ill, ethical codes are adapted and applied under the pressure of more or less stressful circumstances, and tend to be significantly situational in practice. This is simply the way things are and have always been. What a state licenses or tolerates by way of military behavior effected in its name depends to a degree on how desperate and determined are its policymakers and strategists.

5. War involves warfare, which means military force, which means violence that causes damage, injury, and death. Some of the debate on military force and its control fails to come to grips with the bloody reality, chaos, and friction that is in the very nature of warfare. Worthy and important efforts to limit conduct in warfare cannot avoid accepting the inherent nastiness of the subject. War may be necessary and it should be restrained in its conduct, but withal it is by definition illiberally violent behavior.

6. By and large, soft power should not be thought of as an instrument of policy. America is what it is, and the ability of Washington to project its favored “narrative(s)” is heavily constrained. Cultural diplomacy and the like are hugely mortgaged by foreigners’ own assessments of their interests. And a notable dimension of culture is local, which means that efforts to project American ways risk fueling “blow-back.”

7. Soft power cannot sensibly be regarded as a substantial alternative to hard military power. Familiarity with the concept alone encourages the fallacy that hard and soft power have roughly equivalent weight and utility. An illusion of broad policy choice is thus fostered, when in fact effective choices are severely constrained.

8. An important inherent weakness of soft power as an instrument of policy is that it utterly depends upon the uncoerced choices of foreigners. Sometimes their preferences will be compatible with ours, but scarcely less often they will not be. Interests and cultures do differ.

9. Soft power tends to be either so easy to exercise that it is probably in little need of a policy push, being essentially preexistent, or too difficult to achieve because local interests, or culture, or both, deny it political traction.

10. Hard and soft power should be complementary, though often they are not entirely so. U.S. national style, reflecting the full array of American values as a hegemonic power, has been known to give some cultural and hence political offense abroad, even among objective allies and other friends. Whereas competent strategy enables hard military power to be all, or most of what it can be, soft power does not lend itself readily to strategic direction.

11. Provided the different natures of hard and soft power are understood—the critical distinguishing factor being coercion versus attraction—it is appropriate to regard the two kinds of power as mutual enablers. However, theirs is an unequal relationship. The greater attractiveness of soft power is more than offset in political utility by its inherent unsuitability for policy direction and control.

### T priv Sector

#### ‘Private sector’ means parts of the economy not controlled by government---that includes non-profits.

Bitzenis ’18 [Aristidis, John Marangos, and Gale Encyclopedia of U.S. Economic History; May 17 and June 11; Professor of Global Entrepreneurship and Foreign Direct Investment at the University of Macedonia, Ph.D. from Glasgow University; Professor of Economics at the University of Macedonia, Ph.D. in Economics from LaTrobe University; Online encyclopedia offering comprehensive coverage of American economic history; Cengage, “Private Sector,” <https://www.encyclopedia.com/social-sciences-and-law/economics-business-and-labor/economics-terms-and-concepts/private-sector>]

The private sector is the part of a country’s economy that is not controlled directly by the government; it is a term that combines households and businesses in the economy into a single group. The resources of production owned by the private sector are owned in the form of private property. The private sector includes entities such as households and individuals, for-profit enterprises, sole traders, partnerships, corporations, nonprofit-making organizations, charities, and nongovernmental organizations (NGOs). Private sector is contrasted with public sector, which is a comparable term for the governmental sector. In 2004 the private sector share of gross domestic product (GDP) in current prices in countries of the Organisation of Economic Co-operation and Development was: Australia 85.85 percent, Canada 87.72 percent, Finland 81.48 percent, France 80.73 percent, Germany 85.32 percent, Greece 87.54 percent, Italy 85.68 percent, Japan 84.38 percent, Norway 82.31 percent, Sweden 78.17 percent, the United Kingdom 83.65 percent, and the United States 89.46 percent. In contrast, in developing countries and transition economies the 2004 private sector share of GDP in current prices was lower: the Bahamas 73.29 percent, Botswana 70.50 percent, the Democratic Republic of Congo 69.07 percent, Nicaragua 76.61 percent, South Africa 75.92 percent, Bulgaria 70.36 percent, Croatia 75.36 percent, the Czech Republic 71.98 percent, Georgia 51.44 percent, and the Slovak Republic 75.69 percent (Heston, Summers, and Aten 2006). Dani Rodrik (2000) argues that the reason for the private sector’s low share in developing countries is due to the fact that for governments in low-income countries, creating additional public-sector jobs is administratively easier than establishing an unemployment insurance scheme or subsidizing job security in the private sector.

The distinction between private sector and public sector reflects the two alternative methods of solving the allocation of resources in an economy: markets or government. Markets utilize private ownership of resources—thus the term private sector—for voluntary allocation decisions. In contrast to the public sector, the private sector—with the exception of nonprofit-making organizations, charities, and nongovernmental organizations—mainly searches for profit opportunities. Private companies and organizations produce goods and services in response to supply-and-demand forces in the market, with the final goal of making a profit for the owners and shareholders of the private enterprise.

The private sector plays a key role in accelerating economic growth in market capitalist economies. The private sector is the foundation of the market capitalist economic system. Without the private sector the capitalist market cannot exist, and vice versa. For example, the development of the private sector in transition economies was vital, and the final goal of transition was associated with the private sector being converted into the dominant sector in the economy. In all industrialized or advanced capitalist economies, the absolute and relative size of the private sector is very high. Hence, in a capitalist market economy the private sector is mostly responsible for most of the country’s investments, for the generation of new job opportunities, and for the improvement of standards of living, and it is the source of most technological developments.

The government in market capitalist economies undertakes the following responsibilities to promote and support the private sector:

1. creating proper legal environment for the private sector to function, through private property rights and contract law;
2. introducing customs and tax laws that should encourage private investment;
3. often providing basic infrastructure produced by public enterprises such as water, power, land, transport and communication services, and other necessities;
4. initiating macroeconomic policies and expenditure to increase the demand for the private sector produced goods.

The private sector increases into two ways: through privatization of state-owned enterprises (SOEs) and through the creation and establishment of new firms. In this way, the share of the private sector in the economy grows. Privatization represents the transfer of state-owned assets to private ownership, alongside the creation and fostering of private businesses. Privatization is an alternative way of distributing and choosing the means of generating wealth (Marangos 2004). Consequently, it also may be considered a distribution of political and economic power in the economy. The increase of the private sector further implies the abandonment of government control over economic activity, as well as the abandonment of state monopoly in certain sectors. However, as the private sector increases, both income and wealth inequality increase, and intergenerational mobility decreases:

It is true, however, that America was once a place of substantial intergenerational mobility: Sons often did much better than their fathers.... [However,] over the past generation upward mobility has fallen drastically. Very few children of the lower class are making their way to even moderate affluence.... In modern America, it seems, you’re quite likely to stay in the social and economic class into which you were born. (Krugman 2004)

Supporters of the private sector mistrust government-initiated economic activities because they believe that the private sector is both efficient and enterprising. This further increases efficiency because of the increase in macroeconomic productivity due to the adoption of new technology. Critics of the private sector argue that the private sector does not produce public goods, that it creates private monopolies, enhances income and wealth inequality, and discourages intergenerational mobility. Public goods are commodities where the exclusion principle breaks down, and they are nonrivalrous. Such goods include, for example, lighthouses, national defense, police, fire brigades, and traffic lights. In nearly all industrialized or advanced market-capitalist economies, public goods are provided by the government and funded through the collection of state revenues.

<<BIBLIOGRAPHY OMITTED; NEW ARTICLE BEGINS; ALL AUTHORS CITED>>

Private Sector

Private individuals and organizations in the United States generate most economic activity involving the production of goods and services. Independent ownership and control define the private sector. Independently owned firms, ranging from large corporations to single individuals within a household, manage their privately owned capital resources to make a profit. Examples include all Fortune 500 corporations such as General Motors and IBM, the local flower shop and a small retail clothing store, the vineyard owner and peanut farmer, the consultant working from a home office and the neighborhood babysitter. Also included in the private sector are non-profit organizations including private colleges and universities and the Catholic Church. In contrast, the public sector includes all governmental activities and local, state, and federal government employees such as postal workers and public school teachers.

#### It includes non-profit healthcare.

WHO ’18 [World Health Organization; October 2018; "The private sector, universal health coverage and primary health care,” https://www.who.int/docs/default-source/primary-health-care-conference/private-sector.pdf]?

Why is the issue important?

The private sector (both for-profit and not-for-profit) plays an important role in most of the world’s health systems. Its role is expanding in many countries. The private sector provides a mix of goods and services including: direct provision of health services (the focus of this document), medicines and medical products, financial products, training for the health workforce, information technology, infrastructure and support services (e.g. health facility management). As a result, most countries have “mixed health systems”—where a mix of public and private providers deliver health-related goods and services. The governance arrangements deployed to steer mixed delivery differ greatly from those used to manage systems that exclusively rely on public services.

Counter-interpretation:

#### ‘Private sector’ includes subsets.

TD 21 – The Definition, ‘private sector’, https://the-definition.com/term/private-sector

Private sector refers to an umbrella term that may be applied to any or all of the nonpublic or commercial individuals and businesses, specified nonprofit organizations, most of academia and other scholastic institutions, and selected nongovernmental organizations.

#### ‘The’ means one or more.

Google ’21 [Google Dictionary; 2021, googled today; Online English-language dictionary with definitions sourced from Oxford; Google, “define the,” <https://www.google.com/search?q=define%20the>]

denoting one or more people or things already mentioned or assumed to be common knowledge

Prefer it:

#### 1. PRECISION---it’s explicit legal code.

U.S. Code ’12 [United States Code; carbon dated to November 6; Official law of the United States, hosted by Cornell University; Legal Information Institute, “2 U.S. Code § 658 – Definitions,” <https://www.law.cornell.edu/uscode/text/2/658#9>]

(9) Private sector

The term “[private sector](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=2-USC-233312093-1889436064&term_occur=999&term_src=title:2:chapter:17A:subchapter:II:part:B:section:658)” means all persons or entities in the United States, including individuals, partnerships, associations, corporations, and educational and nonprofit institutions, but shall not include[State,](https://www.law.cornell.edu/definitions/uscode.php?width=840&height=800&iframe=true&def_id=2-USC-80204913-1557023962&term_occur=999&term_src=title:2:chapter:17A:subchapter:II:part:B:section:658) local, or tribal governments.

### T per se

#### No bright-line – ‘per se’ and ‘rule of reason’ is a false distinction.

Souter ’99 [David H, joined by William Rehnquist, Sandra Day O'Connor, Antonin Scalia, and Clarence Thomas; May 24; Justice on the Supreme Court of the United States, writing for the majority; Westlaw, “California Dental Ass'n v. F.T.C.,” 526 U.S. 756]

Saying here that the Court of Appeals's conclusion at least required a more extended examination of the possible factual underpinnings than it received is not, of course, necessarily to call for the fullest market analysis. Although we have said that a challenge to a “naked restraint on price and output” need not be supported by “a detailed market analysis” in order to “requir[e] some competitive justification,” National Collegiate Athletic Assn., 468 U.S., at 110, 104 S.Ct. 2948, it does not follow that every case attacking a less obviously anticompetitive restraint (like this one) is a candidate for plenary market examination. The truth is that our categories of analysis of anticompetitive effect are less fixed than terms like “per se,” “quick look,” and “rule of reason” tend to make them appear. We have recognized, for example, that “there is often no bright line separating per se from Rule of Reason analysis,” since “considerable inquiry into market conditions” may be required before the application of any so-called “per se” condemnation is justified. Id., at 104, n. 26, 104 S.Ct. 2948. “[W]hether the ultimate finding is the product of a presumption or actual \*780 market analysis, the essential inquiry remains the same-whether or not the challenged restraint enhances competition.” Id., at 104, 104 S.Ct. 2948. Indeed, the scholar who enriched antitrust law with the metaphor of “the twinkling of an eye” for the most condensed rule-of-reason analysis himself cautioned against the risk of misleading even in speaking of a “spectrum” of adequate reasonableness analysis for passing upon antitrust claims: “There is always something of a sliding scale in appraising reasonableness, but the sliding scale formula deceptively suggests greater precision than we can hope for.... Nevertheless, the quality of proof required should vary with the circumstances.” P. Areeda, Antitrust Law 1507, p. 402 (1986).15 At the same time, Professor Areeda also emphasized the necessity, particularly great in the quasi-common-law realm of antitrust, that courts explain the logic of their conclusions. “By exposing their reasoning, judges ... are subjected to others' critical analyses, which in turn can lead to better understanding for the future.” Id., 1500, at 364. As \*\*1618 the circumstances here demonstrate, there is generally no categorical line to be drawn between \*781 restraints that give rise to an intuitively obvious inference of anticompetitive effect and those that call for more detailed treatment. What is required, rather, is an enquiry meet for the case, looking to the circumstances, details, and logic of a restraint. The object is to see whether the experience of the market has been so clear, or necessarily will be, that a confident conclusion about the principal tendency of a restriction will follow from a quick (or at least quicker) look, in place of a more sedulous one. And of course what we see may vary over time, if rule-of-reason analyses in case after case reach identical conclusions. For now, at least, a less quick look was required for the initial assessment of the tendency of these professional advertising restrictions. Because the Court of Appeals did not scrutinize the assumption of relative anticompetitive tendencies, we vacate the judgment and remand the case for a fuller consideration of the issue.

#### 3 – The floor – ‘by at least’ automatically meets.

Andrew ’18 [Andrew; January 25; instructor; Crown Academy of English, “Preposition BY – Meaning and use,” <https://www.crownacademyenglish.com/preposition-by-meaning-use/>]

by + ING form of verb

This describes how to do something. It describes the method for achieving a particular result.

#### Counter-interpretation:

#### ‘Antitrust law’ and ‘prohibitions’ both include the Rule of Reason.

Light ’19 [Sarah; 2019; Legal Studies Professor in the Wharton School at the University of Pennsylvania, Stanford Law Review, “The Law of the Corporation as Environmental Law,” vol. 71]

While antitrust law can serve as an environmental mandate by prohibiting collusive behavior that keeps environmentally preferable goods from the market, there is also conflict between antitrust law’s goals of promoting competition and environmental law’s goals of promoting conservation.192 Because antitrust law's per se rule and rule of reason operate on a somewhat fluid continuum, 193 this Subpart discusses the two doctrines together. The per se rule operates as a prohibition, whereas the rule of reason operates as both a prohibition and a disincentive.

As noted above, antitrust law generally prohibits certain types of market activity - price fixing, horizontal boycotts, and output limitations - as illegal per se, and harm to competition is presumed. 194 For example, if an industry association declines to award a seal of approval necessary for a product's sale without any good faith attempt to test the product's performance, but rather simply because that product is manufactured by a competitor, such an action would be illegal per se. 195 Under this Article's framework, a per se violation is thus a prohibition.

The more fact-intensive inquiry under the rule of reason tests "whether the restraint imposed is such as merely regulates and perhaps thereby promotes competition or whether it is such as may suppress or even destroy competition." 196 While this extremely broad statement might suggest that any fact is relevant to the inquiry, the salient facts under the rule of reason are "those that tend to establish whether a restraint increases or decreases output, or decreases or increases prices." 197 If an anticompetitive effect is found, then the action is illegal and the rule of reason operates, like the per se rule, as a prohibition. 198 The rule of reason can also operate as a disincentive, even if no court finds an anticompetitive effect, as uncertainty and litigation risk may discourage firms from undertaking legally permissible, environmentally positive industry collaborations. 199

#### ‘Anticompetitive business practices’ are horizontal or vertical restraints on competition.

OECD ’3 [Organization for Economic Cooperation and Development, April 24; Glossary of Statistical Terms, “Anticompetitive Practices,” https://stats.oecd.org/glossary/detail.asp?ID=3145]

Definition:

Anticompetitive practices refer to a wide range of business practices in which a firm or group of firms may engage in order to restrict inter-firm competition to maintain or increase their relative market position and profits without necessarily providing goods and services at a lower cost or of higher quality.

Context:

The essence of competition entails attempts by firm(s) to gain advantage over rivals. However, the boundary of acceptable business practices may be crossed if firms contrive to artificially limit competition by not building so much on their advantages but on exploiting their market position to the disadvantage or detriment of competitors, customers and suppliers such that higher prices, reduced output, less consumer choice, loss of economic efficiency and misallocation of resources (or combinations thereof) are likely to result.

Which types of business practices are likely to be construed as being anticompetitive and, if that, as violating competition law, will vary by jurisdiction and on a case by case basis. Certain practices may be viewed as per se illegal while others may be subject to rule of reason. Resale price maintenance, for example, is viewed in most jurisdictions as being per se illegal whereas exclusive dealing may be subject to rule of reason. The standards for determining whether or not a business practice is illegal may also differ. In the United States, price fixing agreements are per se illegal whereas in Canada the agreement must cover a substantial part of the market. With these caveats in mind, competition laws in a large number of countries examine and generally seek to prevent a wide range of business practices which restrict competition. These practices are broadly classified into two groups: horizontal and vertical restraints on competition. The first group includes specific practices such as cartels, collusion, conspiracy, mergers, predatory pricing, price discrimination and price fixing agreements. The second group includes practices such as exclusive dealing, geographic market restrictions, refusal to deal/sell, resale price maintenance and tied selling.

Generally speaking, horizontal restraints on competition primarily entail other competitors in the market whereas vertical restraints entail supplier-distributor relationships. However, it should be noted that the distinction between horizontal and vertical restraints on competition is not always clear cut and practices of one type may impact on the other. For example, firms may adopt strategic behaviour to foreclose competition. They may attempt to do so by pre-empting facilities through acquisition of important sources of raw material supply or distribution channels, enter into long term contracts to purchase available inputs or capacity and engage in exclusive dealing and other practices. These practices may raise barriers to entry and entrench the market position of existing firms and/or facilitate anticompetitive arrangements.

#### They include single acts.

Corradino ‘3 [Dolph; 2003; Attorney in Little Falls, former judge of the New Jersey Municipal Court; Lexis, “TMK Assocs. v. Landmark Dev.,” 2003 Conn. Super. LEXIS 2464]

They argue that "in order to successfully allege a violation of CUTPA, the plaintiff must allege more than a singular occurrence"; "there must be a pattern of unfair or deceptive trade practices"; "the plaintiff failed to plead more than a single act (of) unfair or deceptive business practices." This argument was laid to rest in Johnson Electric Co. v. Salce Contracting Assocs., 72 Conn. App. 342, 805 A.2d 735 (2002). There, "the trial court held that, because the plaintiff did not prove that the defendant had engaged in a repeated course of misconduct, the plaintiff did not establish that the defendant violated CUTPA." Id. page 349. The court disagreed, ruling that, 'The trial court improperly declined relief to the plaintiff on the ground that it had alleged and proven only a single act of misconduct." Id. page 353.

#### ‘Prohibitions’ disallow specific actions.

Blackmun ’92 [Harry Andrew, Anthony McLeod Kennedy, and David H Souter; Justices on the Supreme Court of the United States; Lexis, “Cipollone v. Liggett Group,” 505 U.S. 504]

Although the plurality flatly states that the phrase “no requirement or prohibition” “sweeps broadly” and “easily encompass[es] obligations that take the form of common-law rules,” ante, at 2620, those words are in reality far from unambiguous and cannot be said clearly to evidence a congressional mandate to pre-empt state common-law damages actions. The dictionary definitions of these terms suggest, if \*536 anything, specific actions mandated or disallowed by a formal governing authority. See, e.g., Webster's Third New International Dictionary 1929 (1981) (defining “require” as “to ask for authoritatively or imperatively: claim by right and authority” and “to demand as necessary or essential (as on general principles or in order to comply with or satisfy some regulation)”); Black's Law Dictionary 1212 (6th ed. 1990) (defining “prohibition” as an “[a]ct or law prohibiting something”; an “interdiction”).

### Injunction PIC

#### FTC is key---curbing market power is necessary for other policy approaches

King ’21 [Jaime; 5/17/21; Chair in Health Law and Professor of Law at the University of Auckland, J.D. from Emory University, Ph.D. in Health Policy from Harvard University; "Stop Playing Health Care Antitrust Whack-A-Mole," https://blog.petrieflom.law.harvard.edu/2021/05/17/health-care-consolidation-antitrust-enforcement/]

The time has come to meaningfully address the most significant driver of health care costs in the United States — the consolidation of provider market power.

Over the last 30 years, our health care markets have consolidated to the point that nearly 95% of metropolitan areas have highly concentrated hospital markets and nearly 80% have highly concentrated specialist physician markets. Market research has consistently found that increased consolidation leads to higher health care prices (sometimes as much as 40% more). Provider consolidation has also been associated with reductions in quality of care and wages for nurses.

In consolidated provider markets, insurance companies often must choose between paying dominant providers supracompetitive rates or exiting the market. Unfortunately, insurers have little incentive to push back against provider rate demands because they have the ability to pass those rate increases directly to employers and individuals, in the form of higher premiums. In turn, employers take premium increases out of employee wages, contributing to the growing disparity between health care price growth and employee wages. As a result, rising health care premiums mean that every year, consumers pay more, but receive less.

Dynamic health care antitrust enforcement is an idea whose time has finally come, but addressing the ills of consolidation in America’s health care system will require a comprehensive and multi-faceted approach. We have seen repeatedly how an entity with market power can respond quickly to negate the benefits of unilateral policy approaches, leading to an endless cycle of competition policy whack-a-mole. For instance, in the last decade, as health system merger and acquisition challenges became more successful, joint ventures and affiliations, especially with urgent care centers and private equity firms, became more frequent. Further, COVID-19 has exacerbated the threat of health care consolidation by leaving many independent hospitals and physician groups struggling financially and vulnerable to acquisition.

Fortunately, the Biden/Harris administration appears uniquely poised to implement a comprehensive initiative to address health care consolidation.

First and foremost, Biden has positioned key personnel with antitrust expertise, often with distinct knowledge of the health care industry, throughout his administration. For instance, the nomination of former California Attorney General Xavier Becerra, who championed health care antitrust efforts in the state, as Secretary of Health and Human Services was an inspired choice and presents a unique opportunity to enhance competition through Medicare policy. Biden’s appointment of Tim Wu to the National Economic Council and nomination of Lina Khan to one of five seats on the Federal Trade Commission (FTC) also signal a strong commitment to strengthening antitrust enforcement writ large.

Second, the Biden administration should support recent efforts in Congress to address health care antitrust concerns. Senator Amy Klobuchar (D-MN) recently introduced a bill, the Competition and Antitrust Law Enforcement Reform Act, which introduces sweeping reforms that would expand funding to the Department of Justice (DOJ) and the Federal Trade Commission, strengthen prohibitions against anticompetitive mergers by forbidding mergers that “create an appreciable risk of materially lessening competition,” shift the burden of proof to require merging entities to demonstrate that the merger will not harm competition, and take steps to prevent dominant firms from engaging in anticompetitive conduct.

Likewise, Senator Patty Murray’s (D-WA) Lower Health Care Costs Act of 2019 demonstrated a sophisticated understanding of how health care entities can use market power to obscure health care prices and negotiate anticompetitive contract terms, like all-or-nothing bargaining, gag clauses, and anti-steering provisions, and provided solid policy solutions to both issues. Providing support for bills like these will be essential to developing a comprehensive competition strategy.

Third, on September 17, 2020, the Federal Trade Commission announced much needed plans to revamp the Merger Retrospective program. The Biden administration should provide substantial funding and resources to reinvigorate this program.

Merger retrospectives, like Steven Tenn’s Sutter-Summit retrospective in 2008, have been pivotal and provided the FTC with much needed insight on how hospital mergers have leveraged the market power necessary to increase prices and harm consumer welfare. A newly revamped Merger Retrospective program holds great promise for antitrust enforcement in health care, especially if used to gain insight into whether and how vertical and cross-market health care mergers create anticompetitive harms. While a majority of consolidating transactions in health care include vertical or cross-market acquisitions, federal antitrust enforcement has been absent in this area.

Fourth, Congress and the Trump Administration have moved mountains to expand price transparency in health care, which will greatly facilitate research into the effects of different types of health care consolidation and contracting practices on prices. The Biden Administration should stand firm on requiring hospitals, insurers, and self-insured employers to report negotiated health care prices, and dedicate resources to analyze that data to determine both the drivers of health care prices and the effectiveness of public policy initiatives designed to control prices.

In addition, the Biden administration should promote transparency in health care consolidation by requiring all health care providers (hospitals, clinics, provider organizations, etc.) to report any material change in ownership to the Department of Health and Human Services and the FTC to allow the agencies to monitor consolidation patterns and look for stealth consolidation.

All winds seem to blow in the direction of the Biden Administration taking significant action to address rampant consolidation in health care and its harms. Yet, doing so requires funding and willpower. Funding for the FTC and DOJ has decreased in relative dollars since 2010, despite a near doubling in merger filings. The FTC and DOJ need increased funding to expand their ability to review and challenge anticompetitive transactions and practices by dominant health care entities, revamp and expand the scope of their Merger Retrospective Review program, and provide technical assistance to state antitrust enforcers. Furthermore, the FTC should be granted the authority and requisite funding to challenge anticompetitive behavior by non-profit organizations, as they have developed a significant expertise in health care provider markets.

Challenging the existing market dynamics in health care also demands the political will to take on some of the biggest industries in the nation (who make some of the largest lobbying contributions).

As we have seen in recent challenges to the practices of dominant health care providers, the battle will be hard-fought. Yet, the alternative — allowing the health care industry to continue to siphon off ever-increasing portions of the economy and wages — is unacceptable and irresponsible.

The Biden administration must make every attempt to improve the functioning of health care markets where possible, and implement price regulations in markets where competition has failed. Antitrust enforcement agencies must use the full force of their legal arsenal to restore competition in health care — and this may include breaking up large health systems that exploit their market power. For too long, the notion of “unscrambling the egg,” i.e., unwinding a previously consummated hospital merger, has been a non-starter in enforcement circles. To truly restore some form of competition in many health care markets, antitrust enforcers need to break up large systems, or at least have a credible threat of doing so.

The Biden administration has an opportunity to reinvigorate our health care markets, but only if it is willing to adopt a bold, determined, and comprehensive competition strategy.

### FTC DA

#### Current healthcare actions consume agency resources---that’s Dafny.

<<FOR REERENCE>>

Current State of Enforcement

Antitrust enforcement vis-a-vis horizontal transactions among health care providers or payers is active, although enforcers do not have sufficient resources to be as active as needed. In the past few years, the DOJ, together with state plaintiffs, successfully blocked two proposed mega-mergers of large health insurers. In the past decade, the FTC and DOJ have successfully challenged over a dozen hospital mergers and a number of mergers among other health care providers, including matters settled with consent decrees requiring divestitures to preserve competition and matters the parties abandoned in the face of agency opposition.

However, as Commissioner Rebecca Slaughter, the current acting FTC chair has noted, these efforts have “faced resistance, with two of these recent victories only coming after district court setbacks.” Blocking a horizontal merger, even when it appears to be an “open and shut” case to a layperson, requires extraordinary resources, including large investigation and litigation teams, as well as economic and other subject matter experts who must analyze the transaction, lay out the case for blocking the merger, and rebut arguments advanced by Defendants’ attorneys and experts.

To pick a recent example, consider the proposed merger of two hospital systems in the Memphis area, which the FTC filed to block in November 2020. Based on the FTC’s complaint, the merger would have reduced the number of competing systems from four to three and created a system with over a 50 percent market share. In the face of litigation, the parties abandoned the deal—consistent with this being a straightforward case. Although the FTC prevailed without a trial, it took nearly a year from the merger announcement to the abandonment. Over that period, the FTC likely devoted thousands of staff hours to the investigation and lawsuit and expended substantial taxpayer resources on expert witnesses.

The higher the payoff from the merger for the merging parties—and the payoff in the case of an increase in market power can be substantial—the greater the incentive for defendants to invest extraordinary resources to fight a merger challenge. Even if there is only a middling (and in some cases, small) chance of getting a merger through, it may well be in the parties’ interest to see if they can prevail, absorbing the agencies’ (i.e., DOJ and FTC’s) scarce resources in that attempt and preventing them from devoting those resources to investigate other transactions or anticompetitive practices.

No link---their evidence is about enforcement, not scope. The plan doesn’t fiat new cases, it’s a new rule.

#### Healthcare’s empirically and currently on the FTC’s agenda.

Vorrasi et al. ’21 [Kenneth; 7/13/21; J.D. from Notre Dame Law School, Parter at Faegre Drinker; "A Reinvigorated FTC: Key Updates on Antitrust Enforcement in the Health Care Sector," https://www.faegredrinker.com/en/insights/publications/2021/7/a-reinvigorated-ftc-key-updates-on-antitrust-enforcement-in-the-health-care-sector]

As we approach the six-month mark of the Biden administration, one thing is clear: improving competition and reducing consolidation is one of the administration’s top priorities. While much ink has been spilled on Big Tech, the health care sector has also come under increased antitrust scrutiny from Congress, the agencies and now the Biden administration. In the last two weeks alone, the FTC and the Biden administration took several major steps to broaden the FTC’s enforcement authority, strengthen the FTC’s purview over proposed and consummated transactions and eliminate restrictive employment agreements. These far-reaching measures will have a significant impact on the health care sector in the years to come and affect how health care companies do business moving forward.

FTC Reaffirms Focus on Health Care Sector

Health care has long been an enforcement priority for the agencies and the FTC commissioners. For example, former FTC Chair Joseph Simons and current Commissioner Rebecca Kelly Slaughter have both prioritized health care merger enforcement, advocated for an aggressive approach that uses “the full panoply of the agency’s powers,” and called for more funding and resources to hire additional staff and economic experts.1 In the last few years, the FTC has actively focused on hospital-physician integration, including subpoenaing major insurers to investigate the effects of consummated physician group and health system mergers, and has investigated or challenged numerous mergers of health care systems, health care tech companies and medical device manufacturers.2 In 2020 alone, almost 50% of FTC enforcement actions were in the health care sector.3

On June 15, 2021, Lina Khan was sworn in as chair of the FTC, bringing with her a progressive, pro-enforcement policy towards Big Tech, health care and other sectors of the economy. Prior to becoming chair, Khan called for the agencies to eschew the traditional consumer welfare standard and update the antitrust toolkit to reflect current technologies. All signs indicate that Khan will bring this same approach to her new role and initiate significant changes at the FTC.

FTC Passes Resolutions to Expand Investigative Powers

On July 1, 2021, the FTC held its first open meeting with its new chair and announced its enforcement priorities for the next decade.

Among other things, the FTC voted 3-2, along party lines, to pass a resolution directing agency staff to use compulsory process (like subpoenas and Civil Investigative Demands) to investigate seven priority targets, including hospitals, pharmaceutical companies and other health care businesses. Rather than requiring approval from the full Commission, the resolution allows the Chair or any single commissioner to approve the use of compulsory process and initiate an investigation. The resolution also calls for increased enforcement against purportedly unlawful mergers—both proposed and consummated. These measures faced opposition from the FTC’s two Republican Commissioners, Christine Wilson and Noah Phillips. They expressed concern that the resolution weakens the Commission’s oversight over investigations, may lead to more costly and lengthy investigations for parties and FTC staff, and imposes unnecessary burdens on third parties that are not targets of investigation. Moving forward, health care providers and other companies should anticipate an uptick in subpoenas from the FTC, both as targets and non-target third parties, to gather information and investigate both mergers and anticompetitive practices.

At the same meeting, the FTC further broadened its powers by streamlining its rulemaking procedures and giving the Commission — rather than an administrative law judge — control over the rulemaking process, and expanding the interpretation of its authority to challenge “unfair methods of competition” as discussed by our Faegre Drinker colleague here.

Executive Order on Promoting Competition in the American Economy

The FTC Commissioners were not alone in recently broadening the direction of antitrust enforcement. On July 9, 2021, President Biden signed a sweeping Executive Order aimed at improving competition across various sectors of the U.S. economy. The Order includes more than 70 initiatives that aim to reduce corporate consolidation, lower prices, increase wages, and promote innovation and economic growth. One of the Order’s primary areas of focus is the health care sector, which includes insurance, hospital and prescription drug markets. The Order also establishes a White House Competition Council tasked with monitoring progress on and coordinating the government’s activities in pursuit of these initiatives.

#### The plan conserves resources:

#### 1. DETERRENCE---strengthening laws chills anticompetitive mergers---that’s Dafny and Gaynor.

<<FOR REFERENCE>>

3. Amend and strengthen the antitrust statutes.

● Per Clayton Act Section 7, the agencies must demonstrate a transaction “substantially” lessens competition or “tends to create a monopoly” in order to block a merger. Replacing “substantially” with “meaningfully” or “materially” could reduce the burden of merger challenges, and expand the scope of such challenges. For example, with such a change authorities may be able to address the problem of smaller acquisitions, such as serial acquisitions of physician practices by hospital systems, that may not have substantial effects individually but, collectively, lead to the same outcomes as a large merger.

● Implement a legal framework—whether by amending the Clayton Act, amending Section 2 of the Sherman Act, or interpreting the agency’s unfair methods of competition authority — to explicitly prohibit health care mergers that enable greater exploitation of existing market power and are likely to result in harm to consumers. Such a reform would discourage transactions that yield price increases without commensurate benefits to consumers, such as when a dominant hospital system buys a suburban hospital and instantly raises its price, or when a new acquirer (such as a private equity firm) implements surprise billing to the detriment of patients.

● Ease the agencies’ legal burden for challenging certain combinations by requiring the merging parties to demonstrate their transaction is not anticompetitive. This “burden shifting” should be limited, but particularly for the largest transactions, and for those with especially high potential to prove anticompetitive, such a shift would help to deter anticompetitive mergers and conserve scarce agency resources.

<<FOR REFERENCE>>

• Strengthen the antitrust laws to strengthen the antitrust enforcement agencies’ positions in court, act as a more effective deterrent, and conserve agency resources.

#### 2. AUTHORITY---removing limits solves jurisdictional hurdles that muddle case allocation---that’s Dafny.

● Remove two unnecessary limitations on the authority of the FTC. The first precludes the FTC from investigating anticompetitive conduct by nonprofit organizations, and the second precludes the FTC from studying the business of insurance absent explicit Congressional authorization. These restrictions have no merit. The former results in an arbitrary and likely inefficient allocation or transfer of cases across the agencies, and the latter impedes the FTC’s efforts in a sector where the lines between provision of care and insurance are increasingly blurred.

#### No spillover NOR tradeoff.

Waller ‘5 [Spencer; Winter 2005; Professor of Law and Director of the Institute for Consumer Antitrust Studies at the Loyola University Chicago School of Law; Loyola University Chicago Law Journal, “In Search of Economic Justice: Considering Competition and Consumer Protection Law,” vol. 36]

Despite this more comprehensive mission, the FTC is organized in a way that tends to emphasize the separation of these fields, rather than the common elements of the agency's mission. The FTC has a Bureau of Competition and a separate Bureau of Consumer Protection, with a Bureau of Economics to support the work of both endeavors. The Bureau of Competition ("BC") primarily engages in the investigation and enforcement of mergers and complex civil antitrust cases with a recent emphasis on intellectual property and health care issues. The Bureau of Consumer Protection ("BCP") primarily investigates and challenges outright fraudulent conduct. 9 The FTC website details recent BCP activity involving Internet sales, telemarketing, false health and fitness claims, identity theft and similar issues. 10 These are all very different issues from the day-to-day focus of the competition staff. This basic split is further mirrored in the Bureau of Economics ("BE"), where the staff tends to specialize in either competition or consumer protection. Any crossover of staff and cooperation occurs primarily in competition advocacy before legislatures or regulatory agencies, and not in case selection and investigation.

The FTC also has regional field offices which, prior to 1980, routinely handled both competition and consumer protection cases. However, today, all but three regional offices specialize entirely in consumer protection matters, and competition cases are a relatively small part of any regional office’s agenda.

Not intrinsic---a logical policymaker could do the plan AND [xxxx].

#### New enforcement initiatives authorize new resources.

Bannan ’21 [Christine and Raj Gambhir; June 2021; Policy Counsel at New America’s Open Technology Institute; Legal and Public Policy intern; New America, “Does Data Privacy Need its Own Agency?” <https://d1y8sb8igg2f8e.cloudfront.net/documents/Does_Data_Privacy_Need_its_Own_Agency.pdf>]

Proposals delegating privacy law enforcement to the FTC generally bolster an existing bureau or establish a new bureau within the agency. Senator Wyden’s Mind Your Own Business Act of 2019 would create a new 50-person Bureau of Technology within the FTC and add 125 employees to the Bureau of Consumer Protection—100 of whom would do privacy enforcement work.102 This would bring the total number of FTC employees doing privacy enforcement work up to about 190. While the Wyden bill does not provide figures for how much adding 175 new employees would cost, former FTC Chairman Joseph Simons estimated that a $50 million budget increase from Congress would enable the FTC to hire 160 new staff.103 Under this proposal, the number of employees working on privacy would more than triple. However, it would still only be about one-tenth the size of the Eshoo-Lofgren DPA proposal.

## 1AR

### Case

#### Chinese world order turns multilat – elevates the CCP above all

Denmark ’20 [Abraham; 8/18/20; Professor at the Edmund A. Walsh School of Foreign Service at Georgetown University, Senior Fellow at the Center’s Kissinger Institute on China and the United States, Director of the Asia Program at the Woodrow Wilson International Center for Scholars; U.S. Strategy in the Asian Century: Empowering Allies and Partners, p. 46-50]

China is emerging as a kind of world power never seen before: a wealthy, technocratic, and confident authoritarian state based on the strictures of Leninism, and with ambitions driven by a force that goes beyond nationalism.21 China’s ambitions blur the lines between domestic and foreign affairs, and seek to ensure that the CCP is able to pursue its interests and prerogatives without restriction. Although Beijing likely views its approach as benevolent and virtuous, a Chinese-led world order would nevertheless cast aside assumptions of liberal internationalism, and embrace a system founded on calculations of raw power, subtle influence, hierarchy, and great power spheres of influence.

China’s ambitions for a revised regional order are rooted in its strategic motivations. A tremendous amount of ink has already been spilled by analysts attempting to describe the incredible rise to power of Xi Jinping. Although much has been made of Xi’s recent success at removing term limits to his position, his equally significant bureaucratic successes have received much less notice. He has established himself as the chief decisionmaker in all critical political, economic, and military issues. Under his leadership, China has all but abandoned the idea of collective leadership and has centralized authority and power in a single individual.

So far in the international arena, Xi has demonstrated a penchant for decisive, opportunistic leadership that plays to China’s strengths while minimizing its vulnerabilities. He has also demonstrated a greater willingness to tolerate risk and turbulence in international affairs, even going so far as to reportedly threaten military conflict with Vietnam over a dispute over maritime oil drilling.22

When the Nineteenth Congress of the CCP convened in Beijing in October 2017, it enshrined a new phrase into China’s Constitution: “Xi Jinping Thought for the New Era of Socialism with Chinese Special Characteristics.” This elevated Xi to the hallowed status of Mao and Deng, but also raised a critical question—what is this new era? To my mind, it was best described by an editorial published in Chinese media several weeks after the Nineteenth Party Congress, reflecting language used by Xi Jinping himself in his work report to the congress. It identified three phases of Chinese socialism: under Mao, China stood up; under Deng, China grew rich; and under Xi, China will become strong.23

Just a few days after becoming general secretary of the CCP, Xi Jinping gave a speech describing China’s guiding ideology, in which he gives more specificity to his vision. In this speech—which was not published until June 2019 in the Chinese magazine Qiushi, the primary journal for party theory—Xi declared:24

Some foreign academics believe that the rapid pace of China’s development has called Western theories into question. A new form of Marxist theory is overturning the traditional theories of the West! Yet from beginning to end, we have maintained that every country’s road to development should be decided by the people of that country. The so-called China model, the road of socialism with Chinese characteristics, was created through the Chinese people’s own struggles. We firmly believe that as socialism with Chinese characteristics develops further, our system will inevitably mature; it is likewise inevitable that the superiority of our socialist system will be increasingly apparent. Inevitably, our road will become wider; inevitably, our country’s road of development will have increasingly greater influence on the world.25

Yet while Xi’s role in explaining China’s foreign policy behavior is essential, there are also broader institutional forces at work. Specifically, the CCP—as the source and conduit for all credible political power in China—is a critical force that must be understood.

The CCP today is both the driver and the purpose of all political activity that is considered legitimate in China. Beijing has constructed a narrative that places the party at the center of modern Chinese history: According to its propaganda, it was the party that ended the so-called century of humiliation, consolidated power across China, stood up to the West, and enabled it to grow prosperous. And we would be remiss to ignore the role that the party itself plays as a driver and purpose of Chinese foreign policy.

#### Only our offense – reneging makes conflict twice as likely.

Weisiger & Yarhi-Milo 16 – Alex Weisiger, Political Science Professor at the University of Pennsylvania. Keren Yarhi-Milo, Politics and International Affairs Professor at Princeton University. [Revisiting Reputation: How Past Actions Matter in International Politics, International Organization, 69(2), 473-495, Cambridge Journals]

Reputation and Crisis Onset

Because the reputation critics have focused in particular on the argument that there is no cost to backing down, we focus our analysis primarily on tests related to “bad” reputation. Table 1 presents a series of regressions that examines the basic proposition that countries that have backed down in the past are more likely to be challenged subsequently. Model 1 demonstrates that, consistent with H3 and inconsistent with H1, a country that backed down in the recent past is more likely to be the target of a subsequent militarized dispute. Substantively, the result indicates that a country that yielded in a dispute in the previous year is more than two and one-half times as likely to be challenged than is a country that has not yielded in the previous ten years.

Model 1, however, does not preclude the possibility that the apparent effect of reputation simply reflects the greater involvement of some countries in international politics. Some countries are involved in more international disputes, and hence are both more likely to occasionally yield and to face additional challenges. Model 2 thus inserts a control for the potential target’s recent level of international activity. Consistent with the alternate explanation, the control variable is highly significant and the coefficient for the reputation variable is smaller, suggesting that at least some of the effect observed in Model 1 is spurious. That said, the reputation variable remains highly statistically and substantively significant: a country that yielded the previous year is more than twice as likely to face a challenge than is one that has not yielded in the previous ten years. Model 3 examines the role of international activity in a different manner, restricting the analysis to the subset of potential targets who had been involved in at least one militarized dispute in the previous ten years. Again, the coefficient is smaller than in Model 1, but the effect of reputation remains both statistically and substantively significant.38

Footnote 38 begins:

38. Indeed, the reputation variable remains both statistically and substantively significant for a range of robustness checks, including any combination of controlling for the target’s recent activity level, restricting the analysis to politically relevant dyads, and restricting the analysis to the set of countries involved in at least one dispute in the previous ten years. Results are also robust to controlling for or omitting prominent historical periods (for example, the interwar period or the Cold War) and to restricting the dependent variable to fatal MIDs.

The article continues:

The primary analysis uses a measure of reputation that codes a country as losing reputation when it yields in an MID. This is, of course, not the only possible measure of bad reputation. Model 4 presents results using a different specification based on the International Crisis Behavior data set. Specifically, a country is coded as acquiring a bad reputation in this specification if it is the coded loser of a crisis in which it did not escalate to the use of force. The observed effect is substantively indistinguishable from that reported in Models 2 and 3.39 Model 5 in turn substitutes the alternate formulation of the reputation variable (AltRepit) that takes into account behavior in all recent MIDs; again results are quite comparable.40

Table 1, Backing down and subsequent MID initiation, omitted.

All of these regressions make use of pooled time-series cross-sectional data, an approach that, although standard in the international relations conflict literature, has been criticized for neglecting the importance of unobserved differences across dyads.41 Model 6 thus presents results using a logit specification with dyad fixed effects. In any dyad in which no conflict occurs, the absence of conflict is ascribed to the dyad fixed effect and all relevant observations are dropped from the analysis, substantially limiting sample size. Nonetheless, reputation based on past yielding remains a significant predictor of subsequent challenges.

Control variables in Table 1, and in subsequent analyses, perform as would be expected from findings in past work. More unequal dyads are less likely to experience conflict (albeit at a statistically insignificant level in Model 6), whereas dyads that are stronger overall experience more. Consistent with past findings, alliances are typically associated with an increase in conflict onset. More contiguous dyads are similarly consistently more likely to experience conflict, whereas increased levels of dyadic democracy are associated with less conflict. Finally, as predicted, the presence of a major power in a dyad is associated with an increased probability of conflict, although this effect is offset somewhat in jointly major power dyads.

Figure 1 graphs marginal effects for substantive variables in Model 2 of Table 1, in every case holding other variables at their medians.42 Graphs are on a common axis to facilitate comparison across variables; we omit contiguity, whose substantive effect is sufficiently larger than that of other variables that a common comparison is impractical. A country that backed down the previous year is more than twice as likely to be targeted than a country that has not backed down in the previous ten years. This effect, though smaller than that for many traditionally realist variables, is slightly larger than that associated with a move from a dyad in which one country is fully autocratic to a jointly fully democratic one.

Including a range of control variables and across a number of robustness checks, therefore, there is a consistent observation that countries that yield in disputes with other countries are more likely to face a subsequent challenge than countries that do not. This finding, our most important, suggests that there is good reason for leaders to fear adverse consequences associated with backing down in disputes.

#### No hedging and assurances work.

Bleek & Lorber 14 – Philipp Bleek, Nonproliferation and Terrorism Studies Professor at the Graduate School of International Policy and Management. Eric B. Lorber, JD at the University of Pennsylvania, senior director of the Center on Economic and Financial Power at the Foundation for Defense of Democracies. [Security Guarantees and Allied Nuclear Proliferation, the Journal of Conflict Resolution, 58(3), JSTOR]

Conclusion and Policy Implications

This study, the first to subject the proliferation-tamping effects of security guarantees to in-depth quantitative analysis bolstered by a focused case study, robustly supports the conventional wisdom among policymakers in Washington and elsewhere that security guarantees can reduce the risk of nuclear proliferation. Recent quantitative and qualitative studies suggesting the absence of such a relationship, or reaching indeterminate conclusions, find little support here.

We especially want to highlight our findings with regard to pursuit, or the launching of nuclear weapons programs, which we regard as the clearest demand signal for nuclear weapons. Given the very small number of states that have acquired nuclear weapons, those findings deserve to be taken with a grain of salt, especially since robustness checks limiting the acquisition risk pool to only those states that have previously explored or pursued yielded more mixed results. In other words, our statistical analysis suggests we can be extremely confident that security guarantees will make states that have not yet launched their own nuclear weapons programs less likely to do so. But given data constraints, we can be only moderately confident that once states have launched indigenous nuclear weapons programs, the extension of security guarantees will make them less likely to see these through to acquisition. With some nuances, the latter is the story we have told about South Korea, and at least in that case security guarantees do appear to have played a crucial role in convincing a state not to see a nuclear weapons program, albeit a modest one, through to acquisition.

Further, our analysis of the South Korean case suggests that a country weighs fears of abandonment with the costs of pursuing a nuclear program in its decision whether to proliferate. This decision calculus suggests that US policymakers can take actions that bolster or undercut the credibility of a security guarantee and thus the country's fear of abandonment. As the South Korean case illustrates, patron state troop deployments, joint operational planning, and joint training seem to reduce abandonment concerns. These preliminary findings also highlight the need for more in-depth analysis of the proliferation-tamping effects of security guarantees, especially to try to shed light on the conditions under which they may be more or less effective.

#### Other studies are garbage.

Bleek & Lorber 14 – Philipp C. Bleek, Nonproliferation and Terrorism Studies Professor at the Middlebury Institute of International Studies. Eric B. Lorber, Political Science PhD at Duke University, Adjunct Fellow at the Center for a New American Security. [Security Guarantees and Allied Nuclear Proliferation, The Journal of Conflict Resolution, 58(3), Special Issue: Nuclear Posture, Nonproliferation Policy, and the Spread of Nuclear Weapons, 429-454, Sage Journals]

The academic literature on guarantees also has shortcomings. Some argue guarantees do not stem allied proliferation because they are incredible (Goldstein 2000), but base the conclusion on analysis of a few cases in which allies chose to proliferate. A modest but growing quantitative literature addresses the question of why states do and do not proliferate, but reaches contradictory conclusions on security guarantees (see Table 1). And none of these studies focused narrowly on guarantees-they were either "garbage can" approaches that sought to test a host of potentially relevant variables or focused on other independent variables-and therefore did not subject their security guarantee findings to robustness checks.

#### A war now does not go nuclear – NATO contains broader escalation.

Cristol 18 – Jonathan Cristol, International Relations PhD at Bristol University, a research fellow in the Levermore Global Scholars Program at Adelphi University and senior fellow at the Center for Civic Engagement at Bard College. [What Trump gets terribly wrong on Montenegro, 7-19-18, https://www.cnn.com/2018/07/18/opinions/donald-trump-wrong-nato-montenegro-cristol/index.html]

And let’s not forget that NATO was largely designed to deter Russia, which has a particular affinity for invading non-NATO members. In the last ten years, Russia has invaded two independent, non-NATO countries – Georgia in 2008 and Ukraine in 2014. Russia has taken aggressive actions short of war against NATO as well. It mounted a major 2007 cyberattack against Estonia, kidnapped Estonian officials and even interfered in a major NATO country’s November 2016 elections.

In 2016, Russia is alleged to have backed an attempt to overthrow the government of Montenegro and assassinate its President. Russia was desperate to prevent Montenegro’s accession to NATO, and knew that the United States strongly supported Montenegro’s bid for membership. The Senate voted 97-2 in favor of NATO membership for Montenegro, and on April 11, 2017, Trump himself signed off on it and, “congratulate(d) the Montenegrin people for their resilience and their demonstrated commitment to NATO’s democratic values.”

If Vladimir Putin believes that there is even a small chance that America (and the two European nuclear powers – France and the United Kingdom) would go to war to defend Montenegro, he will not attack the small country. And if he does not attack Montenegro, there will be no World War III.

Trump implies that if Montenegro were not in NATO, then the United States could stay uninvolved in a war between Montenegro and Russia. This ignores both geography and history. There is no way for Russia to mount a land invasion of Montenegro without crossing through at least one member of NATO. Additionally, the idea that a major European war would not ultimately involve the United States betrays Trump’s ignorance. Georgia and Ukraine both border Russia and thus those conflicts remained limited. A multi-state war in Europe would be far less likely to stay contained. In both World Wars, America initially hoped to remain on the sidelines, but as the conflicts grew, that position became unrealistic and the United States entered.

Trump also ignores the defensive nature of NATO. The idea that Montenegro would start a war with Russia is itself laughable. Russia’s army is larger than Montenegro’s population and it has thousands of nuclear weapons. Montenegro has 1,950 soldiers and 13 helicopters. But even if President Milo Đukanović ordered his helicopters to travel hundreds of miles and attack Russia, NATO would not be obligated to assist Montenegro. “An attack on one is an attack on all” does not mean “if one attacks for no particular reason, we all attack.”

Nevertheless, NATO (and the United States) can push back against Russian aggression without triggering nuclear (or nonnuclear) war. The Russians are not automatons whose only reaction is nuclear war – they are smart and they value their own lives.

History shows us that conflict between nuclear powers does not lead to nuclear war. The United States managed to contain the Soviet Union for decades without going nuclear.

#### Appeasement escalates.

Payne & Foster 17 – Dr. Keith Payne, Defense and Strategic Studies Professor at Missouri State University, Washington insider during multiple administrations, even wrote the latest Nuclear Posture Review. John Stuart Foster Jr, director of Lawrence Livermore National Laboratory, Director of American Defense Research and Engineering under four Secretaries of Defense and two Presidents. [Russian strategy: Expansion, Crisis and Conflict, Comparative Strategy, 36(1), Taylor & Francis]

Russian President Vladimir Putin has a worldview that differs substantially from that of his Western counterparts and a grand strategy to expand Russia’s power and control—necessarily at the expense of others. Putin’s worldview is evident in his statement that the collapse and breakup of the Soviet Union was the greatest geopolitical catastrophe of the twentieth century. Russia, in his view, was humiliated in the wake of that devolution. He views the West as the culprit and a continuing threat to his vision for Russia. Putin has often used powerful and even spiritual imagery to convey his messages to the Russian people. For example, in his 2014 annual address to the Russian Federal Assembly, Putin cited the religious significance of Crimea—the place where “Grand Prince Vladimir [born in Kiev circa 956 AD] was baptized before bringing Christianity to Rus.” And, he compared the significance of Crimea and Sevastopol to Russia to the “sacral importance” of the “Temple Mount in Jerusalem for the followers of Islam and Judaism.”1 Vladimir Putin and other like-minded Russian leaders appear determined to correct perceived injustices done to Russia. This revisionist agenda is to be accomplished at the expense of the West—in particular, the United States and allies. The evidence for this thesis is apparent from consistencies in Russian leadership statements and Russia’s behavior over the past 20 years. As summarized by Secretary of Defense Ashton Carter in October 2015:

Russia has used political, economic, and military tools to undermine the sovereignty and territorial integrity of neighboring countries, flouted international legal norms, and destabilized the European security order by attempting to annex Crimea and continuing to fuel further violence in eastern Ukraine.2

Russian Objectives. Moscow’s grand strategy and identified key objectives include: expanding its influence and reestablishing its global role as a multi-regional great power and “Russification” of the near abroad. U.S. leaders should be aware that these objectives are not achievable in an era of peace and stability, but are highly revisionist and confrontational. Russian actions toward these goals, if unchecked, invariably will lead to further crises and conflict with the West. The territorial expansion which is sought by Moscow has been demonstrated clearly in Moldova, Georgia, and Ukraine, and future incursions by Russian military forces could well erupt into a serious confrontation with the West. In fact, with Putin’s invasion of Ukraine and Russian military operations in Syria, Russia has demonstrated the potential threat to states from the Baltic to the Black Sea and the Balkans.

#### Status is wrong.

Kaplan 12 – Robert D. Kaplan, a visiting professor at the United States Naval Academy, consultant to the U.S. Army's Special Forces, the United States Marines, and the United States Air Force, citing John J. Mearsheimer, Political Science Professor at the University of Chicago. [Why John J. Mearsheimer Is Right (About Some Things), <https://www.theatlantic.com/magazine/archive/2012/01/why-john-j-mearsheimer-is-right-about-some-things/308839/>]

I—CHINA—WANT TO BE the Godzilla of Asia, because that’s the only way for me—China—to survive! I don’t want the Japanese violating my sovereignty the way they did in the 20th century. I can’t trust the United States, since states can never be certain about other states’ intentions. And as good realists, we—the Chinese—want to dominate Asia the way the Americans have dominated the Western Hemisphere.” John J. Mearsheimer, the R. Wendell Harrison Distinguished Service Professor of Political Science at the University of Chicago, races on in a mild Brooklyn accent, banging his chalk against the blackboard and erasing with his bare hand, before two dozen graduate students in a three-hour seminar titled “Foundations of Realism.”

Mearsheimer writes ANARCHY on the board, explaining that the word does not refer to chaos or disorder. “It simply means that there is no centralized authority, no night watchman or ultimate arbiter, that stands above states and protects them.” (The opposite of anarchy, he notes, borrowing from Columbia University’s Kenneth Waltz, is hierarchy, which is the ordering principle of domestic politics.) Then he writes THE UNCERTAINTY OF INTENTIONS and explains: the leaders of one great power in this anarchic jungle of a world can never know what the leaders of a rival great power are thinking. Fear is dominant. “This is the tragic essence of international politics,” he thunders. “It provides the basis for realism, and people hate people like me, who point this out!” Not finished, he adds: “The uncertainty of intentions is my Sunday punch in defense of realism, whenever realism is attacked.”

After class, Mearsheimer leads me down grim, cement-gray hallways to his office in Albert Pick Hall, whose brutalist Gothic architecture he describes as “East Germany circa the 1960s.” At 64 years of age, with round wire-framed glasses, and gray hair fringing his balding head, he is genial, voluble, animated: the opposite of the dry, heartless, muscular prose that he is known for and that has enraged so many people. His office, littered with books and file boxes, is graced with pictures of America’s two preeminent realists: Hans Morgenthau from the first half of the 20th century, and Samuel Huntington from the second half. Morgenthau, a German Jewish refugee who, like Mearsheimer, taught at the University of Chicago, once wrote that realism “appeals to historic precedent rather than to abstract principles [of justice] and aims at the realization of the lesser evil rather than of the absolute good.” Huntington, the late Harvard professor who died in 2008, challenged the policy elite with his famous idea of a “clash of civilizations,” and with his earlier notion, perhaps more provocative, that how people are governed—democratically or not—matters less than the degree to which they are governed: in other words, the United States always had more in common with the Soviet Union than with any weakly governed state in Africa.

Mearsheimer reveres both men for their bravery in pointing out unpopular truths, and throughout his career he has tried to emulate them. Indeed, in a country that has always been hostile to what realism signifies, he wears his “realist” label as a badge of honor. “To realism!” he says as he raises his wineglass to me in a toast at a local restaurant. As Ashley J. Tellis, Mearsheimer’s former student and now, after a stint in the Bush administration, a senior associate at the Carnegie Endowment, later tells me: “Realism is alien to the American tradition. It is consciously amoral, focused as it is on interests rather than on values in a debased world. But realism never dies, because it accurately reflects how states actually behave, behind the façade of their values-based rhetoric.”

Mearsheimer’s intellectually combative nature first disturbed the policy elite in 1988, with the publication of his critical biography, Liddell Hart and the Weight of History. In it, he asserts that the revered British military theorist Sir Basil H. Liddell Hart was wrong on basic strategic questions of the period between the first and second world wars, especially in his opposition to the use of military force against the Third Reich, and was a de facto appeaser even after evidence had surfaced about the systematic murder of Jews. Mearsheimer expected that his perspective would draw fire from British reviewers who had been close to Liddell Hart, which it did. “Other political scientists work on capillaries. John goes for the jugular,” notes Richard Rosecrance, a retired UCLA professor who mentored Mearsheimer in the 1970s.

Mearsheimer certainly triggered a bloodbath with a 2006 article that became a 2007 book written with the Harvard professor Stephen M. Walt and dedicated to Huntington, The Israel Lobby and U.S.Foreign Policy, which alleges that groups supportive of Israel have pivotally undermined American foreign-policy interests, especially in the run-up to the Iraq War. Some critics, like the Johns Hopkins University professor Eliot Cohen, accused Mearsheimer and Walt outright of anti-Semitism, noting that their opinions had won the endorsement of the white supremacist David Duke. Many others accused them of providing potent ammunition for anti-Semites. A former Chicago colleague of Mearsheimer’s labeled the book “piss-poor, monocausal social science.”

Last fall, Mearsheimer reenergized his critics by favorably blurbing a book on Jewish identity that many commentators denounced as grotesquely anti-Semitic. The blurb became a blot on Mearsheimer’s judgment, given the book’s author’s revolting commentary elsewhere, and was considered evidence of an unhealthy obsession with Israel and Jewishness on Mearsheimer’s part.

The real tragedy of such controversies, as lamentable as they are, is that they threaten to obscure the urgent and enduring message of Mearsheimer’s life’s work, which topples conventional foreign-policy shibboleths and provides an unblinking guide to the course the United States should follow in the coming decades. Indeed, with the most critical part of the world, East Asia, in the midst of an unprecedented arms race fed by acquisitions of missiles and submarines (especially in the South China Sea region, where states are motivated by old-fashioned nationalism rather than universal values), and with the Middle East undergoing less a democratic revolution than a crisis in central authority, we ignore Mearsheimer’s larger message at our peril.

In fact, Mearsheimer is best-known in the academy for his equally controversial views on China, and particularly for his 2001 magnum opus, The Tragedy of Great Power Politics. Writing in Foreign Affairs in 2010, the Columbia University professor Richard K. Betts called Tragedy one of the three great works of the post–Cold War era, along with Francis Fukuyama’s The End of History and the Last Man (1992) and Huntington’s The Clash of Civilizations and the Remaking of World Order (1996). And, Betts suggested, “once China’s power is full grown,” Mearsheimer’s book may pull ahead of the other two in terms of influence. The Tragedy of Great Power Politics truly defines Mearsheimer, as it does realism. Mearsheimer sat me down in his office, overlooking the somber Collegiate Gothic structures of the University of Chicago, and talked for hours, over the course of several days, about Tragedy and his life.

ONE OF FIVE children in a family of German and Irish ancestry, and one of the three who went to service academies, Mearsheimer graduated from West Point in the bottom third of his class, even after he fell in love with political science in his junior year. He got his master’s degree at the University of Southern California while stationed nearby in the Air Force, and went to Cornell for his doctorate. “I disagreed with almost everything I read, I venerated nobody. I found out what I thought by what I was against.” After stints at the Brookings Institution and Harvard, he went to the University of Chicago in 1982, and has never left.

Whereas Harvard, at least in Mearsheimer’s telling, is inclined to be a “government-policy shop” with close ties to Washington, the University of Chicago comes closer to a “pure intellectual environment.” At Harvard, many students and faculty members alike are on the make, networking for that first, or next, position in government or the think-tank world. The environment is vaguely unfriendly to theories or bold ideas, Huntington being the grand exception that proves the rule. After all, social-science theories are gross simplifications of reality; even the most brilliant theories can be right, say, only 75 percent of the time. Critics unfailingly seize on any theory’s shortcomings, damaging reputations. So the truly ambitious tend to avoid constructing one.

The University of Chicago, set off the beaten path in a society dominated by bicoastal elites, explains Mearsheimer, has always attracted “oddballs” with theories: political scientists who, while deeply respected, are at the same time not truly embraced by the American academic power structure. These iconoclasts have included Hans Morgenthau, as well as Leo Strauss, another German Jewish refugee, whom some link with neoconservatism. Realists especially have been outsiders in a profession dominated by liberal internationalists and others to the left.

For Mearsheimer, academia’s hostility to realism is evident in the fact that Harvard, which aims to recruit the top scholars in every field, never tried to hire the two most important realist thinkers of the 20th century, Morgenthau and Kenneth Waltz. But at Chicago, a realist like Mearsheimer, who loves teaching and never had ambitions for government service, can propound theories and unpopular ideas, and revel in the uproar they cause. Whatever the latest group-think happens to be, Mearsheimer almost always instinctively wants to oppose it—especially if it emanates from Washington.

The best grand theories tend to be written no earlier than middle age, when the writer has life experience and mistakes behind him to draw upon. Morgenthau’s 1948 classic, Politics Among Nations, was published when he was 44, Fukuyama’s The End of History was published as a book when he was 40, and Huntington’s Clash of Civilizations as a book when he was 69. Mearsheimer began writing The Tragedy of Great Power Politics when he was in his mid-40s, after working on it for a decade. Published just before 9/11, the book intimates the need for America to avoid strategic distractions and concentrate on confronting China. A decade later, with the growth of China’s military might vastly more apparent than it was in 2001, and following the debacles of the Iraq and Afghanistan wars, its clairvoyance is breathtaking.

Tragedy begins with a forceful denial of perpetual peace in favor of perpetual struggle, with great powers primed for offense, because they can never be sure how much military capacity they will need in order to survive over the long run. Because every state is forever insecure, Mearsheimer counsels, the internal nature of a state is less important as a factor in its international behavior than we think. “Great powers are like billiard balls that vary only in size,” he intones. In other words, Mearsheimer is not one to be especially impressed by a state simply because it is a democracy. As he asserts early on, “Whether China is democratic and deeply enmeshed in the global economy or autocratic and autarkic will have little effect on its behavior, because democracies care about security as much as non-democracies do.” Indeed, a democratic China could be more technologically innovative and economically robust, with consequently more talent and money to lavish on its military. (A democratic Egypt, for that matter, could create greater security challenges for the United States than an autocratic Egypt. Mearsheimer is not making moral judgments. He is merely describing how states interact in an anarchic world.)

Face it, Mearsheimer says in his book, quoting the historian James Hutson: the world is a “brutal, amoral cockpit.” To make sure readers get the point, he taps the British scholar E. H. Carr’s 1939 book, The Twenty Years’ Crisis, 1919–1939, which takes a wrecking ball to liberal internationalism. One of its main points: “Whatever moral issues may be involved, there is an issue of power which cannot be expressed in terms of morality.” To wit, in the 1990s we were able to intervene to save lives in the Balkans only because the Serbian regime was weak and had no nuclear weapons; against a Russian regime that was at the same time committing incalculable human-rights violations in Chechnya, we did nothing, just as we did nothing to halt ethnic cleansing in the Caucasus. States take up human rights only if doing so does not contradict the pursuit of power.

But being a realist is not enough for Mearsheimer; he needs to be an “offensive realist,” as he calls himself. “Offensive realism,” he writes in Tragedy, “is like a powerful flashlight in a dark room”: it cannot explain every action throughout hundreds of years of history, but he exhaustively goes through that history to demonstrate just how much it does explain. Whereas Hans Morgenthau’s realism is rooted in man’s imperfect nature, Mearsheimer’s is structural, and therefore that much more inexorable. Mearsheimer cares relatively little about what individual statesmen can achieve, for the state of anarchy in the international system simply guarantees insecurity. Compared with Mearsheimer, Henry Kissinger and the late American diplomat Richard Holbrooke—two men usually contrasted with each other—are one and the same: romantic figures who believe they can pivotally affect history through negotiation. Kissinger, in fact, has written lush histories of statesmen in A World Restored: Metternich, Castlereagh and the Problems of Peace 1812–1822 (1957) and Diplomacy (1994), embracing his subjects with charm and warmth, whereas Mearsheimer’s Tragedy is cold and clinical. Kissinger and Holbrooke care deeply about the contingencies of each situation, and the personalities involved; Mearsheimer, who was always good at math and science in school, sees only schemata, even as his own historical analyses have helped to rescue political science from the purely quantitative studies favored by others in his field.

Just as Mearsheimer’s theory of realism is opposed to Morgenthau’s in being structural, it is also opposed to the structural realism of Columbia’s Waltz in being offensive. Offensive realism posits that status quo powers don’t exist: all great powers are perpetually on the offensive, even if obstacles may arise to prevent them from expanding their territory or influence.

What was Manifest Destiny, Mearsheimer asks the reader, except offensive realism? “Indeed, the United States was bent on establishing regional hegemony, and it was an expansionist power of the first order in the Americas”: acquiring territory from European powers, massacring the native inhabitants, and instigating war with Mexico, in good part for the sake of security. Mearsheimer details Japan’s record of aggression in Korea, China, Russia, Manchuria, and the Pacific Islands after its consolidation as a nation-state following the 19th-century Meiji Restoration. To demonstrate that the anarchic structure of the international system, not the internal characteristics of states, determines behavior, he shows how Italy, during the eight decades that it was a great power, was equally aggressive under both liberal and fascist regimes: going after North Africa, the Horn of Africa, the southern Balkans, southwestern Turkey, and southern Austria-Hungary. He characterizes Germany’s Otto von Bismarck as an offensive realist who engaged in conquest during his first nine years in office, and then restrained himself for the next 19 years. “In fact, [that restraint] was because Bismarck and his successors correctly understood that the German army had conquered about as much territory as it could without provoking a great-power war, which Germany was likely to lose.” But when Mearsheimer picks up the story at the start of the 20th century, Germany is again aggressive, because by now it controls a larger percentage of the world’s industrial might than any other European state. Behind every assertion in this book is a wealth of historical data that helps explain why Tragedy continues, as Richard Betts predicted, to grow in influence.

“To argue that expansion is inherently misguided,” Mearsheimer writes, “implies that all great powers over the past 350 years have failed to comprehend how the international system works. This is an implausible argument on its face.” The problem with the “moderation is good” thesis is that “it mistakenly equates [so-called] irrational expansion with military defeat.” But hegemony has succeeded many times. The Roman Empire in Europe, the Mughal Dynasty in the Indian subcontinent, and the Qing Dynasty in China are some of his examples, even as he mentions how Napoleon, Kaiser Wilhelm II, and Adolf Hitler all came close to success. “Thus, the pursuit of regional hegemony is not a quixotic ambition,” though no state has yet achieved regional hegemony in the Eastern Hemisphere the way the United States achieved it in the Western Hemisphere.

The edgiest parts of Tragedy are when Mearsheimer presents full-bore rationales for the aggression of Wilhelmine Germany, Nazi Germany, and imperial Japan.

The German decision to push for war in 1914 was not a case of wacky strategic ideas pushing a state to start a war it was sure to lose. It was … a calculated risk motivated in large part by Germany’s desire to break its encirclement by the Triple Entente, prevent the growth of Russian power, and become Europe’s hegemon.

As for Hitler, he “did indeed learn from World War I.” Hitler learned that Germany could not fight on two fronts at the same time, and he would have to win quick, successive victories, which, in fact, he achieved early in World War II. Japan’s attack on Pearl Harbor was a calculated risk to avoid abandoning the Japanese empire in China and Southeast Asia in the face of a U.S. embargo on imported energy and machine tools.

Mearsheimer is no warmonger or militarist. His job as a political scientist is not to improve the world, but to say what he thinks is going on in it. And he thinks that while states rightly yearn for a values-based foreign policy, the reality of the anarchic international system forces them to behave according to their own interests. In his view, either liberal internationalism or neoconservatism is more likely than offensive realism to lead to the spilling of American blood. Indeed, because, as some argue, realism in the classical sense seeks the avoidance of war through the maintenance of a balance of power, it is the most humanitarian approach possible. (In this vein, fighting Nazi Germany was essential because the Nazis were attempting to overthrow the European balance-of-power system altogether.)

#### Documents are worthless – basic social science favors realism.

Tellis 8 **–** Ashley J. Tellis, Senior Associate at the Carnegie Endowment for International Peace.[China's Military Space Strategy: An Exchange, Response by Tellis, *Survival*, Volume 50(1), Taylor and Francis]

Thirdly, Hagt suggests that my conclusions are suspect because I use only ‘secondary material to make sweeping assumptions about China's military and counterspace strategies’. Again, he is right, but only in a picayune sense. I did use a few secondary Chinese sources in the original article primarily for illustrative purposes. Nothing of analytic consequence hinges on the presence or the absence of these sources. Even if one were to mine the entire depth of Chinese literature pertaining to its military and counterspace strategy, no consensus view of its strategic direction would emerge. The extensive debate about German responsibility for the initiation of the First World War, which has been underway for several decades and has been based entirely on open and transparent access to all manner of primary documents, ought to induce caution about the possibility of reaching clear conclusions about grand strategy, even retrospectively. In the case of China, where the publicly available literature is spotty, controlled, often self-serving and frequently downright deceptive, and actually deals with an evolutionary reality that could be subject to change, even greater caution is in order.

In such circumstances, what is the analyst to do? I suggest that the way out of this predicament is to follow Karl Popper's general model of analysis for the social sciences: using ‘situational logic’ to develop internally coherent conjectures and thereafter testing the evidence for conformity with the deduction.11 My article meets Popper's test on both counts. Even a fierce critic such as Krepon admits without reservation that the argument that Beijing's counterspace efforts are driven by strategic necessity is internally coherent and, hence, meets the first test of verisimilitude. The evidence provided thereafter with respect to the wide range of Chinese counterspace investments establishes, in my judgement, abundant external corrobora-tion for the prior deduction of strategic necessity. I found it intriguing that neither Krepon, nor Hagt, nor Shen, nor Bao have anything to say about the formidable range of Chinese counterspace programmes I described. When they do comment, they focus almost exclusively on the kinetic-energy ASAT, despite my insistence that direct-attack systems remain only one component of a much larger stable of warfighting assets and, hence, must not be treated as some accidental anomaly. In short, the fact that China is heavily pursuing such a wide variety of counterspace instruments explains better than any ‘comprehensive reading of the Chinese literature’ what Beijing's intentions with respect to coping with US military superiority might be.

#### Prefer statistics.

Jung & Lee 17 – Dr. Sung Chul Jung, Political Science and Diplomacy Professor at Myongji University. Kihyun Lee, Political Science PhD from Beijing University, Korea Institute for National Unification. [The Offensive Realists Are Not Wrong: China's Growth and Aggression, 1976–2001, Pacific Focus, 32(1), Wiley Online Library]

Results and Discussion

We conduct logit analyses of China's initiation of military conflict from 1976 to 2001 (Table 2: Models 1 & 3) but also rare event logit analyses because the binary dependent variable is heavily skewed to zero (Table 2: Models 2 & 4). Generally speaking, the results of the statistical analyses provide strong support for the hypotheses about economic power itself and territorial disputes (H1a, H2b) and weak support for those regarding economic power growth and US alliance (H1b, H2a) (see Table 2). 41 As China's economic power grows, whether it is assessed relative to all states or only Asian states, its likelihood of initiating conflict increases in a statistically significant way (H1a). As offensive realists argue, China's economic power had a positive effect on its foreign aggression during the period from 1976 to 2001 (Models 1, 2, 3, 4). China's economic power growth rate also shows a positive but insignificant effect on conflict initiation when measured relative to all states (Models 1 & 2). But the effect of rapid growth on conflict initiation becomes negative, not positive, and negative in the model when China's power is measured relative to Asian states (Models 3 & 4). This means that when China was rising rapidly compared to its regional neighbors, it was less aggressive toward Asian neighbors and major powers.

Table 2, (Rare Event) Logit Analysis, omitted.

In support of H2b, the effect of territorial disputes on conflict initiation is positive and significant in Models 1, 2, 3, and 4. Not surprisingly, China was more prone to using military options against its opponents in territorial disputes than against other nations. Many international relations scholars argue that territory is a major reason why states fight each other, because it cannot be easily divided and often possesses symbolic and religious meanings. 37 China and its opponents are not an exception to this rule.

However, in contrast to H2a, China was not more aggressive toward US allies than toward other countries. Whether its opponent had a defense pact with the United States did not affect China's decision to initiate military conflict. This implies that China did not seek a direct military confrontation with the United States during the period from 1976 to 2001. Because this finding is about China's behaviors during the second half of the 20th century, however, it does not directly contradict the offensive realists’ expectation that China will challenge the United States in the future when the two nations are equal in power, at least in East Asia.

Among the four control variables, Distance has a significant effect on conflict initiation in Models 1 and 3. However, the other three variables – Relative Power, Economic Dependence, and Contiguity – do not affect China's military aggression in a statistically significant way.

Next, we illustrate the prediction of China's initiation of military conflict against a non‐US ally. 38 As China's share of global economic power changes from 0.05 to 0.35, its probability of conflict initiation against a territorial dispute opponent increases from 0.01 to 0.81, and its probability of conflict initiation against a non‐territorial dispute opponent increases from 0.002 to 0.45 (see Fig. 3). Although this prediction derives from China's past military behaviors, we can draw two implications: (i) China's economic power has some positive effects on its military aggression; and (ii) China's territorial dispute opponents are likely targets of the rising power.

Summary and Implications

Offensive realists are right: China's growth has destabilized regional stability in the post‐Mao period. Our statistical analysis of China's initiation of military conflict shows that its economic power has had significant and positive effects. In addition, China was more aggressive toward its territorial dispute opponents, although the United States’ Asian allies were no more likely to be military targets than other Asian states. In short, China's greater power made the country more assertive, rather than cooperative, toward Asian states and major powers. This leads us to expect that China will maintain its current uncompromising and firm position in the South and East China Seas if its economic rise continues. Also, China's growth will accelerate its resolute protection of core interests in strategic and economic matters.

#### solidifying a stable balance of power---a concert fails without it.

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It is a nice idea — and one that probably won’t work. History suggests that in order for concerts to emerge and endure, a number of critical geopolitical prerequisites must be met. There must be a stable configuration of power among the leading powers in the international system. Those powers must be willing to respect a shared set of rules. They must have some ideological commonality — what unites them ideologically must be greater than what divides them. Finally, concerts generally take shape when there is some looming threat — or memory of some great cataclysm — that impels cooperation. Where these preconditions have been present — most notably, during the 19th century concert of Europe — sustained great power cooperation in support of a common vision of international order has been possible. Where even some of these factors have been absent — in the wake of World War II, for instance — great power concerts have proven impossible to achieve.

The problem today is that the structural preconditions for a concert simply do not exist. The configuration of power in the international system is changing, which is precisely why revisionist powers such as Russia and China feel empowered to challenge American primacy. The United States and its great power rivals do not accept a common set of global rules. Moscow and Beijing are challenging the norms that Washington prefers, from non-aggression in Eastern Europe to freedom of navigation in the South China Sea. The ideological differences between the great powers are far less severe than they were during the Cold War, but the cleavage between the world’s leading democracy and its two foremost authoritarian powers is significant enough to be a source of conflict. And finally, more than 70 years after the last great power war, there does not appear to be any commonly perceived threat powerful enough to overcome these other factors and compel sustained cooperation. The focus of many great powers today seems to be on a opportunistic grab for influence rather than an urgent fear that disaster will befall them if they cannot find ways to coordinate their actions with others.

Efforts to form a great power concert are thus likely to prove unavailing; making concessions to Russia or China in hopes of drawing them into such a concert could well be more destabilizing than stabilizing. But managing these relationships — and doing so while preserving the greatest degree of stability possible — remains an urgent task for the United States. In the coming years, U.S. officials will be in the market for strategies and concepts to guide their interaction with other great powers: If it cannot be a concert, what concept or structure would promote U.S. interests? It is too early to sketch the final shape that such a structure would take—but it is not too early to be sure that U.S. strategists are at least asking the right questions about the future of great power relations.