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## Rates DA

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#### The Feds are threading the needle to avoid a recession---success of rate cuts hinge on the expectation of stable inflation.

Ryan Herzog 9-17, Associate Professor of Economics, Gonzaga University, “Fed rate cut is attempt to prevent recession without sending prices soaring”, The Conversation, 9-17-25, <https://theconversation.com/fed-rate-cut-is-attempt-to-prevent-recession-without-sending-prices-soaring-265370>

A narrow path to a soft landing

As it resumes cutting rates, the Federal Reserve is trying to thread a narrow needle – easing policy enough to keep the labor market from cracking while not reigniting inflation, which is proving stickier in part because of tariffs.

Markets are betting the Fed will keep cutting. The futures market is betting the Fed will cut rates by another half point by the end of the year. And the one-year Treasury yield has dropped about 150 basis points (1.5%) since June, signaling that investors expect a series of rate cuts through 2025 and into 2026.

At its latest meeting, the Fed signaled two more rate cuts in 2025 and at least one rate cut in 2026.

Such cuts would ultimately bring the federal funds rate closer to 3% and hopefully reduce 30-year mortgage rates to around 5% – from an average of 6.35% as of Sept. 11. If the labor market continues to weaken – with jobless claims climbing, payrolls revised down and more workers stuck in long-term unemployment – that expectation will likely harden into consensus.

But the path is far from certain. Cutting rates too quickly could cause inflation to spike, while going too slow could lead to further deterioration in the labor market. Either outcome would jeopardize the Fed’s credibility – whether by appearing unable to control prices or by allowing unemployment to rise unnecessarily. That would undermine its ability to influence markets and enforce its dual mandate of maximum employment and stable prices.

Another tricky issue is Trump’s public campaign to push the Fed to cut rates – appearing to do his bidding could also undercut Fed credibility. For what it’s worth, the Sept. 17 rate cut appears driven less by politics than by economic data. The Fed itself was projecting a year ago that rates would be much lower today than they actually are, suggesting it’s been following the data.

The economy appears to be slowing but remains resilient, which is why the Fed is likely to move gradually. The risk is that the window for a soft landing is closing. The coming months will determine whether the Fed can ease early enough to avoid recession, or whether it has already waited too long.

#### This is because weak worker bargaining power subdues wage growth.

Sophia Claire 8-26, MBA, fintech content creator, “Fed Chair Powell Signals Rate Cut Amid Labor Market Concerns”, Markets, 8-26-25, https://www.markets.com/analysis/fed-chair-powell-signals-rate-cut-amid-labor-market-concerns-787-en, JA

The Federal Reserve faces a dual mandate to curb inflation and maintain the health of the labor market. The White House's decision to impose tariffs on imported goods complicates achieving these two goals. In theory, Federal Reserve officials had previously stated that in the event of high inflation and economic weakness at the same time, the goal that deviated from its normal course more should be identified. According to this logic, the Federal Reserve should prioritize controlling inflation and maintaining high interest rates. But Powell's speech turned this scenario upside down, as he made it clear that the Federal Reserve believes the labor market needs "urgent help."

Rising Risks in the Labor Market

Powell warned that "downside risks in the labor market are rising. Once these risks materialize, they may rapidly deteriorate in the form of layoffs and increased unemployment rates." Jonathan Millar, Senior US Economist at Barclays, believes that the main reason for Powell's audacity in sending the signal of change is the absence of signs of tightness in the labor market, and the lack of bargaining power among workers to drive up wages.

Absence of Wage-Price Spiral

It is known that one of the biggest risks of inflation comes from the "wage-price spiral," where workers demand higher wages, prompting companies to raise prices. But Millar points out that "there are currently few signs of wage acceleration." Although immigration restrictions may have caused labor shortages in some industries, this effect is limited to a few areas.

The Future of Interest Rates

Millar believes that the pace of interest rate cuts in the remainder of 2025 and 2026 will depend on changes in the unemployment rate in the coming months. Vanden Houten emphasizes that Powell will insist on his position that "cutting interest rates is not to stimulate the economy." She adds that the current interest rate range of 4.25% -4.5% is still higher than the level of the natural economic cycle.

#### The plan’s agreement spills over and forces a rate hike.

Clemens Fuest 22, Professor of Public Economics and Finance, “The Government Should Stay out of Wage Policy — Supply-Side Reforms Make More Sense in the Fight against Inflation”, Ifo Institute, 8-9-22, https://www.ifo.de/DocDL/ifo\_Viewpoint\_2022\_239\_wage\_policy.pdf, JA

At its core, collective bargaining is about how a company’s earnings are divided between employees and company owners. Unions want high wages, but also have an interest in not endangering the jobs of their members. Therefore, they should take care not to overreach regarding their demands.

Collective Wage Agreements Have Far-Reaching Consequences

Employers, on the other hand, want to reduce wage costs in order to increase their profits – but they know that if wages are too low, employee turnover ll increase, and productive workers in particular will quit or not even take the job in the first place. Therefore, when it comes to wage development, it’s in employers’ own interest to ensure that employees feel they are being treated fairly. Given this background, there is much to be said for collective bargaining autonomy and against government attempts to influence collective bargaining.

However, the collective bargaining partners bear a great deal of responsibility: wage agreements have consequences not only for those sitting at the negotiating table, but also for the rest of the economy. In times of weak overall economic demand and low inflation, low wage agreements can weaken purchasing power and exacerbate economic crises. On the other hand, excessively rising wage costs can increase unemployment – and the resulting financing burdens must then be borne by the community of tax and contribution payers. Moreover, when inflation is high, rising wages can force monetary policy to intervene with harsh measures – possibly triggering a stabilization recession.

#### Resuming rate cuts revive American biotech innovation.

Philip Carter 8-13, Chief Financial Officer, “Interest Rate Cuts and Their Impact on Healthcare and Biotech Stocks: Seizing Undervaluation Opportunities in High-Quality Growth Firms”, AInvest, 8-13-25, https://www.ainvest.com/news/interest-rate-cuts-impact-healthcare-biotech-stocks-seizing-undervaluation-opportunities-high-quality-growth-firms-2508/, JA

The Federal Reserve's gradual reduction of interest rates in 2025 has created a fertile ground for high-growth sectors like healthcare and biotech. With the median federal funds rate projected to decline from 3.9% in 2025 to 3.0% in the long run, investors are increasingly turning to sectors where cash flow reinvestment and long-term innovation can compound value. Healthcare and biotech firms, often capital-intensive and reliant on R&D pipelines, stand to benefit from lower borrowing costs and higher valuations. This article examines five high-quality, growth-oriented companies—NeoGenomics, Progyny, Repligen, Revvity, and Waters Corporation—to identify undervaluation opportunities in a low-rate environment.

The Macroeconomic Tailwind: Why Healthcare and Biotech Thrive in a Low-Rate World

Lower interest rates reduce the discount rate applied to future cash flows, making long-term growth stories more attractive. For healthcare and biotech firms, this is particularly impactful:

- Capital allocation: Biotech companies often reinvest profits into R&D, a process that becomes cheaper with lower rates.

- Debt servicing: Companies with high debt loads (e.g., those funding acquisitions) see reduced interest expenses.

- Valuation multiples: Earnings growth and revenue expansion are more easily justified in a low-rate environment, as seen in the sector's historically higher P/E ratios.

The Fed's June 2025 projections, with a central tendency of 3.9–4.4% for 2025 and a 3.0% long-run target, suggest a prolonged period of accommodative policy. This sets the stage for healthcare and biotech stocks to outperform, particularly those with strong fundamentals and undervalued metrics.

#### American leadership solve catastrophic bio-risks.

John F. Crowley 24, president and CEO of the Biotechnology Innovation Organization (BIO), and the former co-founder and executive chairman of Amicus Therapeutics, “For national security, the U.S. must maintain its biotech dominance”, STAT, 4-4-24, https://www.statnews.com/2024/04/04/for-national-security-us-must-maintain-biotech-dominance/, DOA: 10-22-24, JA

For more than a century, the United States has been the undisputed leader in medical and biotechnology innovation. It saved millions of lives by mass-producing the first polio vaccines. U.S. researchers discovered new antibiotics that turned once-fatal infections into minor ailments, and developed antiretroviral cocktails that transformed HIV from a death sentence into a manageable, chronic disease.

Today, the U.S. is on the cusp of a golden age of biotechnology. Genome editing could soon eradicate disease traits passed from parent to child, and gene therapies could eliminate sickle cell anemia, cystic fibrosis, and certain cancers. The development of new biofuels could transform global politics as countries grow less reliant on oil-rich nations. And in agriculture, American biotech innovations are boosting food and crop production across the world, reducing the stresses brought by famine and food insecurity.

Simply put, the nation’s leadership in extending and enhancing human life has advanced its political and moral authority in global affairs, underpinning its economic prosperity, diplomatic leverage, and national security.

Yet global competitors are now threatening America’s biotechnology dominance. The country’s strategic rivals are aggressively investing in biotechnology in an effort to surpass and replace U.S. preeminence. The nation’s future may well depend on how America maintains and extends its current advantage.

As a former naval intelligence officer and member of the U.S. intelligence community, I understand the threats posed to America’s security. The U.S. and its allies need a robust and vibrant biotechnology industry, as biotech is a vital strategic asset that strengthens a country’s role in the world and allows it to quickly respond to future bio-health threats.

Consider China, which is positioned to assert a leading role in biotech.

Beijing has made biotechnology a centerpiece of its strategic plans, greatly expanding investments in genetic research and drug development. Between 2016 and 2020, the market capitalization of Chinese biotech companies increased from $1 billion to more than $200 billion. The government’s current five-year plan is set to increase biotech investment by 10% annually.

If China becomes the world leader in biotechnology by 2035, as it intends to do, it will control the availability of disease treatment and genetic information. This supremacy would expand its global economic influence while reshaping the global order to its interests. And if, as many believe, China has exerted influence through its “Belt and Road Initiative,” imagine its global influence when it controls the world’s supply of state-of-the-art medicines.

American leadership in biotechnology also helps minimize worst-case scenarios. Consider synthetic biology and gene editing. While advances in these fields promise solutions to the most devastating diseases, these technologies can be manipulated to create deadly pathogens.

Covid-19 demonstrated that even a moderately lethal virus can wreak massive damage. Currently available technologies can help those with ill intent to engineer far deadlier pathogens. In 2016, Canadian scientists reconstituted an extinct horsepox virus for a mere $100,000 using mail-order DNA fragments, demonstrating how easy it would be to manufacture deadly smallpox, a cousin of horsepox, in a laboratory.

The proliferation of biological know-how has made bioweapons more accessible to rogue nations and terrorist groups.

To deter and defend against biological attacks, America needs its own biodefense capabilities. U.S. scientists should not have to scramble to catch up. But domestic politics and gamesmanship routinely hold them back as the country’s leaders overlook the complexity and fragility of the nation’s pharmaceutical and biotech ecosystems.

### Rates DA---Impact---Solves Case---2NC

#### Downside risks of biotech are existential, but upsides solve every risk.

Stewart Patrick & Josie Barton 24, Patrick is the Senior Fellow and Director, Global Order and Institutions Program, Barton is a senior majoring in international relations at Stanford University and a former intern in Carnegie’s Global Order and Institutions Program, “Mitigating Risks from Gene Editing and Synthetic Biology: Global Governance Priorities”, Carnegie Endowment, 10-16-24, https://carnegieendowment.org/research/2024/10/mitigating-risks-from-gene-editing-and-synthetic-biology-global-governance-priorities?lang=en&center=middle-east, DOA: 10-22-24, JA

The potential benefits of these and other bioengineering breakthroughs are vast.19 Synthetic biology and gene editing promise to transform medicine, materials science, manufacturing, consumer goods, agriculture, energy production, environmental protection, and so much more. They will revolutionize health, enabling more precise vaccines and therapeutics as well as personalized treatments for cancer, immune diseases, infertility, and metabolic disorders. They will advance sustainable development, including by making crops more resilient and food production more efficient, as well as accelerate the clean energy transition, including by introducing new biofuels and harnessing the power of natural organisms such as algae to mitigate climate change. Already, the practical applications of bioengineering innovation range from curing sickle cell disease to modifying the cow gut microbiome to release less methane, a powerful greenhouse gas.20

The revolution underway in the life sciences is a Promethean moment. Armed with growing understanding of the encoding and regulatory functions of genes, scientists now have the capacity to manipulate and shape their expression in biological organisms from single-celled eukaryotes to humans themselves.21 Alongside incredible rewards, however, this awesome power poses serious and growing risks that need to be managed. Two of the most important are the dangers of malevolent use and unintended consequences.

Bioweapons and Bioterrorism

Gene editing and gene synthesis technologies are inherently dual use, meaning they can be employed for good or ill by sovereign states, nonstate groups, and even individuals. This dual-use dilemma is nothing new.22 From prehistory to the present, humans have invented tools, from hand axes to drones, that can cause grave damage in the wrong hands. What sets gene editing and synthetic biology apart are their theoretical potential to cause suffering and death on a massive scale, including by making viruses more transmissible and lethal and by creating entirely new organisms that can be tailored to target specific groups of people (as well as, conceivably, agricultural commodities, natural ecosystems, and critical species). Such dangers are likely to grow as gene-editing capabilities become more distributed and as advances in AI and machine learning allow would-be attackers to create more deadly pathogens and determine more effective and efficient means to deploy them.

Although the likelihood of an engineered pathogen wiping out humanity remains vanishingly low, the risk of mass-casualty attacks will inevitably grow as the technical knowledge to create such weapons spreads.23 One could imagine a scenario whereby a national government or a terrorist group causes catastrophic damage by intentionally releasing a plague among an adversary’s population—or even humanity at large—that has limited or no immunity. One tabletop exercise conducted by Johns Hopkins University suggested that an engineered bioweapon could kill up to 150 million people worldwide.24 For these reasons, bioweapons are often classified as one of several catastrophic and existential risks facing humanity, alongside nuclear war, runaway climate change, adversarial artificial general intelligence, the explosion of a supervolcano, or the planet’s collision with a near-Earth object (such as an asteroid).25

### Rates DA---Link---Turns Case---2NC

#### Rate hikes turn labor victories

Lawrence Mishel & Josh Bivens 21. Distinguished fellow at the Economic Policy Institute (EPI) after serving as president from 2002–2017, former professor at Cornell University’s School of Industrial and Labor Relations and an economist for various unions, and Ph.D. in economics from the University of Wisconsin at Madison. Chief economist at the Economic Policy Institute, former assistant professor of economics at Roosevelt University, Ph.D. in economics from the New School for Social Research. " Identifying the policy levers generating wage suppression and wage inequality." Economic Policy Institute. 05/13/2021. https://www.epi.org/unequalpower/publications/wage-suppression-inequality

Austerity macroeconomic policy: Excessive unemployment

The Federal Reserve Board’s dual mandate is to pursue the maximum level of employment consistent with stable inflation. However, since 1979 the Fed’s actions suggest that it took the inflation mandate more seriously, thereby tolerating (by failing to lower) or actually generating excessive unemployment for extended periods in the name of keeping inflation tame. Whenever an economic expansion pushed unemployment down, the Fed often feared that tighter labor markets would mean that workers, endowed with more leverage since they were now in a better position to quit or strike, would demand higher nominal wages, in turn putting upward pressure on inflation.

Wage growth resulting from tight labor markets can indeed feed into price growth, and so sufficiently empowered workers may demand even higher wages, allowing wage/inflation momentum to build. The policy recourse for stopping the wage/price spiral has traditionally relied on the Fed raising interest rates to slow the expansion and stop the downward movement of unemployment.

Presumably in this policy vision there is a sweet spot where workers can experience decent wage growth without fostering unsustainable inflationary pressure. But nobody knows for sure beforehand where that level is, and efforts to empirically identify the economy’s “natural rate of unemployment” are notoriously imprecise (Staiger, Stock, and Watson 1997). Given this uncertainty, the Fed must exercise judgment in weighing the benefits of tighter labor markets against the risks of inflationary pressure. Too often in the post-1979 period, Fed policymakers have been so worried about the inflation risks and not impressed enough by the benefits of full employment that they have raised interest rates prematurely and cut expansions short before they generated decent wage growth. The result has been unemployment higher than it had to be to ensure stable inflation.

Historically, the anti-inflation orientation of the Fed was quite political and conscious of the institutional determinants of wage growth. Specifically, past Fed chairs, determined to keep wage growth “moderate,” explicitly saw the use of high unemployment as a means to restrain union-negotiated wage increases or even to seek union wage concessions.

### Rates DA---Link---Fed Decision-Making---2NC

#### Prefer evidence about the decision-making calculus that the Fed’s actions are guided by.

Matthias Vermeiren 23. Professor of international political economy with the Ghent Institute for International and European Studies. "Another Wage Price Spiral in the Making?" Ghent Institute for International and European Studies. January 2023. https://www.ugent.be/ps/politiekewetenschappen/gies/en/research/publications/gies\_papers/2023-global-energy-crisis/another-wage-price-spiral-in-the-making

Are we in the midst of a new wage price spiral? One obvious similarity between the 1970s inflation crisis and the current one is the central role played by soaring energy prices, in turn fuelled by geopolitical conflicts. Of all the categories of the Consumer Price Index (CPI), energy is the most important for overall price stability, given its key role as production input: firms will usually raise their prices in response to persistent increases in energy prices to protect their profit margins, broadening the inflationary pressures to other sectors of the economy. Just like during the 1970s, core CPI –excluding more volatile energy and food prices– has been way above central banks’ two percent target.

But that does not necessarily mean another wage price spiral is around the corner. In the current moment, a key missing ingredient is the bargaining strength of the labour movement, which is structurally weakened by the disinflation policies of the 1980s and the ensuing liberalization of labour markets. In the Anglo-Saxon economies, liberalization took the form of outright labour market deregulation and a frontal assault on labour unions. In the Eurozone economies with stronger traditions in collective bargaining, union density declined almost as sharply. Even if collective bargaining coverage remains relatively high, agreements have increasingly moved to the firm level where workers have less bargaining power. Deindustrialization also pushed governments to "flexibilize" jobs in the service sectors of the economy, where a growing number of workers are employed in precarious jobs unprotected by social legislation and/or collective bargaining agreements. In manufacturing sectors most exposed to international trade and investment, unions became more responsive to the needs of employers to remain competitive in globalized markets and restrained their wage demands to contain unit labour costs.[9]

Central bankers are aware of these developments. At the Federal Reserve, economists and policymakers have noted how the decline in workers bargaining power and the fall in the labour share of GDP have made it easier to pursue expansionary monetary policy without fuelling inflation: both trends contributed to the flattening of the Phillips curve – the inverse relationship between unemployment and inflation that has informed their strategy of pre-emptively raising interest rates to prevent unemployment from falling below a supposedly inflationary threshold.[10] At the ECB, both Lagarde and Schnabel have similarly observed how “structural changes in labour markets”[11] and “the secular erosion of workers’ bargaining power”[12] implied that “receding slack fed more slowly into wage growth.”[13] “Despite a historically tight labour market, a substantial decline in real consumer wages is weighing on the labour share of income” – a situation “fundamentally different from the experience of the 1970s when real wages and the labour share of income increased measurably in response to rising energy prices.”[14] ECB economists have attributed this difference to changes in labour market institutions, such as less wage indexation and a lower degree of unionisation).[15]

### Rates DA---Link Turn---AT: Productivity---U---2NC

#### Productivity is booming. Inserting a chart.

BLS 9/4 – Bureau of Labor Statistics, “Economic News Release: Productivity,” 9/4/25, bls.gov/news.release/prod2.nr0.htm

A screenshot of a computer

AI-generated content may be incorrect.

### Rates DA---Link Turn---AT: Productivity---Link---2NC

#### Powerful unions suppress productivity growth through wage pressure, work restrictions, and investment disincentives.

Liya Palagashvili 25, Revana Sharfuddin; May 7; PhD economics, senior research fellow and director of the Labor Policy Project at the Mercatus Center; MA development economics, predoctoral researcher at the Labor Policy Project at the Mercatus Center; Mercatus Center, “Do More Powerful Unions Generate Better Pro-Worker Outcomes?” https://www.mercatus.org/research/working-papers/do-more-powerful-unions-generate-better-pro-worker-outcomes

Cost at the Firm Level: Productivity, Profits, and Investment

The costs unions impose on firms play out through three key channels: productivity, profitability, and investment. At their best, unions can boost productivity by fostering better communication between workers and management, reducing turnover, and creating incentives for efficiency. But more often, restrictive work rules and wage-setting above market rates stifle flexibility, dull incentives, and slow down adaptation. The result is lower profitability: Higher wages that don’t come with matching productivity gains can squeeze margins, limit reinvestment, and weaken firms’ ability to compete and grow. And when profits shrink, so does investment. Faced with rising labor costs, firms cut back on capital improvements, technology upgrades, and R&D, leaving them less competitive in the long run. In the end, while unions may secure short-term benefits for workers, their impact on firms often leads to the very job losses and stagnation they aim to prevent.

One of the key factors in assessing the overall cost of labor unions at the firm level is productivity. In their 1984 book Freeman and Medoff argue that labor unions tend to contribute to increased productivity, although the effect varies depending on the labor relations environment. Labor unions can raise productivity through an “employee morale channel,” by providing workers with a means of expressing discontent as an alternative to “exiting.” The labor unions open communication channels between workers and management, which induces managers to make changes to production methods and to adopt policies to improve efficiency. Open channels of communication also lower quit rates and improve labor relations within the firm. Freeman and Medoff argue that these productivity-enhancing effects can potentially offset the efficiency losses from greater unionization.

Recent research shows a different reality regarding how labor unions impact productivity. Aside from a few exceptions due to unique labor union arrangements, the impact of labor unions on productivity has been shown to be generally negative, mainly through the “investment channel.” That is, when unions set wages above the market rate—where wage determination becomes uncertain and disconnected from actual market conditions—both tangible and intangible investments can be reduced, ultimately hindering firm productivity.[63] In line with Freeman and Medoff's findings, more recent research continues to provide strong evidence that labor unions reduce firm profitability.[64] This decline is largely driven by labor-union-negotiated higher wages, which often lack matching productivity gains. As a result, firms face reduced profits, which limit their ability to invest in capital and R&D, which ultimately hinders long-term productivity growth.[65]

This is the ultimate dilemma for labor unions: The more what the labor union secures at the bargaining table is beyond what is reasonably sustainable, the lower the surplus of profits will be. Therefore, the more the labor union wins at the bargaining table, the more vulnerable the company is to long-term decline. As the company declines, there will be reduced work opportunities.

Besides increasing labor costs beyond what is reasonably justified, labor unions can also harm productivity through restrictive work rules, which include not only establishing inefficient staffing requirements (“featherbedding”), but also limiting incentives for worker effort and restricting management discretion on optimal staffing arrangements.[66] Negotiations over work intensity, or the pace of work, can further influence employment levels. Labor unions often press for reduced work intensity, which necessitates employing more workers but can also diminish overall productivity.[67]

Another example of how restrictive work rules can harm productivity is the case of the International Longshoremen’s Association (ILA), which in 2024 pushed for a total ban on port automation. Their intention was to protect jobs, but their demand would block critical productivity gains and prevent the kind of technology-driven human capital accumulation that fuels economic growth. The economic consequences of such resistance are not just theoretical; they have played out before, most infamously in the mid-20th-century rubber tire industry. Back then, excessive labor costs driven by aggressive labor union bargaining forced companies to relocate to less unionized regions, destabilizing local economies and eroding industrial competitiveness.[68] Yet, to be fair, there are cases where labor unions have managed to boost productivity, as seen in the US and Canadian iron ore industries during the 1980s crisis. Back then, facing intense competition from Brazil and the real threat of permanent mine closures—25 percent of Minnesota mines had already shut down—labor unions made concessions that streamlined work practices. Machine operators were finally allowed to perform basic repairs, and overstaffed repair crews were cut from 50 to 25 percent at the largest mine. Unsurprisingly, the most substantial productivity gains came from mines where these rigid labor union rules were most significantly relaxed.[69]

Contrast this with unionized US school districts, which manage to extract more funding, raising per-pupil spending by about 12.3 percent and increasing teacher pay. Despite these higher inputs, school productivity did not improve. Dropout rates were actually higher, suggesting that while labor unions are adept at securing financial resources, they often miss the mark on effective resource allocation.[70]

The economics literature consistently shows that more powerful and aggressive labor unions with unsustainable demands also tend to reduce firm profitability, which in turn hurts worker-level outcomes. One way to understand this effect is to investigate how labor-market regulations shape the distribution of rents between firms and workers. One study showed that reducing labor union bargaining power—essentially a form of labor market deregulation—can lower real wages without impacting unemployment in the short term. However, over the long term, deregulation boosts firm profits, sparking greater market competition and new firm entry, which eventually drives down unemployment and restores wages to their previous levels. This dynamic illustrates how, in heavily unionized environments, the initial wage cuts from deregulation lead to broader economic benefits over time.[71] The direct and spillover effects of labor union organizing on firm profitability are particularly striking. For instance, companies facing labor union petitions see their stock prices drop by an average of 1.04 percent. This effect extends beyond the targeted firms: Nonunion firms in the same industry also experience market value declines—averaging 0.72 percent—as investors brace for potential spillover effects. In cases where labor unions win representation elections, the hit to market value is even steeper, suggesting that the financial markets view successful unionization as a substantial threat to profitability.[72]

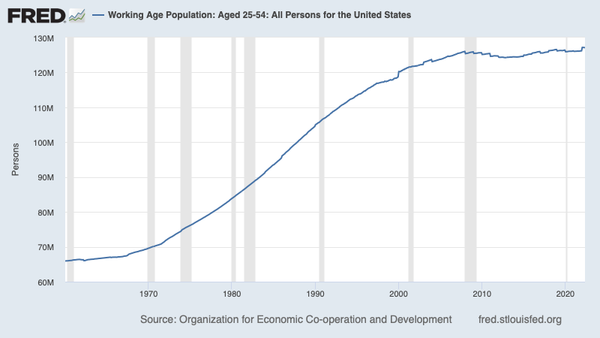
### Rates DA---Link Turn---AT: Slow Growth---2NC

#### Slow growth irrelv

Paul Krugman 22, June 21; American economist who is the Distinguished Professor of Economics at the Graduate Center of the City University of New York; New York Times, “Is the Era of Cheap Money Over?” https://www.nytimes.com/2022/06/21/opinion/inflation-interest-rates-fed.html]

The basic answer is that since 2000 and especially since the global financial crisis, businesses have persistently been unwilling to maintain a level of investment spending that used all the money households wanted to save, unless interest rates were very low. This condition has the unfortunate name “secular stagnation” — unfortunate because it’s widely and wrongly construed as an assertion that it means slow growth, not low interest rates. The idea of secular stagnation was introduced in the 1930s, but the postwar boom made it seem irrelevant. Then Japan began experiencing persistent weakness and very low interest rates in the 1990s, and in the aftermath of the 2008 financial crisis, the whole advanced world found itself in a similar condition.

What causes secular stagnation? The best guess is that it’s largely about demography. When the working-age population is growing slowly or even shrinking, there’s much less need for new office parks, shopping malls, even housing, hence weak demand. And as you can see in this chart, America’s prime-working-age population, which grew rapidly for many decades, began stagnating just about the time interest rates began sliding:



And these demographic forces aren’t going away. If anything, they’re likely to intensify, in part because the rate of immigration has dropped off. So there’s every reason to believe that we’ll fairly soon go back to an era of low interest rates.

### Rates DA---Internal---U---2NC

#### Further cuts are necessary to trigger an avalanche of biotech investment.

Avalon Pernell & Angel Adegbesan 9-17, Bloomberg tech reporters, “Risky Biotech Stocks’ Recovery Hinges on Deeper Fed Rate Cut”, Bloomberg, 9-17-25, <https://www.bloomberg.com/news/articles/2025-09-19/risky-biotech-stocks-recovery-hinges-on-deeper-fed-rate-cuts>

The prospect of further interest-rate cuts from the Federal Reserve is finally giving diehard believers in the biotechnology sector reason for guarded optimism after a punishing four years.

The Nasdaq Biotechnology Index has rebounded some 30% from the depths of April’s tariff-fueled gloom as investors bid up the sector ahead of the Fed’s first move to lower borrowing costs this year. With further rate cuts on the table investors are rushing back into riskier corners of the stock market. A broader benchmark of small-cap stocks, the Russell 2000, marked its first closing record since 2021, yet the closely watched biotech gauge remains more than 10% below its all-time highs.

That’s because clinical-stage biotech companies remain some of the biggest gambles in the market. While the reward for holding a winning stock can be manifold, firms also tend to burn through cash faster than they can raise it, meaning the Fed needs to keep bringing down borrowing costs for the sector to truly thrive.

Now that officials have formally penciled in two more reductions for the year — following the quarter-percentage point cut earlier this week — hope is being revived that Wall Street’s rush back into riskier assets will finally seep through to drug developers.

“With the potential for interest rates to be cut more, you’re going to see a loosening up, especially with the biotech sector sentiment getting slightly better,” said Hartaj Singh, founding partner of Tecumseh Partners.

Lower borrowing costs should give a boost to the funding market that has long stalled since the Fed began its aggressive rate-hiking campaign in 2022. The sector bottomed as investors became increasingly hesitant to fund riskier assets. A return to the frenzy for biotech stocks, ignited by the pandemic’s easy-money era when interest rates were sitting near zero, still seems somewhat distant.

### Rates DA---Internal---Cuts Key---2NC

#### High rates crush biotech leadership.

Ben Fidler 24, senior editor for BioPharma Dive, “Can the Fed’s rate cut change biotech’s ‘new normal’?”, Sept. 19th, 2024, https://www.biopharmadive.com/news/biotech-interest-rates-impact-startups-venture-capital/727479/

The biotechnology sector got what many in the industry expect will be substantial lift Wednesday when the Federal Reserve lowered interest rates for the first time in more than four years.

After a two-day meeting, the Fed cut its benchmark interest rate by half a percentage point. While the Fed’s target, at 4.75% to 5%, remains near 15-year highs, the move could spur investment in biotech companies, which are typically seen as the kind of risky bet investors tend to disfavor when interest rates are elevated.

The decision largely matched Wall Street expectations. Major stock indices, which spiked briefly on the news Wednesday afternoon before trading back, rose by more than 1% Thursday. Two exchange-traded funds known as the XBI and IBB that track biotech industry indices followed a similar pattern.

The cut “will be very positive for the biotech capital markets,” said John Maraganore, the former CEO of Alnylam Pharmaceuticals who is currently an advisor to drug startups. “I expect to see a meaningful strengthening of the biotech tape as interest rates decline.”

Investors and executives interviewed by BioPharma Dive cautioned the Fed’s decision won’t solve all that ails the sector, however. Other macroeconomic potholes, like the U.S. presidential election, still lay ahead. And within the industry, other factors could remain brakes on any stock bounce. Dealmaking involving public companies, which spiked last year and rekindled interest in biotech, has cooled, for instance.

Investors could simply choose to put their money elsewhere, too. “Falling interest rates will clearly be better for riskier segments of the markets like ours,” said Michael Gilman, CEO of Arrakis Therapeutics. “Whether it is indeed ours or some other segment will depend on other factors, internal or external. I guess we’ll see.”

By its nature, biotech is a fraught investing endeavor, with busts more frequent than booms. Drug startups need many years and often hundreds of millions — if not billions — of dollars to invent a new medicine and bring it to market. Financial losses accumulate in the meantime, meaning young companies need investors patient enough to stick with them for a lengthy journey. At the end of the day, most companies still fail.

Investors are more willing to take those risks when interest rates are lower and safer bets yield less return. Conversely, when rates climb, “it’s too expensive to make an investment,” said Christiana Bardon, a co-managing partner of BioImpact Capital and portfolio manager at MPM Capital, in an interview earlier this year.

“We’re really very dependent on interest rates” as a result, she said.

High interest rates have slowed biotech’s emergence from one of the sector’s worst market downturns in years. During the Fed’s recent tightening cycle, funding became harder for both private and public drug companies to raise. Venture financings and initial public offerings slowed, while a retreating biotech market closed off easy opportunities for secondary stock sales for those companies already public. An industry-wide wave of restructurings and layoffs has followed.

Kevin Parker, CEO of startup Cartography Biosciences, refers to the current moment as the industry’s “new normal.” Startups, Cartography among them, are still forming and getting money from venture investors. Some have been able to go public. But everything is “slower, more tempered, and more restricted,” he said.

Analysts and industry insiders expect the Fed’s rate cut to help ease some of those constraints. In the past, rates “have correlated with fund flows into and out of biotech,” meaning lower rates “should hopefully help” bring money back to the sector, said Umer Raffat, an analyst with Evercore ISI.

“Rising interest rates are historically a headwind for our industry, so I think it’s reasonable to expect the wind to shift direction,” said Arrakis CEO Gilman.

As interest rates fall, investors may look more closely at the earlier — and riskier — companies they’ve recently seemed to avoid, said Jeff Jonas, a partner with investment firm Cure Ventures. “When people are nervous, they look for more de-risked assets,” he said. “In this environment, I’m hoping that there’ll be more avidity for things that are more innovative.”

Jonas added that declining interest rates have historically lifted biotech valuations, which can make early investments in startups more enticing. “I think you’re going to see investors lean in,” he said.

Parker, of Cartography, said lower rates could also bring “momentum” back into the private markets. Venture firms need more time to raise new funds when rates are high, which in turn translates to a slower rate of new investment. So lower rates could mean more money flows into venture firms and, eventually, their startups.

#### View it on a sliding scale---the larger the cut, the larger the investments.

Gina Potthoff 24, March 7; Deputy Digital Editor; Chicago Booth Review, “How High Interest Rates Harm Innovation,” https://www.chicagobooth.edu/review/high-interest-rates-harm-innovation

For more than 50 years, most economists have agreed that actions taken by central banks to stabilize prices and output can have short-term—but not long-term—effects. The late Milton Friedman, a Nobel laureate who studied and worked at the University of Chicago, argued as much during a 1968 presidential address to the American Economic Association.

But monetary policy in the United States might not be so neutral in the longer term, especially related to its impact on innovation, according to research from Chicago Booth’s Yueran Ma and Frankfurt School of Finance and Management’s Kaspar Zimmermann. Their analysis suggests that high interest rates can discourage companies and industries from investing in technology, leading to a slower pace of innovation that can limit economic growth.

To understand the link between innovation funding and monetary-policy shocks, Ma and Zimmermann studied widely used innovation indicators, including aggregate US investment in intellectual property as well as venture-capital investment, public companies’ research and development spending, and patent filings. Their analysis covers monetary-policy shocks between 1969 and 2007 and focuses on the effects of conventional policy—namely adjusting interest rates—rather than unconventional moves such as quantitative easing.

For every 1 percentage point rise in interest rates, Ma and Zimmermann calculate, R&D spending fell by between 1 and 3 percent and VC investment fell by about 25 percent one to three years after the hike. Similarly, within four years of an interest-rate increase, patent filings and innovation each declined by 9 percent.

After five years, the researchers infer, these shifts can lower overall economic output by 1 percent and decrease total factor productivity, a measure of how many more goods and services are produced with the same resources, by 0.5 percent.

Monetary tightening leads to ...

To analyze how innovation activities respond to monetary-policy tightening over time, the researchers traced the impact of an interest-rate shock across various measures using a tool called an impulse response function.

Why does monetary policy affect innovation? Increasing interest rates can reduce aggregate demand and make it less profitable to innovate, so companies have less incentive to develop new products. Monetary tightening can also sap investors’ appetite for risk-taking and reduce the availability of financing for innovation.

In the past decade, when interest rates were low, venture funding increased by about 20 percent annually, according to industry data. As interest rates rose substantially starting in early 2022, however, venture funding fell by about 30 percent annually, Ma and Zimmermann note. The decline in funding occurred in all major industries. Artificial intelligence has been one exception, thanks to the recent breakthroughs in generative AI.

When high interest rates decrease innovation, the reduction does not just come from having less bubble and froth. The number of new patents filed for important technologies—innovations such as mobile devices, machine learning, and cloud computing that were big topics in companies’ quarterly earnings calls—appear to be more affected by rising interest rates than patenting in general, the research suggests, potentially because the technologies are novel and riskier.

The research suggests that monetary policy could have a persistent influence on the US economy. But Ma and Zimmermann don’t recommend that central banks lower interest rates just to stimulate innovation and growth. “It is well recognized that efforts seeking to perennially stimulate the economy with monetary easing can be ineffective or counterproductive,” they write—but they think the evidence points to the need to conduct more research about optimal monetary policy that takes into account these longer-term effects.

## Quarterly Capitalism

### Quarterly Capitalism---Circumvention---1NC

#### Employers circumvent AND standards get manipulated---the biggest group of unions agrees.

F. Vincent Vernuccio 21. Senior fellow at the Mackinac Center for Public Policy in Midland, Mich., and president of the Institute for the American Worker. "Sectoral bargaining is bad for workers and the American economy." Hill. 4/17/2021. https://thehill.com/opinion/finance/548054-sectoral-bargaining-is-bad-for-workers-and-the-american-economy/

Heard about the labor law “reform” so harmful that both the U.S. Chamber of Commerce and the AFL-CIO are skeptical? It’s called “sectoral bargaining.” Last month, the nation’s largest labor federation stopped a bill that would have implemented this scheme for gig workers in Connecticut, and the Chamber released a report harshly critical of the concept.

Sectoral bargaining is a new and largely undefined concept in the United States, but it is familiar to European employers. In Germany, for example, sectoral agreements between unions and employer associations set industry-wide terms for wages and working conditions. In a twist that would leave American unions unhappy, most German employers have the freedom to opt out of these agreements — which they are doing in droves, according to a 2017 report from the Institute for the Study of Labor.

Determined to ignore lessons from Europe, the Service Employees International Union (SEIU) is leading the charge to import sectoral bargaining. (The SEIU is not a member of the AFL-CIO.) President Biden endorsed a commission to explore the idea, and a report issued by the Democratic-controlled House Education and Labor Committee urged sectoral bargaining on a national level as a way to expand unionization, particularly in the gig economy.

A careful read of domestic supporters’ sectoral bargaining plans shows they prefer a system that gives in to union demands and makes unionization easier, rather than responds to what workers want.

New York’s system of wage boards is often cited as a model by proponents of sectoral bargaining. These committees empower the governor to set wage standards for entire industries through a board that he appoints. According to Vox, wage boards typically “have the authority to mandate pay scales and benefits for whole industries, after consultation with businesses and unions.” In New York, the labor commissioner imposes a final determination based on the state board’s recommendations.

The extent of the “consultation” in New York is left to the discretion of the governor. In 2015 Gov. Andrew Cuomo announced he would use the wage board to raise the minimum wage of fast-food workers to $15 an hour. As expected, the governor’s appointed wage board recommended an increase to $15 per hour — the exact amount the SEIU’s “Fight for $15” campaign was demanding.

The Connecticut bill, meanwhile, followed another path toward one-size-fits-all bargaining for entire industries. It would have allowed unions to represent independent gig workers with several companies by creating entities known as “industry councils.” The bill was endorsed by the Connecticut AFL-CIO, but according to Bloomberg’s coverage of the bill, the national AFL-CIO “raised concerns about how [this] legislation could impact its efforts to protect workers across the county.”

### Quarterly Capitalism---Circumvention---Domash Rehighlighting---2NC

#### Their evidence concedes this, politics links AND unions fail.

---yellow.

Alex Domash 21 – Research Fellow, Mossavar-Rahmani Center for Business & Government, Harvard Kennedy School, “Returning Power to American Workers and Raising Wages: How Collective Bargaining Reform Can Help Restore America’s Middle Class,” 03/2021, https://www.hks.harvard.edu/sites/default/files/centers/cid/files/publications/CID\_Wiener\_Inequality%20Award%20Research/Policy%20Report\_Alex%20Domash%20(1-A).pdf

Since the early 1980s, labor’s share of national income has fallen in the United States, from an average of 64 percent between the postwar period to the early 1980s, to 58 percent in 2016 (Figure 1). The labor share represents the percentage of economic output that accrues to workers in the form of compensation – including wages, salaries, and benefits – and indicates the extent to which workers share in the economy’s output. A falling labor share implies a rising capital share, which means a greater portion of national income in the U.S. is being distributed to capital owners, rather than to workers. Since capital is heavily concentrated in the upper ends of the income distribution, this trend broadly reflects the rise in income inequality in the U.S.

Over the same period, the United States has seen a growing gap between worker productivity and workers’ wages. From 1979 to 2018, net productivity (output less depreciation per hour worked) rose by nearly 70 percent, while workers’ real hourly compensation increased by only 11 percent (Figure 2). The growing productivity-pay gap is directly related to the fall in the labor share, and suggests that workers are not being adequately compensated for the output that they have helped to produce. Over the last four decades, an increase in labor productivity has led to soaring corporate profits and the potential for substantial growth in wages, but these national income gains have largely accrued to capital and business owners, rather than trickling down to workers. Since 1980, real hourly compensation for the average American worker has grown by just 0.2 percent annually (Bivens et al. 2014).

Broad wage stagnation has directly undermined growth in living standards for middle class Americans. Among the bottom 90 percent of American households, labor income – including wages and wage-related income – comprises an average of 86 percent of total household income (compared to only 40 percent of total income for the top 10 percent of households). Sluggish wage growth thus contributes to stagnating living standards for the vast majority of American households (Gould, 2019). Capital income, on the other hand, is heavily skewed towards the top of the income distribution: the top 10 percent own about 70 percent of all capital, while the bottom 50 percent own less than 5 percent (Piketty, 2014). Taken together with the decline in the labor income share, these distributions can explain much of the growing income inequality in the United States – which is at its highest point since the Census Bureau began tracking the distribution of incomes in the 1960s (Block and Sachs, 2019).

The rise in inequality, fueled by sluggish wage growth, is a critical threat to economic growth, social mobility, and political equality in the United States. A wide-body of empirical evidence suggests that the current level of income inequality in the United States threatens both short-term aggregate demand and long-term economic growth. Since lower income households have a higher marginal propensity to consume than wealthier households, stagnant income growth for the middle class significantly reduces aggregate consumption, dampening economic growth (Rajan, 2011).. Business economists at Standard and Poor’s (S&P) even downgraded long-run U.S. growth prospects on account of high inequality (S&P Capital IQ, 2014). Inequality has also been shown to significantly reduce generation-to-generation economic mobility (Kopczuk et al, 2010; Corak, 2013; Chetty et al, 2014), a relationship which the late Alan Krueger called the “Great Gatsby Curve” (Krueger, 2012). This threat to social mobility even led current Treasury secretary Janet Yellen to question whether the rise in inequality is compatible with American values, when she declared in a 2014 speech, “I think it is appropriate to ask whether this trend is compatible with

“ I think it is appropriate to ask whether this trend [in wealth gains at the very top and stagnant living standards for the majority] is compatible with values rooted in our nation’s history, among them the high value Americans have traditionally placed on equality of opportunity ”

- Janet Yellen

values rooted in our nation’s history, among them the high value Americans have traditionally placed on equality of opportunity” (Yellen, 2014). Finally, rising inequality can have insidious effects on political power in America. Recent political science reveals how “the views of constituents in the bottom third of the income distribution receive no weight at all in the voting decisions of their Senators” (Druckman and Jacobs, 2015). The rise in income inequality thus presents an urgent threat to our democracy, and undermines the very political foundations of this country.

1. 2. Why has labor’s share of income decreased?

Five broad reasons have been proposed to explain the dual problems of stagnant real wages and the falling labor income share in recent decades (see Appendix 1 for a graphical representation of these five explanations):

Technological change: Advances in information technology and automation has caused a decline in the relative price of investment goods, increasing the elasticity of demand for labor and inducing firms to shift away from labor towards capital (Karabarbounis and Neiman, 2014; Autor and Salomons, 2018; Dao et al, 2017).

Increased globalization: An increase in trade and international outsourcing has led to offshoring of labor-intensive parts of the U.S. supply chain, reducing the elasticity of demand for labor and putting downward pressure on U.S. labor shares (Elsby et al, 2013; Abdih and Danninger, 2017).

Increased monopsony power: Increases in employer concentration and the proliferation of non-compete agreements (where employees are prevented from working for a firm’s competitors) has increased labor market frictions an

d reduced worker mobility. This has created a non-competitive market that allows firms some degree of wage-setting power – allowing wages to be set below the marginal product of labor. (Furman and Krueger, 2016; Benmelech et al, 2019).

Increased monopoly power: Higher barriers to entry and reduced market competition has led to high levels of inefficient market concentration, increasing aggregate firm markups well above the marginal cost of production (De Loecker et al, 2020; Covarrubias et al, 2019; Autor et al, 2020).

Decline in worker power: Institutional changes reducing unionization rates and workers’ collective bargaining power have led to a redistribution of economic rents (unearned profits above the marginal cost of production) from labor to capital (Levy and Temin, 2007; Bivens et al, 2018; Stansbury and Summers, 2020).

While economists disagree over the relative importance of each of these factors, there is general agreement that workers’ bargaining power has significantly eroded over the last four decades, and that this is responsible for at least part of the rise in inequality. Union membership – which has traditionally given workers the opportunity to bargain collectively with employers over wages, benefits, and workplace conditions – has drastically declined in recent decades. The percentage of workers covered by a union in the U.S. has fallen from nearly one third of the workforce in the late 1950s to only 10.5 percent in 2018, including a mere 6 percent of private sector workers (Bureau of Labor Statistics, 2018). In a recent paper, Lawrence Summers and Anna Stansbury declared that the decline in worker power “is one of the most important structural changes to have taken place in the U.S. economy in recent decades” (Stansbury and Summers, 2020). Studies have also shown that the decline in union membership has contributed directly to the sharp increase in income inequality. Bruce Western and Jake Rosenfeld found that the decline of organized labor in the U.S. could explain up to one third of the growth in inequality between 1973 and 2007 (Western and Rosenfeld, 2011).

The erosion of workers’ bargaining power in the U.S. can be attributed to three main factors: 1) institutional antagonism towards unions, 2) increases in shareholder power, and 3) structural changes in the economy. In recent decades, employers have become increasingly hostile to union organizing, and federal and state labor law amendments have made it increasingly difficult for workers to organize. Bivens et al (2017) find that when workers become interested in forming unions, 54 percent of employers threaten workers. Employees who engage in union organizing face a one in five chance of getting fired, and penalties for employers who violate workers’ rights during union drives have remained low and poorly enforced (Kleiner and Weil, 2010). Labor law rulings have also limited the ability of public unions to collect dues, sharply curbed union rights to picket and boycott, and have allowed states to expand so-called “right-to- work” laws, which make it more difficult for workers to form unions and have reduced state-level labor shares (Hazell, 2019). The second broad shift has been an increase in shareholder power and the rise of shareholder primacy, which has increased pressures on firms to cut labor costs, and has resulted in a large rise in outsourcing and subcontracting labor. Weil (2019) estimates that 19 percent of private sector workers are in industries where these “fissured” arrangements dominate – which makes it increasingly difficult for workers to organize. Finally, structural changes in the economy – including intensified globalization and the rise of automation – have increased the substitutability of workers. This has also contributed to a decline in workers’ bargaining power.

Trade unions in the U.S. have historically acted as an important way to bolster wages for lower- and middle-income families. Unions can increase wages both through their direct effect on union members, who earn an average union wage premium of around 15 percent (Rosenfeld, 2014) and through the “threat effect” of unionization for nonunion workers, which incentivizes nonunionized firms to offer better wages (Farber, 2005). A recent study on this “threat effect” estimates that nonunion private-sector men would have made about $3,172 more in 2015 if union density remained at 1979 levels (Denice and Rosenfeld, 2018). Harvard economist Richard Freeman and others have argued that the sharp decline in the number of people earning middle- class salaries over recent decades can be explained by the decline in union membership (Freeman et al, 2016).

But the overall impact of trade unions on productivity, employment, and firm investment is more mixed. Richard Freeman and James Medoff (1984) wrote the seminal paper on the economic impacts of unions, arguing that unions have “two faces”. One face of unions is to increase the collective voice of workers, which can increase worker productivity by lessening information asymmetries between employers and employees and reducing labor turnover. The other face of unions is the monopoly face, which can “raise wages above competitive levels” and lower worker productivity by creating “restrictive work practices.” Doucouliagos & Laroche (2003) conducted a meta-analysis of the effect of unions on productivity, and found a near-zero impact. The impact of trade unions on employment and firm investment is also mixed. Trade unions can increase employment if monopsony power is present and results in inefficiently low employment, or they may reduce employment if firms move up the labor-demand schedule and hire higher quality workers, or have less flexibility to adjust to macro-shocks (Blanchard and Wolfers, 2000). Some empirical evidence suggests that trade unions may decrease employment of low-skilled workers (Frandsen, 2012; Blanchard and Wolfers, 2000). Unions can also increase firm investment if they incentivize firms to increase investments in worker training (Acemoglu and Pischke, 1999), or reduce investment if union rent-seeking acts as a tax on firms’ return on investment (Connolly et al, 1986). Several empirical studies suggest that trade unions are likely to lower firm investment in physical and intangible capital and lead to slower growth (Addison and Hirsch, 1989; Lee and Mas, 2012).

The traditional trade union model may be ill-suited to deliver broad gains to workers in the 21st century economy. Intensified globalization and competition from abroad leaves unions with little bargaining power when negotiating with multinational employers, or when trying to transform conditions along a long supply chain. The proliferation of outsourcing, subcontracting, and gig employment also leaves a growing share of the workforce outside the reach of unions. On the political front, increasing employer opposition to unionization has made it exceedingly difficult for unions to secure a first contract, even when workers do vote for a union. When employers strongly oppose the organizing effort, only 10 percent of petitions for union election result in the union successfully securing an initial contract (Ferguson, 2008).

Given these economic and political changes, new innovations in labor law are needed.

1. 3. How can labor law address the decline in worker power?

The cornerstone of U.S. labor law, the National Labor Relations Act (NLRA), was passed in 1935 to safeguard workers’ right to organize and bargain collectively – but it fails to fulfill its objective in today’s economy. Even at the time of its adoption, the NLRA only extended collective bargaining rights to statutorily defined employees – which excluded domestic workers and agricultural laborers from the Act’s coverage. Today, that exclusion also restricts independent contractors and other gig-economy workers from having any collective bargaining rights. In total, roughly 20% of private-sector workers are denied collective bargaining rights (Block and Sachs, 2019). But even where workers’ bargaining rights are statutorily covered, the fundamental changes in the structure of the economy since the 1930s have left an ever-increasing number of American workers without any effective means to collectively bargain. In 2017, only 10 percent of all workers were covered by a collective bargaining agreement – the second lowest coverage rate across the OECD.

Given the shortcomings of the NLRA, a growing number of economists, legal scholars, advocates, and trade union federations have called for comprehensive federal labor law reform. Thomas Kochan, an expert in industrial relations at MIT, has argued that U.S. labor law “has been broken for so long” that we need a “fundamentally new structure of labor law” (Dyer, 2019). The Clean Slate for Worker Power initiative at Harvard Law School also released a 2020 report calling for a comprehensive overhaul of labor law, and Kate Andrias, a law professor at the University of Michigan, and David Madland, an economist at the Center for American Progress, have recently proposed completely modernizing labor law to satisfy workers’ needs in the twenty- first century.

This report will focus on one specific feature of U.S. labor law – the bargaining unit – and argue that the enterprise-based bargaining system used in the U.S. is fundamentally broken. While most industrial democracies empower unions to negotiate for workers on a sectoral or regional basis, U.S. labor law channels negotiations about wages and benefits to the firm level (Andrias, 2017). Section 159 of the NLRA states: “The unit appropriate for the purpose of collective bargaining shall be the employer unit, craft unit, plant unit, or subdivision thereof” (NLRA, 1935). Enterprise-based bargaining (sometimes referred to as firm-level bargaining or decentralized bargaining) has the following three structural defects:

Three structural defects of enterprise-based bargaining

1. High rates of exclusion – Enterprise bargaining leaves millions of workers without any collective bargaining coverage.

2. Unresponsive to the changing structure of the labor market – Enterprise bargaining is structurally incompatible with a labor market characterized by fissured employment relations and intensified globalization.

3. Incentivizes conflict in the workplace – Enterprise bargaining creates a competitive disadvantage for employers, which provides an incentive to fight unionization efforts.

Any reforms to federal labor law will undoubtedly face large political resistance in the U.S. Trade associations such as the U.S. Chamber of Commerce, and powerful corporations like Amazon, are steadfast in their commitment to undermine the rights of workers to organize and bargain collectively. Legislation to strengthen workers’ collective bargaining power is therefore sure to meet resistance, as has been evidenced by the recent political battle over the Protecting the Right to Organize (PRO) Act in Congress. But collective bargaining is a fundamental right of workers, enshrined in both domestic and international labor law, and is the cornerstone of a democratic and fair workplace. Our federal labor law therefore must be amended to uphold this basic right in a changing twenty-first century economy. Moreover, as this report will show, collective bargaining reform can be designed in a specific way such that workers can receive a greater share of economic output, while negative effects on firm productivity and profits are minimized.

### Quarterly Capitalism---Circumvention---Offshoring---2NC

#### Offshoring is independent and takes out the case.

Dr. Mike Peng 18, PhD from Wisconsin, O.P. Jindal Distinguished Chair at UTD; David H. Weng is Assistant Professor at Economics and Business - VU University Amsterdam, “Home Bitter Home: How Labor Protection Influences Firm Offshoring,” Journal of World Business, Volume 53, November 2018, ScienceDirect

3.1. Home country labor protection and firm offshoring

Labor protection within the home country can affect firm business operations in two ways. First, whether labor protection is strong or weak will make a difference for firms to fully utilize employees’ skills and talents. When employment protection is not strong, firms can effectively motivate and discipline employees. For example, if employees do not perform satisfactorily, managers can discharge them without worrying about breaking labor laws (Gibbons & Katz, 1991). However, such managerial discretion may be low in countries with strong labor protection. Ichino and Riphahn (2001) find that when workers receive greater employment protection, the number of absence days per week doubled. For this reason international investors are often reluctant to acquire targets in countries where labor receives strong institutional protection (Alimov, 2015; Capron & Guillen, 2009).

Second, heavy labor protection may reduce workers’ motivations to develop new skills, thereby hampering firms’ adaptation capacities toward the changing world. When workers are highly protected, the labor market will become rigid because burdensome labor rules discourage firms from hiring new employees (Nickell, 1997). Firms are also less likely to hire new employees since heavy labor protection diminishes employee mobility. However, recruiting employees who possess new skills from the external labor market is critical for firms to remain innovative and competitive (Kaiser, Kongsted, & Rønde, 2015). When the hiring of new employees is hindered, firms may have difficulty updating and renewing their knowledge, resulting in competitive disadvantage.

Offshoring can be a way out of these problems. According to Oliver (1991), the pressure from operating in a given context may prompt firms to seek opportunities in other places. By doing so, firms can “escape from institutional rules and expectations” (Oliver, 1991: 154). Xia et al. (2014) suggest that as domestic competition increases, firms may actively consider going abroad as a way to cope with the uncertainty with home country operations. Witt and Jackson (2016) assert that when domestic operations become challenging, firms the firms may “move their operations, in part or in whole, to institutional contexts that better support these operations” (p. 797). This reasoning suggests that offshoring can be a valuable approach for firms in countries with stringent labor protection to enhance operational flexibility and efficiency.

### Quarterly Capitalism---Warming Solvency---1NC

#### The plan can’t solve climate change.

Paul Prescod 24. Jacobin Contributing Editor. “Labor and Climate Must Unite. That’s Easier Said Than Done.” March 1, 2024. https://jacobin.com/2024/03/labor-climate-just-transition-book-review

Any union knows that it can never lose sight of taking care of the basic economic interests of their members. At times, in his stridency against business unionism, Vachon appears to expect that workers in the fossil fuel industry will evade this basic principle despite demonstrating an understanding of the economic dilemmas they are faced with.

“Newer unions,” writes Vachon, “are more likely to support climate protection measures. These unions are more likely to display the characteristics of social movement unionism, including greater diversity, participation in coalition work, and an expanded goal orientation.”

But one must ask: Are these unions able to take these stances because they practice “social movement unionism,” or is it because their members are not directly affected? To use teachers’ unions as an example once more, it would be hard to imagine them supporting the expansion of charter schools with a progressive curriculum when it means the loss of jobs for their members. Here again, while their opposition to privatization is indeed a broader social issue, it primarily stems from the imperative of self-defense.

The activists within manufacturing unions interviewed in Clean Air and Good Jobs display a more nuanced understanding of these dynamics. As one participant from a national level labor-climate organization observed, “Either we’ve got leadership that is overwhelmed by other issues, leadership that is not all that aware of the issue of climate change, and of course, we also have some leadership that is very fearful and is worried that their members are gonna lose jobs.”

The book also tends to give too much space to rhetoric that appeals more to the activist subculture of the climate movement than the working-class majority not currently bought into the project. This rhetoric can paint a confusing and contradictory picture of the coalition that needs to be built.

### Quarterly Capitalism---Warming Solvency---2NC

#### Block concedes that it takes massive efforts like a GND that has zero shot of getting anywhere in this political environment. The aff is a drop in the bucket at best. UK is Yellow.

Sharon Block 19 – Professor of Practice and the Executive Director of the Center for Labor and a Just Economy @ Harvard Law School; 12/6; On Labor, “How Labor Law Could Help – Not Hinder – Tackling Big Problems”; https://onlabor.org/how-labor-law-could-help-not-hinder-tackling-big-problems

As the urgency of the climate crisis grows, the question of the role of labor in finding solutions also becomes more urgent. As OnLabor has tracked, significant parts of the labor movement have expressed support for the climate fight. Labor groups joined the Global Climate Strikes this fall. Numerous alliances between labor and environmentalists have sprung up, including the BlueGreen Alliance, Trade Unions for Energy Democracy and the Labor Network for Sustainability. For the most part, these coalitions have focused on political alliances to add labor’s clout to legislative and policy fights on environmental issues. Weaknesses in our labor law, however, hinder workers’ ability to effectively influence big problems like the climate crisis at the bargaining table.

There can now be no doubt that workers are being affected significantly by climate change. The evidence is growing of the current – not prospective – danger to workers resulting from rising temperatures and extreme weather. This evidence that climate change is already affecting workers’ health and safety strengthens the case that employers’ climate policies are not political or public policy issues, but workplace issues. If our labor law can accomplish anything, it should be to give workers a channel for addressing the conditions of employment that threaten their lives and livelihoods.

Lately we are seeing workers trying to enforce demands that their employers address the climate crisis. Leaders of the “Bargaining for the Common Good” movement have made addressing the climate crisis a focus of their innovative bargaining campaigns. In September, Amazon workers at the Seattle headquarters walked off the job to protest the company’s failure to take bolder action on climate. OnLabor’s own Jared Odessky recently provided an overview in “In These Times” of provisions in collective bargaining agreements that address climate protection goals.

I fear, however, that these efforts to deal with climate change at the bargaining table are destined to have limited success because of the fundamental structural problems with our labor law. Enterprise bargaining severely limits the scope of what workers can accomplish through bargaining, including what they can accomplish on climate, because collective bargaining agreements apply only to one firm (at best). No single employer can make a meaningful difference in climate change, no matter how much the company reduces its carbon footprint or advocates for clean energy policies. A single employer at best can influence the after-the-fact effects of climate change, like giving workers more water breaks during periods of high temperatures. In this way, the NLRA’s enterprise-based bargaining system precludes workers from demanding a say in any issue that is bigger than what their own employer can tackle.

Moreover, the law’s definition of mandatory subjects of bargaining raises questions about whether unions in our enterprise-based bargaining system can even get the climate issue to the bargaining table.

I’ve written previously about how the NLRA’s narrow definition of mandatory subjects of bargaining is an impediment to workers being able to weigh in on the full range of issues in which they are interested, including the response to the climate crisis. To be a mandatory subject of bargaining, a proposal must not only be related to a term or condition of employment, it must also be within an employer’s influence or control. See Eastex, Inc. v. NLRB, 437 U.S. 556, 568 n. 18 (1978). If workers’ frame their objective in putting climate-related proposals on the enterprise-based bargaining table as impacting the climate crisis and reversing the trend of increasing temperatures, their proposals are going to fail the mandatory-subject test. No single employer can be understood to influence or control climate change.

Moving to sectoral bargaining, however, would expand the scope of collective bargaining agreements in a way that would enable unions to better address climate change. Imagine if workers could create a coordinated movement to demand in bargaining that lots of employers reduce their carbon footprints – maybe together employers could actually impact climate change. The climate crisis is so massive and all-encompassing there are legitimate questions as to whether even a coordinated approach among employers could have a meaningful impact. Legislation that mandates radical change in the U.S. climate policy, along the lines of the Green New Deal, is necessary to save the planet. I suggest, however, that a worker-driven coordinated sectoral policy on climate change could be a positive step in making big needed changes.

Although such a worker-driven industry-wide approach is not possible under the NLRA, labor law reform could move the U.S. to a sectoral bargaining system. Take, for example, how a sectoral approach could work in the auto industry. Many environmentalists believe that a big move in the U.S. to electric cars is a necessary step in reaching the U.S. obligations under the Intergovernmental Panel on Climate Change. What if all of the auto manufacturers in the U.S. were at a sectoral bargaining table where the unions made a demand for a transition to electric vehicles? The size of the U.S. market could influence the global market for electric cars. Even if that is not true, sectoral bargaining in the U.S. also could facilitate a global sectoral push for more electric cars. Let’s now imagine if unions engaged in a transnational strategy to pressure automakers around the world to increase production of electric vehicles. Because most of the rest of the world engages in sectoral bargaining such coordination is not beyond the realm of possibility. If successful, we could be on our way to tackling one of the most significant contributors to carbon pollution.

Electricity generation is another sector that must be reformed to arrest the climate crisis. Unions that represent workers in the energy sector could bring clean energy generation proposals to a sectoral bargaining table and negotiate the terms of a just transition – one that leads to cleaner energy and support for workers whose jobs change as a result of such a transformation. Germany recently engaged in such an exercise. In January 2019, the German Coal Commission brought together industry players, unions and other stakeholders to negotiate an agreement to phase out coal by 2038. This form of sectoral bargaining also negotiated financial support for coal miners and their communities. While the Coal Commission was not formally a part of Germany’s sectoral bargaining system, it demonstrates the potential of an industry-wide approach to tackling big climate goals.

Facilitating sectoral bargaining over climate crisis strategies would be beneficial for two reasons. First, it would create a new tool to put pressure on corporations to change their behavior. So far, relying on voluntary corporate commitments or our gridlocked political system has not yielded the results we need. Second, it would ensure that workers have a direct voice in influencing how corporations address the climate crisis. Workers are already on the front line of suffering from our inaction on climate – it makes sense to reform labor law so they can have a chance to spur much needed actions

### Quarterly Capitalism---No Societal Collapse Impact---2NC

#### No societal collapse impact.

Dr. Florian Jehn 25. PhD, Senior Researcher, Environmental Science, European Leadership Network. "The People's History of Collapse." Effective Altruism Forum. 8-6-2025. https://forum.effectivealtruism.org/posts/2fsu5c7k5MvbE8Dm6/the-people-s-history-of-collapse

But resilience is a double-edged sword: a system can be resilient even when it’s a bad one. This makes democracy crucial because it not only fosters resilience but also has the best chance of creating a good system that’s worth sustaining. Interestingly, societal collapse often was a path to enable more inclusive government. In many historical examples, collapse led to less dominance hierarchy and more egalitarian societies afterwards. So, in some way societal collapse could be seen as a cultural adaptation to too high inequality and too little inclusivity. Also, as we discussed earlier, debt is an important mechanism to enforce dominance hierarchies, but if your society collapses, this also usually erases all debt and provides the following societies a clean slate on which they can start again.

Modern day collapse

Historically, it looks like societal collapse is less of a problem than you might think. When we look at history, the most brutal and horrible events almost exclusively happened when a new Goliath rises (e.g. the rise of the Mongol Empire or the conquest of the Americas). When groups of humans try to rise to the stop in their own society they often use violence. When they succeed and start conquering their neighbors with their newfound power, it usually gets even more brutal. However, on the other side of the arc of history, in societal collapse we seldom see brutality at that scale. Instead, we see societies that erase their debts, level hierarchies and decentralize, so they can live more egalitarian again.