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## Manufacturing

### Manufacturing ADV---1AC

#### Advantage one is MANUFACTURING:

#### Manufacturing is on the brink---revitalization key to restoring US innovation and competitive edge.

William B. Bonvillian 25, Lecturer at the Massachusetts Institute of Technology, teaching courses on innovation and on science and technology policy, Senior Director at MIT’s Office of Open Learning, JD from Columbia, M.A.R from Yale, “Restoring U.S. Leadership In Manufacturing”, January 3rd, 2025, https://fas.org/publication/restoring-u-s-leadership-in-manufacturing/, DOA: 3/7/25, Rslish

Manufacturing is a critical sector for American economic well-being. The value chains in the American economy that rely on manufactured goods account for 25% of employment, over 40% of gross domestic product (GDP), and almost 80% of research and development (R&D) spending in the United States. Yet U.S. leadership in manufacturing is eroding. U.S. manufacturing employment plummeted by one-third—and 60,000 U.S. factories were closed—between 2000 and 2010 (Bonvillian and Singer, Advanced Manufacturing: The New American Innovation Policies, MIT Press, 2018, 52, 265.) Only some 18% of the production jobs lost in the United States during the Great Recession were recovered in the following decade, and production output only returned to its pre–Great Recession levels in 2018. This hollowing out of U.S. manufacturing has been largely driven by international competition, particularly from China. China passed the United States in 2011 as the largest global manufacturing power in both output and value added. The nations have literally traded places: China now has 31% of world manufacturing output while the U.S. has dropped to 16%. The U.S. has not just lost leadership in low-price commodity goods: As part of its massive trade deficit in 2023 of $733 billion in overall manufactured goods, the U.S. ran a deficit of $218 billion in advanced technology goods.

Declining U.S. manufacturing has sharply curtailed a key path to the middle class for those with high school educations or less, thereby exacerbating income inequality nationwide. As a country, we are increasingly leaving a large part of our working class behind an ever-advancing upper middle class. The problems plaguing the domestic manufacturing sector are multifold: American manufacturing productivity is historically low; the supporting ecosystem for small and midsized manufacturers has thinned out so they are slow to adopt process and technology innovations; manufacturing firms lack access to financing when they seek to scale up production for new innovations; manufacturing is poorly supported by our workforce-education system; and we have disconnected our innovation system from our production systems.

The United States can address many of these problems through concerted efforts in advanced manufacturing. Advanced manufacturing means introducing new production technologies and processes to significantly lower production costs and raise efficiency. This would reposition the United States to better compete internationally. Advanced manufacturing also requires that we reconnect innovation with production. A milestone in advanced manufacturing came in 2012, when the federal government established the first of 17 Advanced Manufacturing Institutes with two more planned. Each institute in this network is organized around developing new advanced technologies, from 3D printing to digital production to biofabrication. Each also represents a collaboration among industry, government, and academic institutions. Three federal agencies invest a total of approximately $200 million per year in the institutes—an amount matched by industry and states.

#### Manufacturing is the lynchpin for readiness and deterrence, decline sparks regional conflicts.

Patrick O’Brien et al. 25, Ph.D., former Marine Corps infantry officer; Chip E. Miller, PhD, Distinguished Professor of Marketing, Drake University; George Duchak, Ph.D., Senior Advisor, The Roosevelt Group; Col. Brian Cook, M.S. in National Security Studies from the Naval War College, Director of Theater Strategy, US Army War College; Col. Jay Miseli, M.S. in Operations Research; John Flanagan, M.S. in National Security Studies from Naval War College, “Logistics Gray Swan: History Mocks U.S. Readiness,” Marine Corps University Press, 07/18/2025, <https://doi.org/10.36304/ExpwMCUP.2025.07>. HB [DoIB = dynamic domestic industrial base]

In addition to the logistics inventory approaches mentioned above, the United States today faces the broadest range of conflicts by type, temporal, technological, and geographic scope—outside of an active world war—in its history. The 2024 Annual Threat Assessment of the U.S. Intelligence Community, published by the Office of the Director of National Intelligence, identifies additional perils.14 These include the rise of China as a global military and economic power; Russia’s ties with China, Iran, and North Korea and its goal of reducing U.S. influence globally by applying military intimidation and leveraging its energy reserves; India’s rise as a major secondary player seemingly aligned with both the United States and Russia as well as its challenges with neighboring Pakistan; a dangerously unstable nuclear power in North Korea; Iran’s nuclear and regional hegemonic desires in the Middle East; widespread terrorism; invisible cyber attackers; and crime syndicates able to coerce or topple governments.15 Individually, these perils strain the United States’ military preparedness, and a simultaneous realization of multiple threats would arguably overwhelm the nation’s warmaking and defensive capabilities.

U.S. statecraft exerts influence by applying diplomatic, informational, military, and economic (DIME) levers to protect vital interests. While the use of conventional weapons by the United States has generally had a deterrent effect on its adversaries, during the past three years more than 40 articles have illuminated the substantial logistical challenges within the U.S. military and the DIB that undermine this ability to prevent conflict. Some DOD officials argue that the United States should have a military deterrent presence across all warfighting domains and the full spectrum of conflict.16 This deterrent effort puts the United States and its allies in a position to avoid economic insecurity or even armed conflict. National security and economic security are two sides of the same coin. The United States requires both a military and the defense infrastructure that supports it to function together as a successful deterrent to aggressors, prevent interdictions of world trade, and supply friendly nations with the means to repel attackers with or without the direct involvement of U.S. troops. The two goals of maintaining a strong economy and strong military are mutually supporting.

While the current administration of U.S. president Donald J. Trump is enhancing the readiness of the military, the larger DoIB must also be strong, productive, and highly innovative to develop a variety of multiuse hightechnology capabilities to support the DIB and DOD. Indeed, multiple authors argue that current administration initiatives are very helpful. The United States needs to repair its military infrastructure to regain “great power” supremacy. Christian Brose suggests in The Kill Chain that key changes for future military readiness are necessary.17 Authors such as Jerry Hendrix, A. Wess Mitchell, and Ionut C. Pop have also written about great power challenges.18 Currently, personnel shortages, heavily used or outdated equipment, and increased operational tempos all contribute to a lower readiness posture that affects the U.S. military’s great power capabilities.

One critical reason to maintain the readiness of the U.S. military with a JIC model is the global interconnectedness of the modern world. For example, a major suspension of the flow of petroleum or a refusal to sell vital raw materials could severely damage economies around the globe. Stable energy supplies and critical REE and other key metals are vital for modern manufacturing, modern economies, continued innovation, and skilled workforces. For these reasons alone, business deals may not be sufficient to maintain stability. The power to protect the nation and the flow of goods is essential for the continued economic growth of the United States and the world. Most recently, this was evidenced by the U.S. Navy deploying forces to the Red Sea to maintain free passage of shipping, benefiting Europe and Asia. This is also, however, an example of a conflict that is contributing to the strain on the supply of U.S. munitions.

For the United States to maintain its great power status, to remain at the forefront of technology, and to be self-reliant, many industries are essential for ensuring a strong military. These industries include shipbuilding, aviation, space technology, computer technology, artificial intelligence (AI), robotics, quantum computing and communications, cybersecurity, and superior dual-use consumer goods. Being a leader in these and other critical industries requires a heightened sense of national urgency. In the past, research demands by the military have often been at the center of advances in these areas, but this has lagged in recent decades. U.S. capacity in many areas is also challenged and strained. Examples include shipbuilding and repairs (particularly for the U.S. Navy), low-cost long-range missiles, antiship cruise missiles, and advanced manufacturing of artillery munitions. A significant facet of the United States’ postwar strategy for peace and economic growth following the end of the Cold War was to build up other countries’ industrial capabilities and capacity, often at the expense of U.S. selfreliance. An unintended consequence for the U.S. military has been a slow, steadily upward trend in reliance on imports for key materials and production capability

#### Rebuilding the domestic industrial commons is necessary to counteract multiple existential risks.

Dr. Richard Haass 20, Master’s and Doctorate of Philosophy Degrees from Oxford University, Former Director of Policy Planning for the Department of State, Veteran Diplomat Under 4 Presidential Administrations, Awarded the Presidential Citizens Medal, Rhodes Scholar, “International Relations In The COVID-19 Era: Richard Haass On What Comes After A Pandemic”, Interview with Meghna Chakrabarti and Jack Beatty on NPR’s On Point, 4/22/2020, <https://www.wbur.org/onpoint/2020/04/22/international-relations-coronavirus-richard-haass> [Transcribed by Otter.ai, Grammatical transcription edits by Casey Harrigan]

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.

HAASS: The answer is yes, but. Yes, we need to improve the functioning of our political system, particularly in Washington. It works better at the state and local level in many cases. We’ve obviously got to provide more of a safety net for more of our citizens. Infrastructure has to be better. The kind of response we’ve had to this pandemic shows so many of our shortfalls. So, yes, there are lots of things we have to do at home.

#### BUT the AFF solves by strengthening unions and collective bargaining rights, unleashing the innovation and competitiveness needed to reinvigorate manufacturing.

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Despite the hold-up hypothesis, Bhuller et al. (2022) argue that firms' investment decisions may be determined by the degree of centralization of collective bargaining. Centralise bargaining processes seem to favour innovative firms by setting labour costs common to all firms, benefiting those that manage to increase productivity. On the other hand, local bargaining allows unions greater ability to negotiate wages according to the value added of firms, increasing labour costs and reducing the incentive to innovate. ‘Collective industry bargaining is expected to lead to a modernized industry with high average productivity and an egalitarian wage distribution across firms. Local bargaining should lead to a less modernized industry with a somewhat lower average productivity and with a more inegalitarian wage distribution’ (Bhuller et al., 2022: 40).

Nevertheless, this result changes if both parties behave like the McDonald and Solow (1981) ‘efficient innovation’ model and the ‘companies' strategic investment’ games models (Bond & Van Reenen, 2002), in which companies invest to maintain or gain market shares, faced with the threat of entry by new competitors and a potential loss of market power and profits (efficiency effect). These models of strategic games of company behaviour highlight the importance of the market structure in the investment decision, particularly in R&D (Menezes-Filho & Van Reenen, 2003). In these models, the effect of the unions on investment depends on its preference between employment and wages. **A risk-averse union will prefer employment to wages and, in such a situation, the effect of an increase in union power is to increase employment and, therefore, company investment. This gain in market share encourages investment, including in R&D, due to the threat of new entries.** Empirical literature has found support for this prediction (Menezes-Filho et al., 1998).

Moreover, considering that (i) innovative companies are those showing higher productivity and (ii) **collective bargaining could increase productivity and investment in new technology** (Brandl & Braakmann, 2021; Cahuc et al., 2014), by promoting voice and participation, unions can also stimulate companies to invest in TI- and firm-specific human capital (Bryson et al., 2005; Freeman & Medoff, 1984). Unions can also play an essential role in the effects of the introduction of innovative practices in companies. This effect will depend on the bargaining capacity of the unions and also on their ability to negotiate. Following the analysis taken by Bryson et al. (2005), a strong union can bargain the nature of investment and innovation in the workplace, blocking those attempts that may have the most negative effects for its members or may even make them more acceptable to both the company and its affiliates. **They can bargain, for example initiatives like job security guarantors and high wages in return for productivity-enhancing innovation** (Freeman & Medoff, 1984).

In this way, Freeman and Medoff (1984) show that the search for benefits for workers by unions also benefits companies and, therefore, stimulates their growth, investment and competitiveness. In the process of generating benefits for workers, they favour job retention, reducing search and training costs. On the contrary, they also provide incentives for employers to invest in the company and in the workers (company-specific human capital).

Bhuller et al. (2022) and Haucap and Wey (2004) show theoretically that **top-level bargaining favours investment in innovative firms by generating lower relative production costs compared to non-innovative firms;** on the contrary, individual bargaining eliminates this relative cost advantage by setting wages according to the value added of firms (as the wage differential between firms increases, the profit of the innovative firm decreases). **In other words: ‘Industry bargaining,** in contrast, **works as a tax on the least productive units and as a subsidy on the most productive.** In this case, firms have incentives to invest more in modern technologies and in scrapping the old ones at an earlier stage’ (Bhuller et al., 2022: 40).

Brandl (2022) refers to it as a cartelizing effect, where the homogenisation of wages and working conditions prevents companies from using wage reduction or working conditions as a competitive strategy. Therefore, higher level collective agreements and coordination encourage companies to increase their competitiveness through innovation or adoption of new technologies, rather than reducing labour costs. This argument matches in part with that of duopoly models. Duopoly models generally conclude that centralization of collective bargaining favours innovation by more innovative, or more competitive, firms; as opposed to individual bargaining (Basak & Mukherjee, 2018). The innovation decision of the collectively bargained firm is related to market structure. Individual bargaining introduces higher transaction costs (Willman et al., 2004), and confirms the hypothesis of Bhuller et al. (2022). On the other hand, Haucap and Wey (2004) show that the benefits of innovation are higher for a highly productive firm when bargaining is centralised versus individual; both for process innovation and for job creation and employment.

As shown by Willman et al. (2004), following transaction cost theory (Williamson, 1981), unions reduce transaction costs in two ways, by providing an agency role for the employer, enforcing and monitoring contracts and improving information flows; by reducing the transaction costs faced by employers by assisting them in their management functions.

#### Independently, domestic manufacturing is key to supply chain resiliency.

Wimalaratana Wijitapure & Hema Senanayak 24, Ph.D. from Radboud University, Professor Emeritus, University of Colombo; Ph.D. student in economics, University of Colombo, “Revitalizing America's Industrial Heart: A Multi-Pronged Approach to Reindustrialization,” Sri Lanka Economic Journal, Vol. 22, No. 1, June 2025, pg. 64-86, https://www.researchgate.net/publication/392853452\_Revitalizing\_America's\_Industrial\_Heart\_A\_Multi-Pronged\_Approach\_to\_Reindustrialization. HB

A critical lesson from recent global events, such as the COVID-19 pandemic and geopolitical tensions, is the vulnerability of global supply chains. A successful reindustrialization strategy must focus on rebuilding domestic supply chains to ensure that key materials and products are sourced locally or from reliable, nearby partners.

Reshoring Production: Encouraging companies to reshore production facilities or source raw materials from domestic suppliers can reduce dependence on global supply chains, particularly for critical industries like semiconductors, pharmaceuticals, and medical equipment. This not only helps in securing national interests but also creates jobs and stimulates economic growth domestically.

Development of Key Industries: Certain industries are essential for national security and economic resilience. These include sectors like electronics, defence, medical equipment, and energy. Government policies, such as tax incentives, research grants, and subsidies, can help spur the growth of these industries domestically, reducing dependence on foreign imports and strengthening supply chain resilience. Regional

Manufacturing Hubs: Creating regional manufacturing hubs or clusters, where related industries are co-located, can help streamline supply chains. These hubs encourage collaboration between companies, reduce transportation costs, and foster innovation. Examples like Silicon Valley in technology or Detroit in automotive manufacturing demonstrate the benefits of concentrated industrial activity. By ensuring that critical industries and supply chains are localized, the U.S. can better protect itself from external shocks while promoting job creation and economic stability.

#### Continuous reliance on global supply chains magnifies cascading shocks, amplifying resource disruptions into systemic collapse.

Sean ÓhÉigeartaigh 25, Ph.D. from Trinity College Dublin, Associate Director for AI: Futures & Responsibility programme, Center for the Study of Existential Risk, University of Cambridge, “Extinction of the Human Species: What could cause it and how likely is it to occur?”, 03/07/2025, DOA: 8/21/25, https://doi.org/10.1017/ext.2025.4, Rslish

Multiplicative stresses and civilisational vulnerability

A common theme across many of the risks discussed is that they may cause global catastrophe but are unlikely to wipe out the human species in isolation. However, it is realistic to expect that some catastrophes may trigger further catastrophic consequences across the categories above or otherwise occur in combination. The severity of some past major mass extinctions likely resulted from reinforcing interactions between multiple stresses, some playing out over thousands of years. The Permo-Triassic saw a cascade of global warming, ocean acidification and anoxia, and methane and hydrogen release Bond and Grasby (2017). The Cretaceous-Paleogene saw the catastrophic consequences of the Chixhulub impact devastating a global environment already stressed by the Deccan Traps (Keller, 2012).

Returning to modern times and shorter timescales, Kareiva and Carranza (2018) argue that “it is the interconnections of stresses and the way we respond to environmental shocks that promulgates the greatest existential risk.”. Rees (2003) draws attention to the fragile nature of global supply chains: a catastrophe that resulted in higher order impacts, such as disruption of power and food supply chains, would quickly render cities uninhabitable. A civilisation reeling from one catastrophe might also be less resilient to further threats: a planet reeling from nuclear war may not be able to muster the resources to embark on a project to divert an asteroid. Nonetheless, total human extinction remains a very high bar, even for multiple of these threats in combination.

Analysing overall civilisational vulnerability and higher-order impacts of global-scale catastrophes is challenging. There is growing work in this direction. Baum and Handoh (2014) propose a “Boundary Risk for Humanity and Nature” framework that combines concepts from global catastrophic risk and the planetary boundaries framework. This intersection is further explored in studies addressing the relationship between the sustainable development goals and existential risk (Cernev and Fenner, 2020) and the role of planetary boundary breach in global catastrophe scenarios (Cernev, 2022). Jehn (2023) examines the role of planetary boundary breach in exacerbating or mitigating the cascading impacts of nuclear war.

Liu et al. (2018) present a taxonomy of existential hazards grouped by how global vulnerability and exposure to the hazards plays out. Avin et al. (2018) analyse severe global catastrophic risk mechanisms by critical systems affected, global spread mechanism and prevention and mitigation failure. Cotton-Barratt et al. (2020) propose a three defence layer model against extinction-level catastrophes, focusing on prevention, response and resilience. Kemp et al. (2022) outline a research agenda around climate-triggered catastrophes and societal fragility. Maher and Baum (2013), MacAskill (2022) and Belfield (2023) explore factors that might contribute to either extinction or recovery following a civilisational collapse. Drawing on a range of concepts in systemic risk, Arnscheidt et al. (2024) argue that emergent properties of the global system make important contributions to the risk of global catastrophic outcomes, noting that a focus on hazards in early global catastrophic risk research critically neglects factors such as amplification and vulnerability. Further valuable insights are likely to come from collaboration between existential risk, systemic risk and collapse research. 12

#### The AFF is key---sectoral bargaining is necessary to rebuild the industrial commons, driving growth, and productivity.

Michael Lind 20, professor at the Lyndon B. Johnson School of Public Affairs at the University of Texas at Austin, master's degree in International Relations from Yale, and JD from University of Texas, “Tripartism, American Style: The Past and Future of Sectoral Policy”, American Affairs, Vol. 4, No. 1, 2020, <https://americanaffairsjournal.org/2020/02/tripartism-american-style-the-past-and-future-of-sectoral-policy/>, DOA: 8/7/25, Rslish

The objective of these sectoral policies in the dynamic oligopoly sector is not to “pick winners” or bestow subsidies on politically favored national champions. Rather, the goal should be to preserve, expand, and upgrade a permanent U.S.-based “industrial commons” in traditional industries like steel and aerospace and automobiles and new industries like robotics and biotech, while providing good jobs for upwardly mobile U.S. citizens and naturalized immigrants. Well-designed sectoral policies can promote national security, national pro­ductivity growth, and inclusive national prosperity all at once.

Sectoral Policy after Neoliberalism

Sectoral policy makes sense. Natural monopolies should be assigned to the oversight of public utility commissions representing major interest groups and viewpoints. At the same time, federal, state, and local governments should play a large role in R&D, technology exten­sion, and public benefits in the low-productivity, low-profit traditional market sector. And within the dynamic oligopoly sector, where manufacturing is found, a new tripartism should be pioneered in strategic industries of military as well as commercial importance, in the emerging global environment of U.S. rivalry with China and other great powers. In both the traditional market sector and the dynamic oligopoly sector, there is ample scope for the relaxation of antitrust laws to permit multiemployer industrial policy and sector-wide col­lective bargaining among representatives of employers and labor.

Notwithstanding the importance of grassroots labor activism, in mid-twentieth-century America unionization flourished chiefly as a side effect of top-down national industrial policy pursued for other means, including war and recovery from the Great Depression. Tri­partite labor-business-government collaboration during World War I and World War II made possible the massive expansion of organized labor and collective bargaining in the mid-twentieth century and the subsequent social peace and widespread prosperity. If working-class Americans are ever again to enjoy the benefits of mass membership labor organizations of some kind, it will probably not be as a re­sponse to grassroots mobilization from below, employer by employer, state by state. More likely, any revival of worker empowerment in the United States will result from a much larger and more comprehensive program of national development carried out by the federal government in the service of military strength and economic growth, a national industrial policy of which institutionalized employer-worker bargaining would be only one of several elements.

#### Econ turns are wrong---Germany proves the effectiveness of sectoral bargaining.

Anis Chowdhury 18, Professor of Economics, University of Western Sydney and is a Senior Economic Affairs Officer in the Office of the Under Secretary General, UN-DESA, PhD, “Industry-Wide Bargaining Good for Efficiency, as Well as Equity”, December 18th, 2018, <https://futurework.org.au/post/industry-wide-bargaining-good-for-efficiency-as-well-as-equity/>, DOA: 7/7/25, Rslish

Mr. Willox’s claim that the sector-wide wage bargaining would destroy jobs and Australia’s competitiveness has no basis. A powerful example is provided by Germany, Europe’s strongest economy. In Germany, wages, hours, and other aspects of working conditions are decided by unions, work councils (organisations complementing unions by representing workers at the firm level in negotiations), and employers’ associations. Collective wage bargaining takes place not at the company or enterprise level but at the industry and regional levels, between unions and employers’ associations. If a company recognises the trade union, all of its workers are effectively covered by the union contract.

Yet, Germany’s competitiveness did not decline. On the contrary, Germany experiences both strong productivity growth and strong wage growth. Despite ongoing real wage improvements, unit labour costs are stable or even declining – further enhancing Germany’s competitiveness.

How is this possible? The answer was given by more than half a century ago by two leading Australian academics – WEG Salter and Eric Russel. By de-linking productivity-based wage increases at the enterprise level and adhering to the industry-wide average productivity-based wage increases, an industry bargaining system raises relative unit labour costs of firms with below-industry-average productivity, thereby forcing them to improve their productivity or else exit the industry. At the same time, firms with above-industry-average productivity enjoy lower unit labour costs, hence higher profit rates for reinvestment. Singapore also used this approach to restructure its industry in the 1980s towards higher value-added activities, with great success.

Trying to compete on the basis of low wages is a recipe for failure. As a matter of fact, low-wage countries typically demonstrate lower productivity; and research by a leading French economist, Edmond Malinvaud, showed that a reduction in the wage rates has a depressing effect on capital intensity. Salter’s research implies that the availability of a growing pool of low paid workers makes firms complacent with regard to innovation and technological or skill upgrading. Other researchers show that under-paid labour provides a way for inefficient producers and obsolete technologies to survive. Firms become caught in a low-level productivity trap from which they have little incentive to escape – a form of Gresham’s Law’ whereby bad labour standards drive out good. The discipline imposed on all firms as a result of negotiated industry-wide wage increases forces all of them to innovate and become more efficient.

### Manufacturing---U---1AR

#### Most recent data prove decline is long-term---assumes all their warrants.

Trelysa Long 25, policy analyst for ITIF, with a focus on economic theory, bachelor’s degree in economics and political science from the University of California, “No, American Manufacturing Hasn’t Been Revived”, June 6th, 2025, <https://itif.org/publications/2025/06/06/no-american-manufacturing-hasnt-been-revived/>, DOA: 8/25/25, Rslish

The manufacturing industry is vital to the United States' long-term growth and competitiveness against China because it fuels innovation, strengthens economic resilience, and underpins the defense industrial base.

Unfortunately, many pundits and Washington insiders claim that the U.S. manufacturing industry is growing. Former Energy Secretary Jennifer Granholm recently wrote on X, “Make no mistake—@POTUS’ industrial strategy has revived American manufacturing, created jobs, and made our country more secure.” Meanwhile, the Department of Commerce boasts that “over 700,000 new manufacturing jobs have been created and over $910 billion in private manufacturing investments have been announced nationwide. As manufacturing has soared, so too has the opportunity for workers of all backgrounds.”

However, the reality is that the U.S. manufacturing sector is shrinking as a share of the national economy. According to value-added data from the Bureau of Economic Analysis, the manufacturing sector is not growing as fast as gross domestic product (GDP).

From 2012 to 2024, GDP grew by 34 percent, while the manufacturing sector grew by only 21 percent. (See figure 1.) Indeed, in 2012, manufacturing contributed 11.3 percent of GDP; by 2024, its share had fallen to just 10.2 percent.

[Chart omitted]

Upon closer examination of the 19 industries that comprise the manufacturing sector, 14 grew more slowly than the GDP growth rate, contributing to the sector’s relative decline. From 2012 to 2024, these 14 industries posted growth rates ranging from -21.9 percent to 26.4 percent, all falling well below the 33.6 percent increase in GDP over the same period. For example, the advanced industry electrical equipment, appliances, and components category declined by 6.3 percent, nearly 40 percentage points below the GDP growth rate. (See figure 2.)

[Chart Omitted]

As a result, these 14 manufacturing industries’ shares of GDP also declined during this period. Machinery saw the largest drop, falling 0.4 percentage points—from 1.0 percent of GDP in 2012 to 0.6 percent in 2024. Similarly, electrical equipment, appliances, and components declined by 0.09 percentage points, contributing just 0.2 percent of GDP in 2024 compared to 0.3 percent in 2012. The other transportation equipment industry also shrank from 0.8 percent to 0.7 percent of GDP. Finally, the fabricated metal products industry's growth rate declined from 0.8 percent to 0.5 percent during this period. (See figure 3.) Although other manufacturing sectors also contracted, the decline of these four industries is particularly concerning, given their importance to U.S. competitiveness in the face of Chinese industrial strength.

#### Continuing to decline across the board---anyone who says otherwise is avoiding facing reality

Meghan Ostertag 24, research assistant for economic policy at the Information, bachelor's degree in economics from American University, “The Census Bureau Confirms US Manufacturing Has Declined”, August 9th, 2024, <https://itif.org/publications/2024/08/09/census-bureau-confirms-us-manufacturing-declined/>, DOA: 8/23/25, Rslish

The latest data from the United States Census Bureau (Census Bureau) demonstrates that manufacturing in America is steadily declining. Once the world leader in manufacturing, the U.S. relinquished that title in 2010, now producing $2.4 trillion less than China in manufacturing. Yet, pundits and Washington insiders continue to deny the facts, claiming that all is well in a concerted effort to avoid any blame for globalization.

The comparison of the Census Bureau’s quinquennial manufacturing data from 2002 to 2022 reveals a stark and depressing reality: in just two decades, the number of manufacturing firms fell, jobs diminished, payroll failed to keep pace with national growth, and productivity stalled.

MANUFACTURING FIRMS

Let’s start with the number of manufacturing firms in the U.S., which declined by 21 percent in 20 years(figure 1). This drop accounts for a decrease in firms in every manufacturing sector, labeled according to the North American Industry Classification System (NAICS; see table 1), barring the production of food (311), beverages and tobacco (312), and chemicals (325). The clear outlier among the industries displayed in Figure 1 is beverages and tobacco, which has experienced an extraordinary 348 percent growth rate over the past two decades. This growth can be attributed to the spike in popularity of boutique sodas, kombuchas, seltzer waters, and ready-to-drink cocktails.

## Monopsony ADV/Competition DA

### Producitivty---U---2AC

#### Their ev does not understand stats!

Daniel Ackerman 25, “Second quarter labor productivity growth may be a ‘statistical illusion’,” Marketplace, 08/07/2025,

First thing to keep in mind about labor productivity is it tends to bounce around, said Gary Schlossberg, a global strategist for Wells Fargo Investment Institute.

“You get a lot of noise in those numbers,” he said.

Schlossberg said the Q2 increase could be the result of a one-off drop in imports last quarter, due to tariff policy. That raised GDP, which is used to calculate productivity. And so?

“The one quarter number is really more arithmetic than indicative of a trend,” he said.

One way to think about how productivity could trend in the future is to look at what employers are doing now, Schlossberg said. Which is not much.

“I would characterize business as sort of a deer in the headlights. They're so unsure about what's happening. They don't wanna let workers go, but they're reluctant to hire for the same reason,” he said.

That means workers with jobs can’t upgrade to something better, said Preston Mui, a senior economist at Employ America.

“There's not a lot of job switching. So there's probably not a lot of people moving from these low productivity to higher productivity jobs,” he said.

But Mui said something else is happening in the labor market too. The workforce is growing slowly, and could even shrink, in part due to President Trump’s immigration crackdown. And that can actually boost productivity.

Mui said to imagine going into an elementary school classroom, and measuring the height of each student. Every month, the average height grows because the children are growing. But if you take a bunch of the shortest kids out of the class and measure again? Suddenly, it looks like the average height of the children in the classroom has gone up, even if the remaining students haven’t actually grown.

Something like that happens during recessions, Mui said. When jobs go away, it tends to be the less productive ones, so overall productivity appears to rise.

“What you are gonna see if you exclude those people is in accounting terms and acceleration in productivity growth, but that's a bit of a statistical illusion,” said Guy Berger, director of economic research at the Burning Glass institute.

Berger said, whether by recession or immigration crackdown, “artificially boosting the numbers by excluding lower productivity workers does not actually benefit the U.S. economy.”

But remember: Productivity data is noisy. So Berger said it’s better to think decade by decade, rather than quarter by quarter.

### Productivity---U---1AR

#### Productivity is low now.

Charlotte Morabito 9-24, Lead Producer at CNBC, “American workers feel stuck in their jobs. It may be costing them, and the economy,” CNBC, 09/24/2025, https://www.cnbc.com/2025/09/24/why-workers-feel-stuck.html

That hesitation has broad implications. While employers might see low turnover as a good sign, experts warn it can mask something more troubling: rising disengagement.

A February study published in the American Journal of Preventive Medicine estimated that employee disengagement costs a typical 1,000-person company around $5 million per year in lost productivity. The average disengaged worker could cost the company $4,000 over the course of a year, while an executive could cost $20,000.

Additionally, 58% of U.S. professionals surveyed by LinkedIn earlier this year said their skills are underutilized in their current roles.

If someone is disengaged but still clocking in, that work has to be absorbed by other team members, which can create additional stress and drag down productivity across the board, said SHRM’s Atkinson.

“Even if people are engaged and people are putting forth their extra effort, they might have to go even above and beyond to make up for some of the teammates who are disengaged,” he said. “So it’s both an individual employee, but then there’s kind of that knock-on effect across the organization as well.”

The trend also poses risks for the broader economy, experts say. Fewer workers moving between jobs could lead to wage growth flattening and companies becoming more cautious. In some sectors, hiring freezes and natural attrition have replaced layoffs, creating a labor market that looks stable on the surface, but lacks momentum.

Still, some workers could benefit in this environment. Gen Z workers, Bohn noted, are adaptable and tech-savvy. This could make them well-positioned to thrive if companies focus on upskilling and smarter workforce strategies.

But in the near term, experts say, unless confidence rebounds and mobility returns, the U.S. economy could face a prolonged period of stagnation

#### Longer-term trends prove.

Julian Hayes 25, Contributor at Forbes, “Productivity Is Quietly Dropping Across The Workforce. This May Be Why,” Forbes, 03/28/2025, https://www.forbes.com/sites/julianhayesii/2025/03/28/productivity-is-quietly-dropping-across-the-workforce-this-may-be-why/

Gone are the days when people worked until they couldn’t. While many business principles stay the same, the composition and mindset of the workforce are evolving rapidly—and so are the productivity risks. A quiet exit is happening across workplaces. According to a recent Gallup report, employees have been steadily working fewer hours over the past five years—dropping from an average of 44.1 hours in 2019 to 42.9 in 2024.

There’s a generational divide: workers under 35 have reduced their hours by nearly two, while 35-and-over workers have cut just under one. That equates to a full workweek lost per year for 35-and-over employees and two for employees under 35. On the surface, the difference may appear small. But across an organization, this shift—if left unaddressed—can compound into significant productivity and engagement issues.

The Cause Of The Productivity Dip

This productivity dip isn’t just about time on the clock—it’s part of a broader transformation in workforce values and well-being. At the heart of the issue is burnout, which is costing companies millions annually. But it's not just physical exhaustion—it's often mental, emotional, and spiritual depletion that eventually manifests itself in physical decline.

Employee engagement is also dropping. In 2024, engagement levels dropped to their lowest point in a decade, with only 31% of workers actively engaged, according to another Gallup report. Workers under 35—again, the same group working fewer hours and experiencing deeper productivity losses, were the most affected. As values and priorities shift, younger generations want more meaning, alignment, and employer support. Salary matters, but it's not enough. Without a sense of purpose and connection, disengagement sets in.

### Link---AT: Competition---2AC

#### Sectoral bargaining stops current race to the bottom trends forcing better innovation.

Oren Cass 21, founder and chief economist of American Compass and holds a J.D. from Harvard Law, “A Better Bargain: Worker Power in the Labor Market”, September 2021, <https://americancompass.org/a-better-bargain-worker-power-in-the-labor-market/>, DOA: 6/9/25, Rslish

Basis of Competition. By encompassing all competitors in negotiations, broad-based agreements take some areas of potential differentiation off the table and thus channel competitive energies in other directions. If labor relations are standardized, no one can seek to outperform everyone else by squeezing workers harder on wages or skimping on safety, potentially triggering a “race to the bottom.” Conversely, investing in productivity gains, innovation, customer retention, and so forth becomes that much more important.

#### Doesn’t cause divestment or closures

John DiNardo 9, PhD, Former Professor of Public Policy and Economics at the University of Michigan, “Still Open for Business: Unionization Has No Causal Effect on Firm Closures”, 03/20/09, https://files.epi.org/page/-/pdf/bp230.pdf, Accessed: 07/27/25, mcc

Nonetheless, in very recent work, Lee and Mas (2008) extend the analysis in DiNardo and Lee back to the year 1961. Their conclusions from the regression discontinuity design evidence are exactly the same as for the later period analyzed in DiNardo and Lee (as well as the evidence in Freeman and Kleiner (1999).2

Therefore, our results demonstrating that **firms that become unionized are not more likely to fail than firms that remained nonunion** are not an artifact of that particular time period.

Conclusion

John L. Lewis, president of the United Mine Workers of America (UMWA), who challenged Gompers for leader- ship of the AFL in 1921 made the following remarks after his union signed its first industry-wide contract:

“...[with this contract] the industry can apply it- self —both management and labor, to the prob- lem of producing coal in quantity...at the lowest cost possible by modern techniques. The Mine Workers stand for the investors in the industry and for a return on capital. They stand for the public to have coal at the lowest possible price consistent with the Mine Workers having a decent life...”

There is a growing body of economic evidence that suggests Lewis’ remarks have more than a grain of truth in them, at least as a depiction of U.S. unionism in the post- World War II era. The **obvious fact that unions have no stake in driving employers out of business** is reinforced by this evidence. It seems clear that American **employers** as a group **need not fear firm insolvency as a result of granting workers rights to collective bargaining.**

#### Unions boost innovation and R&D.

Berton et al. 21, Fabio Berton, Quantitative Policy Analyst on Impact Evaluation at the Joint Research Center of the European Commission and Associate Professor of Economic Policy at the Department of Economic and Statistics, University of Torino, Stefano Dughera, Research Fellow at the Department of Economics and Statistics, University of Turin, Andrea Ricci, Phd in Economics, National Institute for Public Policy Analysis, IZA, “Are Unions Detrimental to Innovation? Theory and Evidence”, 2021, https://www.econstor.eu/bitstream/10419/232854/1/dp14102.pdf, Accessed: 07/24/25, mcc

In a second line of research that traces back to Freeman and Medoff (1984), **unions** are seen as collective voice institutions that **boost labor productivity** (and by extension, innovation) **through a variety of different channels.** First, by reducing worker grievances, they may have a positive and direct effect on the supply of labor effort. Second, by encouraging workers to voice their ideas, **they** may **increase the flow of intuitions from production to R&D** departments and thus facilitate the codification of new organizational and technical knowledge. Third, **by lowering labor turnover**, **they** may prom**ote the accumulation of firm-specific human capital.** Fourth, by easing the introduction of organizational innovations, **they may increase job satisfaction and improve learning** achievements**, with positive spillovers** on labor productivity and innovation.

A third strand of research studies the effect of unions on innovation in oligopolistic markets (Beath et al., 1989; Ulph and Ulph, 1994). In this framework, **when unions bargain higher employment levels, firms are incentivized to invest in R&D to protect their market shares.** 5 Along similar lines, Haucap and Wey (2005) develop a Cournot duopoly model that studies how different unionization regimes (centralized, coordinated and decentralized) lead to different innovation incentives. Their key results is that the relationship between unions and innovation is non-monotonic in the degree of wage centralization, as innovation incentives are large under “centralization” – when an industry union bargains a single wage for the entire industry – intermediate under “decentralization” – where firm-level unions set their wages uncooperatively – and low under “coordination” – where a single union maximizes the industry wage bill by adjusting firm-level wages to the firms' relative competitiveness. Under some circumstances, they also show that “centralization” is the only regime that may perform better than a market where wage determination is competitive when it comes to innovation incentives. However, this result follows from the assumption that unions have no effect on productivity. The model developed in section 3 relaxes this assumption and shows that, under some circumstances, innovation incentives are lager also under “coordination”

### Link---AT: Palagashvili Indict---1AR

#### Mercatus is trash---trying to rollback every kind of regulation obviously skewed data

Jalen Reid 18, staff writer, “A History Of The Mercatus Center”, October 15th, 2018, <https://gmufourthestate.com/2018/10/15/a-history-of-the-mercatus-center/>, DOA: 9/23/25, Rslish

Literature written by the Mercatus Center has influenced many types of deregulation on subjects related to environmental deregulation and tax cuts. Their philosophy and their economic toolkits are inspired by the likes of F.A. Hayek, Ronald Coase and Ludwig Von Mises. They believe that the market, a collection of individual values and subjective preferences, is capable of creating the maximum amount of utility in the macroeconomy.

These views have led to policy proposals that are used to pass legislation in Congress.

A Boston Globe article from Feb. 2018 states, “The Mercatus Center at George Mason University, which describes itself as ‘the world’s premier university source for market-oriented ideas,’ was specifically credited with doing the academic work to support the $1.5 trillion tax cut passed in December.”

A 2004 article by The Wall Street Journal alleged that in the Bush administration’s campaign to reduce government regulation, 14 of 23 rules that the White House wanted to eliminate came from suggestions from the center.

The article also stated that the Environmental Protection Agency changed a rule due to criticisms from the Mercatus Center.

Richard Belzer, a former governmental regulatory official, stated “If they know that Mercatus is working on a rule, they’ll be more careful.”

### Link---AT: Wages---1AR

#### Wages have negligible effect

The Economist 23. Citing Adam Shapiro, vice president in the Economic Research Department of the Federal Reserve Bank of San Francisco, Ph.D. in economics from Boston University. "Wage-price spirals are far scarier in theory than in practice." The Economist. 6/15/2023. economist.com/finance-and-economics/2023/06/15/wage-price-spirals-are-far-scarier-in-theory-than-in-practice

But the dangers that appear in nightmares usually bear little resemblance to the threats worth worrying about in reality. The world’s uncomfortable ride with inflation over the past two years seems to point to a similar conclusion about wage-price spirals: they are a caricature of what happens to an economy with an inflation problem.

The historical parallel often trotted out in discussing wage-price spirals is the 1970s. Price and wage inflation seemed to interact throughout that decade, much as the spiral framework suggests. Each surge in general price inflation was followed by a surge in wage inflation, which was followed by more price inflation—and on it went. But the 1970s are flawed as evidence for the existence of spirals. The repeated waves of inflation stemmed more from successive oil-price shocks (in 1973 and 1978) than from prior wage gains. To the extent that wages and prices moved in lockstep, this reflected trade unions’ practice back then of pegging salaries to the cost of living, guaranteeing a ratchet effect. Spirals were a feature of contracts rather than proof of an economic concept.

Late last year a group of economists at the IMF interrogated the historical record, creating a database of wage-price spirals in advanced economies dating back to the 1960s. Applying a fairly low bar—they looked for accelerating consumer prices and rising nominal wages in at least three out of four consecutive quarters—they identified 79 such episodes. But a few quarters of high inflation is not all that scary. A few years is far more frightening. Judged by this longer standard, the IMF economists offered a more upbeat conclusion: the “great majority” (they omitted the exact percentage) of short-term spirals were not followed by a sustained acceleration in wages and prices.

In a note in March, Gadi Barlevy and Luojia Hu, economists with the Fed’s Chicago branch, took a closer look at the role of wages in the current episode of inflation. They focused on “non-housing services”, a category that covers everything from car washes to medical check-ups and which Mr Powell regularly cites as a useful indicator because of its tight association with wages. Mr Barlevy and Ms Hu concluded that wages do help to explain this segment of inflation: nominal wage gains have outstripped productivity growth by a sizeable margin over the past year. Facing that cost squeeze, service providers would naturally want to raise prices.

However, the spiral thesis claims not merely that wages matter, but that they predict future inflationary trends. On this count, the Chicago Fed economists found the relationship unidirectional: inflation helps to forecast changes in labour costs, but changes in labour costs fail to predict inflation. Service providers, in other words, raised prices before rising wage costs hit their bottom line. Mr Barlevy and Ms Hu posit that employers may have been ahead of the curve in anticipating the effects of a tight labour market. That makes wages a lagging, not a leading, indicator for inflation.

Adam Shapiro, an economist with the San Francisco Fed, has been even more critical of the wage worries. In a note in May, he isolated unexpected changes in wages to argue that rising labour costs were only a small driver of non-housing service inflation and a negligible one in broader inflation. Like his Chicago colleagues, he concluded that wage growth was following inflation.

### Impact---Cyber---2AC

#### Cyberattacks don’t escalate. Empirics and wargames prove they’re de-escalatory.

Dr. Brandon Valeriano et al. 25, PhD, Lecturer, School of Social & Political Sciences, University of Glasgow. Bren Chair, Military Innovation, Marine Corps University. Senior Advisor, Cyber Solarium Commission. Senior Fellow, Cato Institute; Dr. Ryan C. Maness, PhD, Director, Information Operations for Research, US Department of Defense. Assistant Professor, Department of Defense Analysis, Naval Postgraduate School; Dr. Benjamin Jensen, PhD, Professor, Marine Corps University School of Advanced Warfighting. Scholar, School of International Service, American University. Senior Fellow, Atlantic Council. Former Senior Research Director & Lead Author, US Cyberspace Solarium Commission, "Cyber War," in What Do We Know about War?, Chapter 12, 2025, pg. 221-224.

Escalation is defined as an increase in the nature or intensity of conflict. Extending escalation theory to **cyber space** would include situations in which “the target responds with **more intense** and **costly** cyber means (cyber escalation within the domain) or through **breaching** the cyber-kinetic threshold (crossdomain escalation)” (Borghard and Lonergan 2019: 123). Libicki (2016) simplifies cyber escalation into two factors: intensity (striking deeper, lasting longer) or more extensive (striking new targets), plus adds the consideration that an attack in cyber space can escalate to an attack on physical space.

Cyber escalation is then defined as a reaction with digital tools that increases intensity or aggression or that spreads the scope of conflict after an initial move in the digital domain. Theoretically the cyber domain can contain escalation because of the uncertainty introduced by cyber weapons (Buchanan 2016). There is also the aspect of civilian punishment, attacks that hit what might be deemed off-limits civilian systems, provoking escalation due to the violation in norms between two actors.

In **practice**, however, cyber escalation is **rare**. Stuxnet (2007–2010) is **often cited** as the prime example of cyber escalation yet, put in the context of the wider dispute between the West and Iran over the development of nuclear weapons, the Stuxnet attack is actually a **de-escalatory move** because the other options on the table at the time were **conventional** strikes that would have caused death and destruction.

Talmadge (2019a: 864) makes the point that technology itself is **rarely a sufficient condition** for escalation, “cast[ing] doubt on the idea of **emerging technologies** as an **independent**, primary **driver** of otherwise avoidable escalation.” Technology became the **mask** for the processes that enable escalation, rather than the **cause** of escalation itself. It is not the domain that produces escalation, but the action in the domain that produces outcomes.

We have **ample empirical evidence** that **escalation is limited in the cyber domain**. Even in its simpler form, there is **little retaliation**, let alone escalation, in the domain or even out of the domain when cyber actions are the **triggering** events. When conflicts do escalate in cyber space, we observe **limited engagement** between the parties unless there is **already** an outright war. As Valeriano, Jensen, and Maness (2018: 18) note, “even when cyber exchanges **between rivals** escalate, they remain **limited in scope** outside of ongoing military conflict. That is, rivals may use cyber operations to probe the enemy, test their resolve, and signal the risks of significant escalation.

**Data analysis** supports these positions and is developed here from established data and taken from ongoing projects to support our background investigation into cyber escalation processes (Maness, Valeriano, and Jensen 2019). Table 12.4 shows the **response patterns** between the **U**nited **S**tates and its four major adversaries (**Russia**, **Iran**, **China**, and **No**rth **Ko**rea) in the cyber domain, as well as how each country responds to a cyber operation with a **retaliatory** cyber operation. Table 12.4 utilizes the cyber operation severity score from the DCID version 1.5 that measures the impact and national security importance of each state-initiated cyber operation between the years 2000–2016 between rival states (Maness, Valeriano, and Jensen 2019). The scale is interval and ranges from 1 to 10.

Table 12.4 shows that the United States is often on the receiving end of retaliation at a higher rate than expected. However, these responses to US cyber actions do not indicate within-domain escalation. The severity levels with a response score of 2 were retaliatory to US actions that were of a higher severity level. Of the seven actions at the severity level of 4, three represent a decrease in the initial attack severity and four represent an increase by one tick in severity. The only other country that witnesses a statistically significant level of retaliation at a greater rate than expected is Iran, which is wholly due to US or Israeli operations. China’s significant negative relationship with its severity score of 2 shows that it prefers higher levels of severity when it retaliates in the cyber domain. Many of the Chinese incidents involve entanglements with the United States, which is another great power with vast cyber capabilities. This propensity to use **more severe** attacks does **not** denote escalation, however. Escalation is **rare in digital interactions** as measured by **rival** states from 2000 to 2016.

[Figure omitted]

Table 12.5 shows how responses are related to the overall cyber strategy of the initiating states. In terms of response severity by strategic objective, disruptive efforts by initiating states are usually met with **retaliatory disruptions**, further indicating that the cyber domain is, for the most part, **non-escalatory**. Espionage campaigns are also commonly met with cyber operations that either steal or signal capabilities or displeasure for the originating action, but do not lead to a **tit-for-tat** escalatory ladder, as indicated in Table 12.2. Only occasionally do we see disruptions or espionage operations escalate to the severity level of 5, with this happening only five times over the 2000–2016 period.

Results from **war games** have demonstrated the **complicated** empirical picture of the escalation landscape in cyber space (Schneider 2017). After examining war games from 2011 to 2016, Schneider finds that government officials were **hesitant** to use damaging cyber weapons. Most games only witness the use of cyber capabilities after the onset of conventional warfare, not before. For Jensen and Banks (2018), in the context of cyber options, escalation was the **exception, not the norm**.

To explore escalation when cyber options are present within the context of integrated options of national power, Jensen and Valeriano (2019) ran a series of war games on 259 participants, including members of the military, students, and policymakers. The simulation situated participants in a typical crisis that was **highly likely** to escalate given a **rivalry** situation over an **ongoing territorial dispute** when the crisis under examination was the third in a series over a five-year period.

The results **demonstrated** that escalation is not the norm. Based on a general baseline for all international conflict situations, most options fell below the 48 percent threshold. In fact, the only instance where escalation was the dominant option was when a cyber action started the crisis and the target had no cyber response options. This suggests there are implications of attacking a state with cyber options when they do not have the ability to respond within the domain. In **most** other situations, we witness **few demands for escalation** when cyber response options are on the table.

Overall, **regardless of the situation**, cyber escalation is usually **not** the dominant response. The reality is that even under dangerous conditions cyber response options can **actually moderate** crisis response patterns. Surveys demonstrate a great amount of **fear** in the cyber domain, but this **does not motivate overreaction** (Gross, Canetti, and Vashdi 2017). Figure 12.2 shows the results from a cyber campaign–directed dyads data set. What is measured in what follows is whether the combined cyber operation, which includes diplomatic, economic, and military variables extracted from ICEWS (Boschee et al. 2018), has escalatory responses from the target from all four domains recorded in the campaigns. For a cyber response to be recorded, the target responds within one year from the start date of the original cyber operation from the initiator for disruptions and degradations, and from the date the operation becomes public for espionage operations. For a diplomatic response, the time frame is one month (thirty days) after the cyber operation’s initiation or public reporting, and for economic and military responses, the time frame is three months (ninety days) after the same criteria regarding the cyber operation. For cyber escalation, the severity score must go up at least one point regarding the cyber response. No cyber responses at the same severity score are included. For conventional responses, we use the Conflict and Mediation Event Observation (CAMEO) conflict-cooperation scores to measure escalation (Schrodt 2012). The CAMEO scale ranges from −10 to 10 where the more negative score, the more conflictual and the more positive score, the more cooperative the foreign policy action. If the conflict scores from each domain are lower (more negative) from the target state in retaliation for the cyber incident, escalation in each domain is recorded.

### Impact---Cyber---General---1AR

#### Controlled studies confirm.

Dr. Benjamin Jensen 24, PhD, Professor of Strategic Studies at Marine Corps University; Brandon Valeriano, PhD, is a Assistant Professor at Seton Hall’s School of Diplomacy,; Sam Whitt, PhD is Associate Professor of Political Science at High Point, “How Cyber Operations can Reduce Escalation Pressures: Evidence from an Experimental Wargame Study,” Journal of Peace Research, Vol. 61(1), p. 119-120, 2024

Introduction

Despite over 30 years of documented cyber operations (Healey and Grindall, 2013), there is no consensus on how cyber operations affect crisis behavior during international disputes. In February 2019, India and Pakistan exchanged artillery and small arms fire while engaging in air-to-air combat and bombing runs after a terrorist attack which India blamed on Pakistan. Despite militarized escalation in this key rivalry alongside evidence of prior cyber exchanges (Valeriano and Maness, 2015), there were no observed large-scale cyber actions above the level of website defacements and temporarily taking websites offline (Times of India, 2019). Power plants did not shut down. Dams kept working.

Alternatively, in the summer of 2019, the United States opted for cyber attacks against Iran in lieu of strikes against its air and missile defenses after Tehran shot down a Global Hawk surveillance drone (Barnes and Gibbons-Neff, 2019). The target was the same: Iran’s air and missile defense, with lines of code seeking to disable computer systems replacing missiles striking radars while cruise missiles hit command posts, launchers, and storage deports (Bender and Lubold, 2019). Reports suggested the US President opted for the option after briefers assessed conventional strikes could kill over 150 Iranians, a number the President found disproportionate (Shear et al., 2019).

These events present a puzzle: When and why do states use cyber operations to respond during a dispute or crisis? Do cyber operations tend to be associated with more or less escalatory responses in crises? More broadly for the international relations community, how does any new disruptive technology alter the cycle of competitive risk-taking at the core of strategic exchange between rival states? Answering these questions is a core task for IR scholars and policymakers in the digital age. Scholars in this Special Issue of the Journal of Peace Research, speak to the new generation of cybersecurity scholarship that makes bold, theoretically grounded, and empirically tested claims about the dynamics of cyber conflict, particularly regarding human dimensions of cybersecurity (Shandler and Canetti, 2024).

This Special Issue focuses greater attention on the behavioral, psychological, cultural, and social dimensions of the people who engage in cybersecurity practices (Akoto, 2024; Kostyuk, 2024). Our research examines the behavioral dimensions of decision-making (Jardine et al., 2024). Understanding how decision-makers utilize and respond to cyber operations is crucial to preventing attacks from escalating into broader, more destructive crises (Lonergan and Lonergan, 2023). Of particular importance is whether decision-makers, even well-trained military advisers, have psychological predispositions or ingrained biases that might predispose them to escalatory behavior.

Experimental wargames offer a means to explore this puzzle.1 Any crisis is defined by interdependent decision-making in environments characterized by uncertainty, time pressure, and private information. New technologies and tools of coercion compound this uncertainty and create new risk vectors. Therefore, a viable research path is offered by designing exercises that replicate the context and character of national security decision-making environments, draw on players with similar backgrounds to career professionals, and utilize randomization and treatment groups that control for the impact of disruptive technologies.

To that end, we designed a strategic-level wargame that captures decisions about whether or not to escalate a crisis between two rival states. Our wargames were experimentally manipulated through random assignment of (1) a cyber triggering event to the crisis and (2) whether or not participants could respond with cyber operations alongside more traditional instruments of power (i.e. Diplomatic Information Military and Economic known as DIME). After observing 400 crisis responses via a cross-national wargame experiment, two insights emerge. First, the presence of cyber operations does not escalate militarized disputes. In experimental settings, participants did not use cyber operations to escalate a hypothetical crisis with a rival state. Second, the presence of cyber responses in a crisis increases the range of options and provides additional bargaining space. As a result, cyber options provide a means to shape the crisis while creating possible off-ramps and alternatives to the use of military force or other coercive means (Jensen and Valeriano, 2022).

### Impact---Cyber---AT: Automation---1AR

#### Say no.

Gregory C. Allen & Dr. Michael C. Horowitz 24, Director, Wadhwani Center for AI & Advanced Technologies, Center for Strategic & International Studies; PhD, Deputy Assistant, Secretary of Defense, Force Development & Emerging Capabilities, Office of the Under Secretary of Defense for Policy, US Defense Department, "The State of DOD AI And Autonomy Policy," Center for Strategic & International Studies, 01/09/2024, https://www.csis.org/analysis/state-dod-ai-and-autonomy-policy.

Mr. Allen: One of the other topics that comes up a lot in conversations around national security, AI policy, is the intersection of AI and nuclear policy and this is something that various members in Congress have actually proposed explicitly banning through legislation that AI be in any way involved in nuclear command and control.

And I just wanted to, you know, ask what is the current U.S. policy on AI’s involvement with nuclear command and control or any other aspect of the nuclear issue?

Dr. Horowitz: Our policy is actually really clear on this. There have been statements you might recall over the years –

Mr. Allen: Including one by my former boss General Shanahan, yeah.

Dr. Horowitz: Exactly. From your former boss General Shanahan among them and, you know, other commanders who had essentially strongly implied that the U.S. is not going to, you know, rely on AI for nuclear command and control and that policy that had been strongly implied by multiple leaders including General Shanahan is now enshrined in Department of Defense policy in the context of the Nuclear Posture Review, and the Nuclear Posture Review, which is the definitive document that lays out our policies surrounding nuclear weapons systems, makes clear that there needs to be human involvement in that, you know, most important decision surrounding the employment of nuclear weapons and that is a commitment that the department has made, that we feel very comfortable making, and that we think should be very clear and that we would invite all nuclear-armed states to make.