### Adv 1

## Codetermination

### Overview---2NC

**The union framework is doomed---only codetermination can represent workers.**

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Unfortunately, however, it is unlikely that union membership will ever recover to its mid-century level due to various structural and cultural barriers that have been erected since the Taft-Hartley Act. This means that the U.S. needs to consider other options available to empower workers in the way unions could when they had significant influence over labor relations.

To achieve labor empowerment and reverse the harmful effects that weakened unions have had on American workers, the U.S. needs to implement a federal codetermination scheme similar to that of Germany. Codetermination is the best option for the U.S. because it can restore workers' voices in a way that complements the modern American legal and political climate, it can produce benefits for workers much like unions can, and it brings the U.S. closer to actually upholding freedom of contract and association.

III. BACKGROUND ON LABOR UNIONS IN THE U.S.

Unions have a complicated history in the United States. After steadily growing throughout most of American history and peaking in the 1940's,48 their membership and influence began to steadily decline in the 1960's.49 Beginning with the Taft-Hartley Act in 1947, employers were able to undermine unions' efforts to inform and recruit workers.50 A string of [\*264] subsequent Supreme Court decisions then bolstered employers' ability to delay and disrupt union organizing efforts.51 These, coupled with employers finding creative ways to circumvent the protections of the NLRA,52 created a union-hostile environment in the United States that persists to this day.

From as far back as the early colonial days of the seventeenth and eighteenth century, organizations resembling modern unions influenced American law and politics.53 By the turn of the nineteenth century, numerous strikes and negotiations to improve working conditions by printers, cabinet makers, carpenters, and more were organized by unions.54 As industrialization ramped up around the time of the Civil War, workers began to notice the immense power and wealth their employers were accumulating and recognized the need to join their organizing efforts.55 The National Trades' Union and the National Labor Union were the first short-lived attempts at this but were both casualties of recessions.56 In 1881, delegates from a variety of trades came together in Pittsburgh to form the Federation of Organized Trades and Labor Unions, which adopted a formal constitution and focused significant energy on legislation.57 A few years later, this group evolved into the American Federation of Labor and expanded its membership to include women.58

The next few decades were plagued with intense struggles between titans of industry and the loosely organized, but still relatively weakened unions.59 By 1904, the American Federation of Labor had a membership of 1.7 million workers and was eventually able to urge Congress to create the U.S. Department of Labor tasked with protecting the rights of wage earners.60 In 1914, the Clayton Act was adopted; it enumerated that "the labor of a human being is not a commodity or article of commerce," and reinforced the [\*265] right to strike and boycott while limiting the use of injunctions in labor disputes.61

Against a backdrop of a floundering economy during the Great Depression, President Roosevelt urged Congress to pass the National Recovery Act (NRA), which cemented the rights of unions to negotiate with employers in statute for the first time.62 Although it had no real enforcement power and was eventually held unconstitutional by the Supreme Court, in 1935, the Wagner Act (NLRA) was passed which mandated workers to have freedom of association to organize into unions.63 It also established that companies were obligated to enter into bargaining agreements with government-certified unions.64 In contrast to the NRA, it actually had an enforcement mechanism in the National Labor Relations Board (NLRB).

Despite all this, beginning in the 1960s union membership in the U.S. steadily decreased as workers faced more difficulty getting past each successive step in the process of forming one.65 To form a union workers must procure 30% interest and ask for a government election, win the government election by a majority vote, and negotiate their first contract with their employer.66 This added difficulty can be traced to a few major policy and legal decisions.

Initially, The NLRB required employers to remain neutral on the issue of unions, but the 1947 Taft-Hartley Act allowed employers to freely express their views on unions so long as there was no offer of benefit or threat of reprisal involved.67 Additionally, there was a provision that allowed "employers to file petitions to determine whether their employees actually wanted union representation," a process that was previously only available when multiple unions were competing.68 Subsequently, the NLRB under President Nixon began allowing employers to tell workers that forming a union could be "fatal" or cause "turmoil" because they would risk losing everything they had by starting from the beginning with bargaining.69 They [\*266] could also predict they would have to close down due to finances if workers unionized.70

In Linden Lumber, the Supreme Court ruled that employers could refuse to recognize unions based on majority support and insist on an NLRB election so that they could engage in anti-union campaigns during the delays NLRB involvement would create.71 Further, a 1956 Supreme Court decision in NLRB v. Babcock & Wilcox, held that employers didn't have to give union organizers access to parking lots to talk with employees unless they had no other means of reaching employees.72 This exacerbated the already unequal balance in the ability to communicate with employees between the employer and unions.

Attacks on labor laws intensified when, in the 1970s, employers learned through experience that labor violations never carried any significant penalty.73 Workers do not have a right to sue employers under the NLRA, and the NLRB does not award any monetary damages.74 So even though charges for unfair labor practices increased sevenfold between 1950 and 1980, employers had little incentive to stop engaging in threats, mandatory anti-union meetings, and illegal firings.75

Lastly, Taft-Hartley also allowed states to ban "union security" agreements which ensured all represented employees would share union costs through dues.76 This led to states implementing Right to Work laws that allowed employees to reap the benefits of union representation without sharing in the cost.77 This free-rider problem where employees who do not pay union membership dues still reap union membership benefits severely [\*267] undermined union membership and the impacts of these laws can still be felt today.78

In sum, the methodical erosion of labor laws in the era following the Taft-Hartley Act has left the U.S. in a position where rebuilding the legal framework surrounding unions would take a herculean effort. This has left a major hole in American labor relations, as workers cannot rely on a strong union system to advocate on their behalf, and their employers have nearly free reign to set whatever standards they please.

**S – Supply Chain Dependence**

* **cooperate with Canada to establish a Canadian DPA Title III, include a Critical Minerals Chapter under the USMCA, develop patient capital for mining investment, and incentivize public and private sector stockpiling.**

**Plank x solves mineral dependence on China.**

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Policy Recommendations

Action is sorely needed across the entire defense minerals supply chain. However, for an industry where timelines are often measured in years, if not decades, effective prioritization is key. Greater alignment between Canada and the United States regarding which types of minerals and segments of the supply chain to focus on will be essential, similar to the division of efforts during World War II.

1. Establish a Canadian DPA Title III.

The first step to closer U.S.-Canada alignment should be establishing a Canadian financing instrument for defense-critical minerals akin to DPA Title III. The DPA is a U.S. law that empowers the federal government to mobilize resources from the private sector to serve exigent national security needs. Title III of the act is principally an investment program, which the U.S. government can employ to catalyze projects that “create, maintain, protect, expand, or restore” industrial base activities. Since 1993, Canada has been considered part of the U.S. industrial base for the purposes of DPA Title III investments. However, only recently has this partnership begun to see meaningful cross-border investments take shape.

At present, the DPA has allocated approximately $63.4 million to five critical minerals projects in Canada, with the Canadian government putting up roughly $35.9 million in matching funds. These are encouraging developments but a far cry from the funding needed if North America hopes to reorient vital supply chains away from adversaries. Furthermore, with the Trump administration focused on bolstering the U.S. domestic minerals supply, the onus will likely shift to Canada to take the lead on investing in its mining sector development.

Standing up such an initiative would present a strong signal to the minerals industry that Canada is ready to pull its own weight and would give the Canadian government a powerful instrument to channel investments in defense minerals. Such an initiative need not be cost-prohibitive either: a Canadian DPA Title III would not require paying the whole cost of a new mine or processing facility but merely require signaling a government stake in the project and letting private sector investment make up the rest. The CAD 3.8 billion (approximately $2.7 billion) allocated over eight years in the 2022 Canadian federal budget to support implementation of the Canadian critical minerals strategy is considerably less than the CAD 6.3 billion (approximately $4.4 billion) it cost the Canadian government to suspend some sales taxes over the winter holidays. It is also less than its plan to send checks for CAD 250 (approximately $175), totaling CAD 3.8 billion, to 18.7 million individual Canadians who earned less than CAD 150,000 (approximately $104,000) in 2023. Resources like these could be instead channeled into helping dozens of critical minerals projects get off the ground. A Canadian DPA Title III equivalent would also be one step to begin addressing long-standing U.S. concerns over Canada’s failure to meet its NATO obligations on defense in a manner that would pay dividends for Canada’s economy more broadly.

Remote Visualization

2. Include a Critical Minerals Chapter under the USMCA.

The United States–Mexico–Canada Agreement (USMCA), signed in 2018, includes a provision for a review process to occur by July 2026, during which each of the three participating countries is supposed to signal its intention to continue with the agreement or not. While both Canada and Mexico initially hoped this would be a simple review with not much change, it has become increasingly clear over the past year that the United States sees the review, rather, as an opportunity for a more thorough renegotiation of the agreement. The Trump administration has indicated that it intends to push for accelerating the timetable for renegotiation, likely in 2025, to address points of friction it has with both its trading partners.

Renegotiation of the USMCA offers the opportunity to resolve existing problems, expand the agreement, and begin thinking about it not simply as a trilateral trade agreement but also as a long-term strategic economic security framework. One area of expansion could be a new USMCA chapter on critical minerals that addresses financial support from governments to open new mines and processing facilities, expedites permitting for mineral projects, coordinates action to stabilize prices, and incentivizes long-term investment in the sector.

3. Develop patient capital for mining investment.

While a Canadian equivalent to DPA Title III would serve as a crucial short-term measure, locking in North American critical minerals security requires cultivating an investment environment prepared to offer sustained backing as companies navigate the “valley of death” of launching a new minerals project. Loan-guarantee programs offer one opportunity to build this kind of patient capital. One relevant example is the UFK program in Germany, through which the German government secures a percentage of the overall financing for a given critical materials project. These guarantees make new mineral projects far more palatable to commercial investors, who feel secure knowing they can recoup most of their investment in a worst-case scenario. The U.S. Export-Import Bank and Export Development Canada can work together to devise realistic loan guarantees depending on the criticality of a particular mineral project, reducing the chances that the bottom falls out from beneath new mining projects before they can begin production.

4. Incentivize public and private sector stockpiling.

Stockpiling is a key mechanism through which the United States and its allies can insulate themselves from coercive minerals diplomacy. Unfortunately, the U.S. National Defense Stockpile (NDS) has fallen to historic lows since the end of the Cold War. According to the Congressional Research Service, current NDS reserves would supply “less than half of estimated strategic and critical materials shortfalls for military requirements” in a best-case crisis scenario. The NDS urgently needs expanded purchasing power, but this is only half the equation. The United States should incentivize companies to maintain their own stockpiles of critical materials as part of a move to harden supply chains. U.S. and Canadian governments could consider financial incentives like tax breaks for minerals purchased but not consumed by companies in a given year. Consideration should also be given to creating a Canadian strategic stockpile of defense-critical minerals. Potentially, such investments could count toward Canada’s NATO commitments on defense spending, though care should be taken to identify which minerals make the most sense from a strategic and market standpoint when launching such an initiative.

### AT: Do Both---2NC

#### CP avoids our econ links---they’re about the structure of voice within collective bargaining, NOT voice itself.

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Abstract: Labor unions are often evaluated through the wage premiums they secure at the bargaining table. Our study finds that although US unions have historically secured short-run pay gains, these victories often come at the expense of slower employment growth, fewer future job opportunities, reduced investment and productivity, and diminished firm growth and viability. Yet downstream job losses and firm decline can be traced not to the collective voice itself but to the statutory monopoly structures that amplify aggressive bargaining tactics and block alternative channels for cooperation. These trade-offs arise not because unions are uniquely “aggressive,” but because US labor laws promote a legally protected union monopoly that crowds out constructive representation and worker voice. Drawing on 147 studies, we find that when the monopoly face dominates and delivers seemingly “big wins” at the bargaining table, companies respond to wage pressure by trimming R&D, cutting capital, reducing company growth, and ultimately shrinking jobs for unionized workers—dynamics that explain roughly 55 percent of the decline in the Rust Belt’s share of manufacturing employment between 1950 and 2000. Cross-country evidence shows that systems permitting multiple forms of representation, voluntary unions, and flexible agreements retain the benefits of worker voice without the high costs linked to the downsides of monopolies. These findings show no link between greater union power and increased worker welfare: It is the structure of representation—not the presence of a collective voice—that determines whether unions help or harm workers. Policy reforms that relax monopoly privileges for labor unions in the US and encourage pluralistic forms of worker voice and moderate demands could preserve the gains of collective bargaining while mitigating its unintended costs.

### Solvency---Democracy---AT: Coerced Structure

#### 1. Plan links. It also coerces workers into a rigid bargaining process that workers may not support.

#### 2. CP enshrines a democratic structure---even if the framework for negotiation is fixed, that still solves.

Christian Schemmel 24, Department of Politics, The University of Manchester, Manchester, UK, "Workplace Democracy as the Liberal Republican Default," Political Studies, vol. 73, no. 3, 09/12/2024, https://doi.org/10.1177/00323217241274012

Conclusion: Objections

One typical liberal objection to arguments for mandatory workplace democracy holds that it jettisons liberal neutrality by enshrining a preference for a particular workplace environment that not all workers share (Taylor, 2014). If the argument so far is sound, then this objection is unsuccessful, because the argument did not rely on any special goods of democratic workplace organisation, such as positive conceptions of self-determination at work, but only on non-domination, negatively understood. This is why it can only lead to a workplace democratic default, not more. However, if there have to be defaults, they inevitably enshrine preferences for some types of workplaces over others that not all workers might share. There is no such thing as a neutral default. What matters is which defaults do better by liberal republican non-domination.

However, it seems possible for adherents for exit power to press on with a variant of the objection. Perhaps what we should do, instead of enshrining a democratic default for firms over a certain size, is to increase background equality of circumstances for all workers to such a high level that all workers have a choice of so many differently organised workplaces that working in a hierarchically organised one is extremely easy to avoid. Even if some still choose this arrangement, the fact that it is so easily escapable means that this does not amount to domination. Or perhaps, no employer would venture to offer such a workplace anymore, anyway, because there would be no demand for it. That would then be the more liberal solution.

Of course, if we assume that unconditional resources can be set at such a high level, and stably sustained, that might bring about this ideal state. However, we have seen that, even in ideal theory, at such a high level, transaction costs for slotting workers – who can continue to say ‘no’ to all job offers – into jobs may be so high that this would be a very risky strategy. Aiming at that level might conflict with any reasonable idea of productive efficiency we should hold on to; we cannot know in advance. Default workplace democracy achieves workplace non-domination at much less risk.

Furthermore, and just as importantly, this proposal fares worse than default workplace democracy also from the point of view of transitional theory. The political prospects of implementing such highly ambitious unconditional resource schemes are very low everywhere: being able to bring them about would arguably require fairly complete working-class dominance at the level of political decision-making (Gourevitch and Stanczyk, 2018), where these schemes – if economically sustainable – would then need to be irreversibly entrenched, for example, constitutionally, through supermajorities.30

### Solvency---Productivity

#### 1. Representation solves. Empirics prove worker voice produces high-wage skilled workers and fulfilling jobs, that’s Carini.

<<FOR REFERENCE>>

First off, it has been found that companies governed by codetermination invest more domestically than U.S. companies do.126 This has led to more capital-intensive production that serves overseas markets better, evidenced by Northern European countries' relatively smaller trade deficits with China compared to the U.S.127 This has also benefitted the workforce by increasing the share of skilled workers in high-wage jobs in a codetermination country's labor forces.128 As companies governed by codetermination consider the needs of all stakeholders, including workers and their communities, more fulfilling jobs will be created domestically rather than outsourced.

Another example of codetermination considering the needs of all stakeholders can be found in a 2019 study on the relationship between codetermination and a company's corporate social responsibility (CSR) policies.129 The results were that codetermination has a positive relationship with substantive CSR policies like targets for reduction in emissions, CSR reporting, and employment security.130 This study made clear that when employees have their voices heard at the highest level of management, companies respond with more sustainable decision-making.

[\*276] A 2004 study by Forschungsinstitut zur Zukunft der Arbeit [Institute for the Study of Labor] looked at sixty-five companies' productivity levels before and after the Codetermination Act of 1976.131 The study concluded that these newly codetermined companies increased overall productivity in the years following the Codetermination Act compared to the years preceding it.132 This result is in stark contrast to many of the criticisms leveled at codetermination, which worry that it will negatively impact productivity and profits as the cost for redistributing power to workers.133 When worker perspectives are represented at the highest levels of decision-making, everyone involved in the company wins. Productivity can be increased, resulting in more returns for shareholders, and resulting in better jobs for workers.134

#### Codetermination results in boards making better decisions AND improving productivity.

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A number of studies have assessed the economic effects of codetermination, with a consensus that has shifted back and forth over the last four decades. 178Some early studies from the 1980s found that codetermination had very little impact on corporate performance. 179Those studies, however, were criticized on a number of methodological grounds. 180Several more sophisticated evaluations in the 1990s and early 2000s gave a more pessimistic account, finding that codetermination was associated with, among other things, lower productivity and lower profits. 181That consensus, though, soon gave way to a third phase in the literature, one that both reversed the principal findings of the second-phase [\*352] studies (finding them to be artifacts of a particular method of assessment) 182and found that codetermination was also modestly associated with greater innovation. 183These more optimistic assessments were bolstered by a couple of modern financial studies on the market value of the firm, which found that "prudent levels of employee representation" led to better board decision-making by improving monitoring and thus reducing agency costs. 184"Armed with better information," Professors Larry Fauver and Michael Fuerst explain, "the supervisory board may more easily recognize and thwart investments and strategies that represent private control benefits to large shareholders or management through asset stripping, pyramiding, dilution of small investors, crony capitalism, and simple perquisites." 185A similar finding was made by Kornelius Kraft and Marija Ugarkovi?, who found that the 1976 strengthening of codetermination positively affected returns on equity. 186Uwe Jirjahn, summing up the studies in 2011, reported that codetermination was connected to higher productivity, and that more recent studies (unlike earlier ones) had found that codetermination also had a positive effect on profitability and capital market valuation. 187This third, rather optimistic phase of assessment brings this Article to one of the most profound tests of all systems of corporate governance: the Global Financial Crisis of 2008.

The financial crisis did not spare any of the world's major economies, but some recovered more quickly than others. Germany, in particular, recovered more quickly and more thoroughly than many other countries, [\*353] and did so, at least in part, because of its corporate governance model. 188Economic downturns are always difficult for companies and their employees. But codetermination allows the management of many companies "to more easily seek the consent of its workforce for carrying out more or less drastic measures." 189These measures include a system ( Kurzarbeit) that temporarily reduces the working hours (and salaries) of many of the employees. 190This avoids painful layoffs and allows companies to retain their core workforces, which, in turn, allowed the economy as a whole to avoid the worst of the economic slump. 191This led one group of scholars to conclude: "Particular to Germany was the social partner's willingness to work together during this specific economic hardship. . . . [I]t cannot be denied that the quality of industrial relations was a factor in overcoming the crisis." 192

There are, of course, some caveats to this story. The labor stockpiling that smoothed over the effects of the recession was tailor-made for the particular economic woes that hit Germany: a short-term demand shock that primarily affected the manufacturing sector. 193More typically, German employment follows GDP, sometimes with a slight delay. 194But the system worked surprisingly well this time around, and the resulting difference between Germany and the United States was apparent in the early part of the recovery period. 195

A number of new studies came out during the period of recovery that were consistent with the third phase of the literature, showing that codetermination generally had positive economic effects. One of the stronger results came from a 2020 study by Simon Jäger, Benjamin Schoefer, and Jörg Heining, which found, "if anything, that board-level codetermination raises capital formation." 196This shift toward more [\*354] capital-intensive production may be the result of worker involvement in investment decisions, the fact that worker representatives may have longer-term views than shareholders or executives, or because shared governance generally facilitates cooperation between firms and their employees. 197Shareholders, on this account, may be better off investing in firms where employees have a stronger governance role. Other studies were more circumspect. One model by Kraft found that codetermination did not significantly affect productivity in either direction. 198And an event study by Stefan Petry provided a note of caution, showing that the expansion of codetermination in 1976 was correlated with a decrease in share price at the time. 199

Codetermination may also strengthen bonds between management and labor, perhaps to the detriment of shareholders. A recent study by Professors Chen Lin, Thomas Schmid, and Yang Sun found that executive compensation and employee job protections increased when companies came under the aegis of codetermination. 200Not surprisingly, integrating employee representatives into leadership can lead those representatives to be closer with their boardroom cohort. That can lead employee representatives to be more understanding of management concerns, or managers to be more solicitous of the worker perspective. 201Overall, however, it is fair to say that the emerging consensus of the studies of the effects of codetermination on firm performance is quite positive. A number of studies have shown that employee representation is accompanied by higher productivity, profitability, and capital investment. And it is clear that codetermination contributed to Germany's ability to recover from the Global Financial Crisis much more quickly than other countries without strong systems of employee representation. Shareholders have fared pretty well. But how does codetermination affect the fortunes of other corporate constituents?

#### Germany proves. Codetermined firms are best-in-class.

George Tyler 19, former Deputy Assistant Treasury Secretary, former Senior World Bank Official, "The Codetermination Difference," The American Prospect, 01/10/2019, https://prospect.org/labor/codetermination-difference/

Nearly one-third of Senate Democrats have now backed bills by their colleagues Tammy Baldwin (Wisconsin) and Elizabeth Warren (Massachusetts) that require corporations to shift to codetermination—the practice of employee representatives joining shareholder representatives on corporate boards of directors. This new push for codetermination is a shrewd way to dramatize how American-style shareholder capitalism has battered wages, job security, and respect for workers. More important, it is a proven and effective different model of capitalism that will improve the lives of American families left economically adrift since the 1980s.

Following the doctrine of “maximizing shareholder value” for the past 40 years, corporate boards controlled by large-scale shareholders have funneled their revenues to those shareholders and the corporate executives whose pay is linked to shareholder rewards—at the expense of investment and wages. Pandemic short-termism in American C-suites since the Reagan presidency is responsible for the long-term decline in private investment documented by the Federal Reserve Bank of St. Louis, the World Bank, and the OECD. Employee up-skilling has stagnated for the same reason, compounded by the gig economy, contracting out and the decline of collective bargaining. Corporate cash flow has also been steadily diverted from wages—labor compensation for more than four decades lagging productivity growth. The deterioration in income equality has caused the U.S. income distribution to become the most skewed of any rich democracy, comparable to that of Turkey.

Eager to shed jobs whose pay and benefits come to $80,000 jobs, boards of directors have become adroit at exporting jobs rather than goods and services. Evidence developed by Robert Scott for the Economic Policy Institute and others affirm that U.S. multinationals have exported five million jobs net since 2000. Consequently, the domestic share of U.S. multinational global employment has fallen below the U.S. share of their global sales according to Department of Commerce surveys.

Offshoring has exacerbated the chronic U.S. trade deficit. President Trump has criticized America's deficits with both China and Germany (“bad, very bad”), but the factors responsible are quite dissimilar. China pursues classic mercantilist policies, but Germany is bound by EU-wide tariff and trade agreements that emphasize freer trade and maintenance of a stout rules-based international trading order. The German advantage, by contrast, is in part the consequence of policies rooted in its embrace of codetermination.

It is true that Germany exhibits a strikingly large current accounts surplus (8 percent of GDP in 2017). But it's not an outlier among its northern European neighbors, including the Netherlands (surplus of 10.2 percent), Denmark (7.9 percent), and Norway (5.2 percent). These are the most competitive economies on earth despite paying the world's highest wages. A portion of their surpluses reflect public sector fiscal sobriety, German wage moderation prior to the Great Recession and membership in the Eurozone. But a significant factor is the focus of corporate boards of directors in these nations on expanding the domestic stock of high-wage jobs—jobs that tend to cluster in high-productivity export sectors.

Codetermination and Corporate Governance in Northern Europe

The enigma of northern Europe's robust international competitiveness is explained by codetermination—what to American eyes are the unusual dynamics at the very peak of their domestic corporations: a stakeholder orientation reflecting the inclusion of employee representatives on their boards of directors. Consequently, the boards of northern European firms embrace policies to nurture long-term firm prosperity as well as local and national communities. These boards also eschew practices characteristic of American-style shareholder capitalism. Stock options offered to top executives are far smaller than those in the U.S., and their boards reject pathologies such as buybacks designed to spike quarterly earnings. An INSEAD analysis identified only 210 announced buybacks among German enterprises between 1998 and 2014 compared to 11,096 by U.S. firms.

Codetermination is rooted in nineteenth century European corporate reforms (for more details, see codeterminationfact.com, the European Trade Union Institute, and Ewan McGaughey and Rebecca Zahn). Its resurrection in the wake of World War II is the central feature in the half-century evolution of European postwar corporations. At most midsized and larger firms, elected representatives of employees sitting on Boards of Directors have voice and vote equal to those of shareholder representatives; they are jointly responsible for monitoring firm operations, the appointment and dismissal of CEOs and management, crafting strategic and tactical investment direction, and holding management accountable to board, ethical and legal strictures. The other important feature of this model has been works councils, employee/management bodies that meet regularly on a host of mid-level management issues like scheduling and workplace changes.

Had these evolutions diminished firm values or efficiency, codetermination and works councils would have been abandoned decades ago by lawmakers. Instead, they have spread from Germany to two-thirds of the EU. Indeed, codetermination is commonplace at German, Dutch, Austrian, and Scandinavian (including Finnish) corporations. The legal threshold for codetermination governance ranges from firms with more than 25 employees in Sweden to 1,000 employees in Luxembourg (in Denmark, it’s 35; the Netherlands, 100; Norway, 200; Austria, 300; Germany, 500). In most of these nations, employees hold one-third of the board seats, but they hold 50 percent at the largest German corporations, with ties broken by board chairs if needed. Most Americans would be surprised to see who sits on the Board of Directors (Supervisory Board) at any larger German firm such as Daimler.

One reason codetermination and less plutocratic economic policies prevail in these European nations has been their criminalization of political bribery. Political donations of any nature above de minimus amounts are illegal, reflecting the judgment of the late U.S. Senator Russell B. Long that “Almost a hairline’s difference separates bribes and contributions.” The European rejection of pay-to-play means public policy outcomes do not reflect an American-style income bias documented in the seminal analysis by Martin Gilens and Benjamin Page. Policy preferences of the donor class are far more predictive of U.S. legislative outcomes than are middle-class preferences.

Across Northern Europe, codetermination has been a major contributor to opportunity creation.

Its impact on corporate cultures, investment, wages and national labor practices can best be assessed against the outcomes of the U.S. shareholder corporate culture. The stakeholder orientation of their corporate boards has prioritized enterprise longevity and international competitiveness along with shareholder returns. We can see the difference between their economic model and ours by tracking the differences in wages, investment, and domestic labor markets.

Corporate boards and national leaders in these nations may have drawn inspiration from Adam Smith's argument that hewing to market-determined labor compensation is inappropriate when it's in conflict with important social objectives. Wages should be sufficiently high, he wrote, to cover "whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without" (including, he wrote in 1776, linen shirts and leather shoes). In nations practicing codetermination, inflation-adjusted compensation tends to track productivity.

The steady rise in the rewards for work has been a vital element in expanding opportunity—rising enough to have leapfrogged the rewards for work in the U.S. Bureau of Labor Statistics and Eurostat data show labor compensation per hour (including employer social costs) in Austria, Germany, and the Netherlands is now about 10 percent higher than it is here, and the gap is even greater in Scandinavia. Conference Board data on labor compensation in the capstone manufacturing sectors alone display a similar pattern. Only American union members earn northern European-level wages.

In contradistinction to U.S. corporate boards that prioritize short-term boosts to share value, codetermination boards establish investment policies that nurture long-term firm prosperity and bolster local and national communities. These policies have engendered über-competitive and innovative enterprise cultures that turn out numerous best-in-class products. Robots to streamline production and drive productivity are nearly fivetimes more common now in Germany (7.6 per thousand workers) than in the U.S. (1.6). Unsurprisingly, sectors dominated by skilled jobs in the nations practicing codetermination are larger than they are here; the skilled-job sector in the Netherlands, for instance, which encompasses 47 percent of that nation's jobs is nearly one-third larger than that in the U.S (36 percent).

Some American corporations, venture capital, and private hedge funds do invest large sums in research. But R&D spending as a share of GDP by the business sectors of countries like Denmark, Germany, and Sweden is greater than it is here. Indeed, by prioritizing long term firm prosperity, codetermination partnership boards bolster their domestic ecosystems in science, labor skills, technology and innovation. In contrast, American C-suites drain resources from upskilling and investment, choosing instead to spike their share price.

Higher wages, robust investment, and large skilled-job sectors reflect the focus of codetermination boards to foster local and national communities by expanding the number of high value jobs rather than exporting them. A recent Ernst and Young study of the premier German firms that comprise the DAX 30 index (including such companies as Daimler, Siemens, and Volkswagen) concludes that those corporations have increased domestic employment by morethan the growth in their domestic sales, while expanding foreign employment by less than growth in foreign sales. Handelsblatt reported that by 2017, some 36 percent of the total global workforce of DAX 30 firms was located in Germany, while only 21 percent of their sales occurred there. The difference—jobs integral to 15 percent of global sales by these enterprises—reflects the resistance of codetermination boards to offshoring.

This focus on domestic employment has not dimmed the DAX 30 investment abroad. These companies are also huge international investors, with Daimler and Siemens alone owning over 70 U.S. plants. But they also have retained and created a far higher share of skilled, well-compensated jobs domestically than U.S. companies have.

Codetermination has proven to be the most effective version yet devised to realize Adam Smith's hopes for a market-based capitalism that engenders widely based prosperity. By injecting codetermination to the American political debate, Democrats have taken an important step to upgrade the American middle class. But they may also upgrade American democracy.

#### Studies prove it produces worker investment in firm success and build human capital.

Iñigo González-Ricoy & Pablo Magaña 24, González-Ricoy is an associate professor of political philosophy at the University of Barcelona, ICREA Academia grant holder, member of the Barcelona Institute of Analytic Philosophy, external member of the Law & Philosophy group at UPF and of the Chaire Hoover at the Université de Louvain; Magaña is affiliated with Pompeu Fabra University, "The Demos of the democratic firm," Politics, Philosophy & Economics, vol. 23, no. 4, 03/20/2024, https://doi.org/10.1177/1470594X241239986

The democratic inclusion of workers, and its alternatives

Having inspected the extensional results of the All-Affected Principle for the definition of democratic companies’ demos, we now turn to the second chief response to the boundary problem, the All-Subjected Principle, which says as follows (Abizadeh, 2008; Beckman, 2023; Erman, 2014):

All-Subjected Principle: All and only those subject to a rule or decision are to be included in its making.

This principle is well equipped to register what is normatively distinctive about being under the authority of a firm (subjection to its directives) and also what is normatively distinctive of firms as such (producing under another's normative power to issue directives), for it requests that only those subject to a firm's rule- and decision-making authority be included in its governance. But who exactly is subject to such authority? The answer depends on how we conceive of the principle and, in particular, the notion of subjection, which can be cashed out in at least two ways (Abizadeh, 2022; Erman, 2014). On a de jure understanding of the principle, someone is subject to a rule or decision if and only if the rule or decision purports to formally bind them to obey its content, whether or not the rule or decision is coercively enforceable on them. On a de facto understanding, by contrast, what matters is coercion. On this understanding, someone is subject to a rule or decision if and only if the rule or decision is coercively enforceable on them, whether or not they are formally bound to obey it. In turn, a rule or decision is coercively enforceable if, following Nozick's (1977: 16) classic definition, the enforcer can credibly communicate to the addressee that they intend to bring about some undesirable consequence if the target does not comply with the rule or decision and, at least partly as a result of this threat, the addressee complies.9

Employees—or most of them anyway, as we discuss below—are naturally subject to their companies’ rules and decisions on both understandings, for they are formally bound to obey them.10 And they are likewise coerced, through threats of demotion or dismissal, into doing so. “You threaten to get me fired from my job if I do A, and I refrain from doing A because of this threat … I was coerced into not doing A,” on Nozick's (1977: 16) illustration. Third parties, by contrast, do not qualify on either understanding. Even though some third parties may deserve inclusion on the principle's de facto understanding, as we also discuss below, many of them—including competitors, customers, or those enduring companies’ pollution—are not subject to companies’ rules or decisions, as they are not formally bound to obey or coerced into obeying them.11

To delve further into the extensional implications of applying the principle to the demarcation of the democratic firm's demos, consider two objections. The first is that employees, or maybe just some of them, are not really subject to companies’ authority because they can decline to conform to its directives. This objection comes in two variants. The strong variant, which says that the employment relationship involves no real authority because workers voluntarily take their jobs and can always quit (Alchian and Demsetz, 1972: 777), would be fatal, if compelling. It would render the All-Subjected Principle meaningless, on its de facto understanding anyway, when applied to the issue at hand. Yet it is not compelling, as the costs that most employees would incur in the event of job loss render the threat of dismissal credible and companies’ directives enforceable (Landemore and Ferreras, 2016: 67–69; Malleson, 2014: 39–40).

The weak variant of the objection is more compelling. It says that no subjection to others’ authority really exists when their directives can be costlessly eluded (Kolodny, 2023: 100) and that the costs of eluding companies’ directives are negligible for highly skilled and mobile workers, who could easily find a similar job if dismissed (Moriarty, 2010: 381). But this variant is not at all fatal. It nicely illustrates, in fact, the unalike extensional results that the principle's unalike understandings yield. On its de facto understanding, if some employees are not really subject to their company's authority, given their ability to elude any attempt to enforce its rules and decisions on them, then the principle requires not including them in the company's governance. On the de jure understanding, by contrast, such employees are subject to the company's authority all the same, for whether one is subject to another's authority does not hinge on how costly eluding such authority is and how credibly its directives can therefore be enforced on them. To illustrate the strengths and limitations of the two understandings, consider this analogy:

Wealthy—Wealthy is an EU citizen who, due to her financial and personal circumstances, can costlessly migrate within the Schengen Area. Given her ability to elude the legal directives of the country where she resides by costlessly moving to another EU country, she is taken not to be subject to such directives and has the franchise withdrawn, to which Wealthy complains.

If the de facto understanding of subjection was compelling, partisans of the de jure understanding could argue, Wealthy's complaint would be invalid. Yet it seems not, which suggests that subjection to an upper authority is not contingent on its directives being costly to elude. Now, proponents of the de facto understanding could rejoin that the example is not neat because wholly costless migration is impossible, including for Wealthy. What grounds Wealthy's subjection and renders her complaint valid, they could argue, is that the authorities of the country where she resides can issue directives they can credibly enforce, including on Wealthy, who would bear some costs were she to migrate. It is no doubt hard to pin down exactly the reasons that ground Wealthy's complaint. But it is not off the mark to think that both understandings are onto something, and that they are so in the case of Wealthy as much as in the case of highly mobile workers. How are we to solve the dispute, then?

Resorting to the two normative benchmarks to assess the principles of democratic inclusion does not entirely solve this dispute. But it offers useful insight. On the one hand, how costly it is to elude their employer's authority surely informs how subject to this authority different employees are. It does so in at least one of the two senses relevant for the justification of workplace democracy: that of eluding or mitigating companies’ objectionable power. If highly mobile workers can costlessly find a comparable job if abused, then it is plausible to say that they are not subject, or not in the relevant sense, to their companies’ directives, for they are less likely to endure abusive corporate norms or management. Yet, on the other hand, it also rings true that, insofar as they work for an employer, all employees remain subject to its directives, which ultimately tell them what to do, setting the ends they are to pursue from nine to five. Workplace democracy, Robert Dahl (2001: 252) argued, is more useful to unskilled workers than to highly skilled and mobile ones, who already wield remarkable clout over their companies’ governance. But both are bound to obey the directives their companies address to them all the same.

The benchmark of upholding efficiency lends further support to an understanding of subjection that includes highly mobile workers in democratic firms’ governance. There is abundant empirical evidence that democratic inclusion in companies’ governance reduces voluntary separations and increases workers’ investment in firm-specific human capital (Jäger et al., 2022; Kruse et al., 2010). These effects are especially relevant when it comes to highly mobile workers, first, because their marginal contribution to the company's performance is often greater due to their greater skills and, second, because, being more mobile, they have less reason to invest in human capital that, being specific to their current company, they could not take with them in the event of switching jobs. From the standpoint of firm performance, an understanding of the principle that favors the inclusion of these workers is therefore preferable.

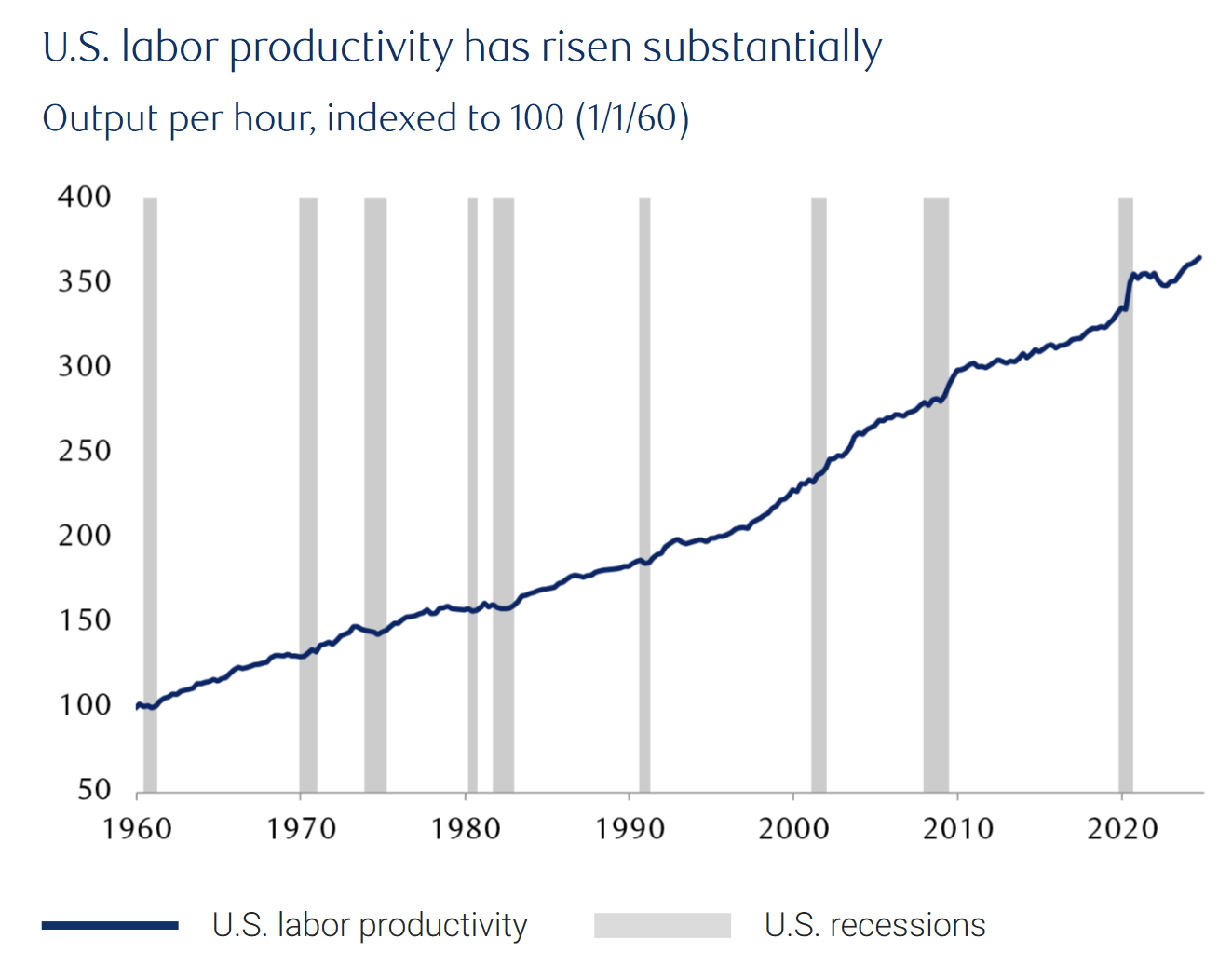
#### x. Aff not key. Workforce productivity is high now.

Joseph Wu 24, Vice President and Portfolio Manager at RBC Wealth Management, CFA, "U.S. productivity renaissance," RBC Wealth Management, 12/12/2024, https://www.rbcwealthmanagement.com/en-us/insights/us-productivity-renaissance

This rise in worker efficiency has been a major—if underappreciated—factor underpinning the U.S. economy’s faster growth trajectory over the past two years. Between Q2 2022 and Q3 2024, U.S. real GDP expanded by 6.7 percent, compared to 4.5 percent for Canada, 1.5 percent for the eurozone, and 1.4 percent for the UK.

The long arc

U.S. workforce productivity boasts a reliable record of long-term improvement. Since 1960, U.S. productivity has grown at a 2 percent compounded annual growth rate. Though seemingly modest, this steady pace has an extremely large cumulative effect: workers in the U.S. are now roughly 250 percent more productive than their 1960 counterparts.



**S – Solvency Advocaes**

**S – Ban Right to Strike**

**S – FTC Big Tech – AT: Tuttle – 2NC**

**Counterplan successfully regulates big tech.**

Aaron **Klein 21**, Miriam K. Carliner Chair and senior fellow in Economic Studies at the Brookings Institution, focused on financial technology and regulation, "A focused federal agency is necessary to oversee Big Tech," Brookings, 02/10/2021, https://www.brookings.edu/articles/a-focused-federal-agency-is-necessary-to-oversee-big-tech/

* Policy recommendations
* Too often, 21st-century tech policy issues are discussed in 20th-century terms and conclude with 19th-century solutions.8 It is time to get out of that rut. The regulatory model established in the 19th century to oversee the industrial revolution needs updating. Congress should establish a 21st-century results-focused independent federal agency responsible for protecting consumer well-being and effective competition in the digital economy.
* “Too often, 21st-century tech policy issues are discussed in 20th-century terms and conclude with 19th-century solutions.”
* Such an agency should be built on three pillars:
* Oversight based on the common-law-derived duty of care and duty to deal.
* Risk management that is focused on accomplishing risk-mitigating tasks rather than imposing a rigid set of rules.
* Government instigated, supervised, approved, and enforced behavioral standards utilizing a development process similar to the technology standards process.
* Reasserting common-law-derived principles
* The principles upon which marketplace governance has traditionally rested originated hundreds of years ago as England emerged from the Dark Ages. Expressed as common law, such concepts endured as economic activity evolved from feudalism, to mercantilism, to industrialization. The same principles remain relevant today in the digital economy. For too long, however, these basic standards have been ignored as Big Tech made the rules for the new economy.
* The new agency does not need to invent new constructions for marketplace behavior. A pair of centuries-old common-law-derived principles should be at the heart of digital governance: the duty to care and the duty to deal.
* The common-law duty of care establishes the expectation that a provider of goods and services has the responsibility to attempt to identify and mitigate the adverse consequences of that activity. From this principle flow basic consumer protections and legal concepts such as negligence and fiduciary duty. Unfortunately, in the digital economy, the duty of care is recognized more for its absence than its application.
* Duty-of-care expectations such as transparency, forethought, and mitigation are not revolutionary. How the concept was applied to the network revolution of the 19th century is illustrative of how it could be applied to the network revolution of the 21st century. As railroad lines cut through farmers’ fields in the mid-1800s, the speeding locomotives belched hot cinders that set ablaze homes, barns, and hayricks. Applying the duty of care meant the railroads had to put screens on their smokestacks to catch the cinders. As digital networks speed past our lives, we do not have a screen to stop harmful digital cinders from doing their damage. Digital platforms, for instance, are under no obligation to protect consumers from the adverse effects of their wholesale collection and subsequent monetization of users’ private information.
* A duty of care, as it relates to privacy protection, could encompass topics such as transparent disclosure of what is being collected and consumer control over the collection and use of that information. A duty of care would end the coercive collection of personal information as a condition for use of the service and establish that product design anticipates its effect on privacy. Similarly, a duty of care would protect consumer data after it has been collected and assure consumer-activated portability of their own data.
* Common law’s duty to deal establishes that the quasi-monopoly provider of an essential service has the obligation to provide impartial access to that activity. Applied to the digital economy, a duty to deal would open the bottlenecks that have allowed digital companies to gain and maintain a dominant market position to thwart competition and innovation.
* “Applied to the digital economy, a duty to deal would open the bottlenecks that have allowed digital companies to gain and maintain a dominant market position to thwart competition and innovation.”
* For 600 years, the simple yet irrefutable concept that the proprietor of a fundamental service has a duty to make it available to all comers has withstood the test of time as well as changes in technology. One of its earliest applications was toward ferries across waterways; the ferryman could charge for his service but had to provide it on a non-discriminatory basis. The concept was statutorily applied in 1862 toward the original electronic network, the telegraph, and continued its application toward the telephone. Later, it was applied toward the internet with the FCC’s net neutrality decision, and now it should be similarly applied toward systemically important services that utilize the internet.9
* The ferrymen of the digital era are the platform companies that collect, aggregate, and allocate digital information to create a critical service. Like their analog predecessors, the platforms are free to profit from their services, but the services cannot be allowed to become anti-competitive bottlenecks. Examples of this would include the inability of platforms to hoard the necessary digital assets or deny the interconnection necessary for others to compete.
* That these concepts are absent from the digital economy is the result of the federal government being a spectator to the new economy for far too long. Now, two decades into the 21st century, the absence of regulatory oversight is felt by consumers and the competitive marketplace while the ground rules for behavior in the digital market—a duty to care and a duty to deal—are in plain sight.
* Fill a void, don’t duplicate or replace
* The new agency should be additive to the activities of existing agencies such as the FTC and Justice Department. The limitations these agencies face when dealing with the digital economy are matter of agency design, not desire or dedication. The 21st-century need is for a 21st-century agency, not the repurposing of an agency designed in another era for another goal.
* Nothing, for instance, should interfere with or supersede the antitrust authority of the DOJ or FTC. Rather, activities of the new agency should deal with the issues that cannot be reached by those limited authorities.
* Not only is the direct protection of many consumer rights beyond the scope of current antitrust laws, but also of equal importance is how effective antitrust remedies may be beyond the capacity of federal courts and prosecutors.
* The success of the Justice Department’s suit to break up AT&T hinged on FCC-established regulations. The creation of rules for network interconnection and other behaviors, for instance, were well beyond the normal antitrust experience, requiring both technical expertise and ongoing oversight. Should the pending antitrust suits against Google and Facebook prove successful, the question will become: And then what? The courts will need the expertise and bandwidth of a focused expert agency to meaningfully implement a judicial decision.
* Beyond antitrust enforcement, the FTC’s power to act against unfair or deceptive acts or practices proved insufficient for developing broad-based, industrywide requirements. The FTC may be able to levy a penalty on Facebook for deceiving its consumers about the use of their information, but such targeted enforcement against an individual company only reinforces the need for broad rules applicable to all companies to mitigate such behavior in the first place. While, for instance, the FTC should continue to prosecute an e-commerce company for tainted products or false advertising, the new digital agency could promulgate a general rule that allows consumers to have control over their digital information.
* The new agency can fill the void created by current statutes and procedures. In addition, the new agency’s focused attention on digital marketplace behavior would overcome the risk that such oversight gets lost in having to compete for attention and resources with other oversight activities in the broader economy.
* Risk management replacing micromanagement: Tasks vs. tools
* In the industrial era, corporate management operated through rules-based bureaucracies. In a classic example of “you look like your pet,” the regulatory agencies created to oversee industrial capitalism adopted the management techniques used by the corporations themselves. The result was regulatory oversight conducted through top-down, bureaucratic, rules-based policies.
* Traditional regulation focused more on the tools rather than the tasks. Often characterized as “utility-style regulation,” oversight was driven by the available tools and led to micromanagement such as detailed involvement in commercial decisions, often requiring prior approval of actions and the ability to order specific activities. To this day, such rules-based approaches remain the primary legal structure of many varieties of government oversight.
* In contrast, risk-based regulation focuses on the tasks to be achieved. What are the adverse effects resulting from specific behaviors, and what is necessary to craft a solution to solve those harms in which the benefits outweigh the harms? Such risk-based regulation requires agility, not only in crafting a mitigation strategy, but also in its ongoing implementation amidst technological change.
* In such task-vs.-tools management, government has not kept pace with the companies themselves. While digital companies abandoned rules-based management hierarchies in favor of agile management that utilizes the empowerment created by a distributed network, such a concept is antithetical to the legal framework and bureaucratic regulatory culture that developed over decades of industrial oversight. Few policymakers, however, understand how to escape such outdated and counterproductive legal requirements and make the transition to the new agility in a regulatory context.
* Policymakers are not the only ones to be blamed for this situation. The agile-managed companies themselves have done little to help government improve its procedures. Instead, the companies use the lack of updated procedures and resulting regulatory rigidity as an argument against any regulation.
* While companies complain the current regulatory system is too rigid for the rapid-paced change of digital technology and markets, attempts to introduce agile regulation built on general behavioral conduct are also opposed. One approach is too rigid, while the other is “regulatory uncertainty.” Arguing both sides, of course, perpetuates the desired absence of any regulation.
* Not only is there a need for an agency with focused digital oversight responsibilities, but that new agency also must adopt a 21st-century task-focused approach to regulation. The operation of the new agency should be designed to identify, attack, and mitigate adverse effects utilizing task-oriented regulatory craftsmanship that focuses on the specific harms and target policies to address those behaviors.10
* Addressing behaviors rather than dictating operations is responsive to the need to protect consumers and competition, while at the same time being responsive to the concern that old-style regulation prioritizes the dictation of detailed procedures over boundary-expanding innovation.
* This evolution to agile, task-oriented regulation requires a new regulatory model.
* A new regulatory model: Learning from the success of technology standards
* The new agency is first and foremost a regulatory agency charged with protecting consumers and competition. Consistent with the underlying risk management, Congress should anchor the agency’s authority around enforcing the duty-of-care and duty-to-deal principles.
* The implementation of such authority should be as general and flexible as circumstances permit. The new agency should be empowered to act on its own, pursuant to the Administrative Procedure Act processes. To maximize effectiveness, however, the agency should embrace, as a new regulatory model, the kind of standards-setting activities that the digital industry itself utilizes to define technical codes.
* The development of standards and codes is a well-established process that has been utilized by industry and government since the first fire code was adopted in 1895. Throughout the American economy, industry-developed standards—from fire codes, electric codes, and building codes, to the standards for safety matches—are supervised and enforced by governments. What is different about the new digital era regulatory model is its expansion out of industry-only development to include government oversight and public participation to achieve behaviors derived from common-law principles.
* In the digital economy, the standardization process produced successes as diverse as the TCP/IP language that underpins the internet, to Wi-Fi, 5G, and the internet. One of the hallmarks of the process—which would bring agility to the regulatory process—is the ability to keep up with technological advancements. An example of such agility is the advances in mobile technology as standards evolved from 3G to 4G to 5G to take advantage of new capabilities.
* Typically, however, the industry-run standards process does not cover non-technical issues such as the impact of the resulting standard on consumers and competition. The new digital agency’s use of the standards process would repair that shortcoming through the creation of behavioral standards to address identified marketplace risks.
* To accomplish this, the new agency would assume oversight and ultimate review of the behavioral standards process. As a backstop, and to assure a focus on meaningful results in the standards process, the digital agency would retain the traditional rulemaking and enforcement powers. If after a specified period for the cooperative development of agency stipulated standards, the industry-involved process is not successful, the agency would revert to promulgating standards on its own via a notice and comment rulemaking.
* The first effort, however, would be through the development of behavioral standards. This process would begin with the new agency identifying the standard to be developed, a base set of principles to be included, a timeframe for resolution, and the industry and public members of the standards development group. The agency would be responsible for the oversight of and input to the process. Upon completion of a proposed standard, it would be put out for public comment, and ultimately, the agency’s commissioners would vote to approve, reject, or amend the proposal. Upon adoption, the agency would then be responsible for the enforcement of the standard.
* Such a government-supervised process has been used in other areas of federal responsibility. The Energy Policy Act of 2005, for instance, mandated the creation of an industry-based Energy Reliability Organization to develop and enforce mandatory standards to prevent blackouts and assure the flow of electric power. The Financial Industry Regulatory Authority (FINRA) is an industry-based regulator of brokerage firms and financial markets. The SEC oversees FINRA’s application of the statutes and creation of rules, including the authority to disapprove a rule or institute proceedings about a new rule.
* The standards process has been an effective governing mechanism for over a century. With oversight goals defined by common-law-derived concepts, a risk-management approach focusing on tasks rather than tools, and the public-interest implementation of the successful industry standards process, regulation can move from its industrial-era confines to deal with the new digital economy.

### S – Surveillance

**That solves abuses of surveillance capabilities.**

Harley **Geiger 14**, Advocacy Director and Senior Counsel at the Center for Democracy & Technology (CDT), "Four Key Reforms for NSA Surveillance," Center for Democracy and Technology, 3/14/2014, https://cdt.org/insights/four-key-reforms-for-nsa-surveillance/

Some degree of government surveillance and secrecy is necessary to protect against national security threats. However, overbroad government power to conduct mass surveillance with minimal transparency threatens Constitutional freedoms and inhibits meaningful public debate. Here are four – but not the only – needed national security surveillance reforms that the Administration and Congress should tackle now.

1. Outlaw Bulk Collection of Americans’ Private Records

The NSA collects and stores phone records – in bulk and on an ongoing basis – on tens of millions of Americans who are not connected to a criminal or national security investigation. This program was established under Section 215 of the PATRIOT Act. The Department of Justice argues that Section 215 gives the government the authority to force businesses to turn over any large data sets that show relationships among people. This includes not just phone records, but other sensitive data – such as Internet activity, cell phone location information, tax records, financial information, and credit card records. Many Members of Congress, government oversight bodies, and civil society groups have rejected such expansive surveillance power and called for more targeted surveillance to meet security needs. Section 215 of the PATRIOT Act must be reformed to restrict the government from bulk collection of private records on Americans with no connection to criminal or national security investigations, while still allowing for narrowly targeted surveillance against true threats.

2. Require Greater Transparency and Accountability for Surveillance

Public understanding of how the government uses its surveillance authority is a critical safeguard against abuse, but the government’s national security surveillance activities have been shrouded in unnecessary secrecy. The surveillance court – called the FISC – is not required to publicly report summaries of its rulings, leading to secret interpretations of law. Extensive gag orders sharply restrict what U.S. Internet companies can disclose about the extent of surveillance on their users, causing damage to the companies’ global reputations and lost business opportunities. The government reports limited information on its own activities inhibiting public awareness and debate on the issue. The FISC should publicly disclose summaries of its significant legal interpretations, the government should issue more detailed public reporting on its surveillance activities, and the government should permit companies to disclose more details on how surveillance affects their users.

**S – Biotech Innovation**

**Regulatory reform enables US biotech innovation. Absence of reform wrecks aff solvency.**

Thomas **Bostick 25**, Contributor at Forbes, focuses on business, leadership, winning teams, people, and resilience, "Regulatory Reform To Boost U.S. Innovation And National Security," Forbes, 04/24/2025, https://www.forbes.com/sites/thomasbostick/2025/04/24/regulatory-reform-to-boost-us-innovation-and-national-security/

As the U.S. seeks to maintain its global competitiveness in sectors like biotechnology and infrastructure, regulatory reform will play a critical role in shaping that success. As the former president and chief operating officer of Intrexon — a biotechnology company focused on health, energy, food, and the environment — I have personal experience with the challenges faced by the private sector. AquaBounty and Oxitec are two companies that faced an exhausting experience in achieving regulatory approval for their groundbreaking products. While the federal government is making progress and appropriate risks must be managed, these challenges demonstrate how outdated regulatory systems continue to threaten innovation and competitiveness.

Biotech Reform Case Study: AquaBounty

AquaBounty developed the AquAdvantage Salmon, the first genetically engineered fish approved for human consumption by the Food and Drug Administration. The fish was engineered to grow in half the time of a wild Atlantic salmon and with one-third of the food. The AquAdvantage Salmon was a significant innovation, and the United States biotechnology community led the world in its development. Although FDA scientists deemed the AquAdvantage Salmon fit for human consumption early in the review process, the agency did not grant approval until November 2015—more than two decades after AquaBounty began its initial research and regulatory submissions in the 1990s. Despite finally reaching U.S. stores in 2021, AquaBounty announced in December 2024 that it would cease fish farming operations, citing insufficient liquidity after over a year of unsuccessful efforts to raise capital. This outcome and a challenging regulatory environment serve as a wake-up call for U.S. national competitiveness and innovation.

AquAdvantage salmon vs. conventional Atlantic salmon at 18 months. The genetically engineered AquAdvantage salmon grows to market size twice as fast, reaching 61 cm and 3 kg—compared to 33 cm and 1.3 kg for conventional salmon.

IMAGE COURTESY OF AQUABOUNTY TECHNOLOGIES

Biotech Reform Case Study: Oxitec

Similarly, Oxitec developed a genetically engineered male Aedes aegypti mosquito. When released, this non-biting male mosquito mates with the wild female mosquito, and the offspring do not survive. The Aedes aegypti mosquito causes the transmission of dengue, Zika, chikungunya, and yellow fever. Regulators were unprepared for this type of biotech innovation, which resulted in a misaligned and unnecessarily long review process. As a result, the Oxitec mosquito was classified as an “animal drug” with regulatory oversight from the FDA. Oxitec’s genetically engineered Aedes aegypti mosquito underwent several years of regulatory review by the FDA before being reclassified as a biopesticide and transferred to the Environmental Protection Agency in 2017. Subsequently, the EPA approved an Experimental Use Permit in May 2020, leading to field trials in Florida and Texas in 2022. This reclassification and inefficiency underscore the regulatory challenges biotechnology and other innovative companies face within the U.S. regulatory framework. The regulatory framework must be improved for innovative companies to compete in the global market. This challenge is a national security concern.

MARATHON, FLORIDA - JUNE 09, 2021: Meredith Fensom, Oxitec's head of global public affairs, places a box from where genetically engineered Aedes aegypti mosquitoes are released on June 09, 2021 in Marathon, Florida. Florida Keys Mosquito Control District and Oxitec, a British biotech company, have begun the first-ever U.S. release of genetically engineered Aedes aegypti mosquitoes to control the species that can carry dengue, chikungunya, Zika, and yellow fever. Oxitec releases about 12,000 non-biting male mosquitoes from boxes to mate with female mosquitoes. The female offspring of the encounters cannot survive, which over time may begin to control the Aedes aegypti population. (Photo by Joe Raedle/Getty Images)

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A National Imperative For Competitiveness And Security

Like earlier commissions on cybersecurity and artificial intelligence (which enhanced national security strategy), Congress established the National Security Commission on Emerging Biotechnology. The commission emphasized that biotechnology is central to national security, public health, and economic competitiveness. As the NSCEB warns, China has made biotechnology a national priority for the past two decades, positioning itself ahead of the United States. This concern is echoed in a recent Forbes article emphasizing the urgency of reclaiming America’s biotech edge. The NSCEB recommends a minimum investment of $15 billion over the next five years to support domestic biotechnology research and development. As a military leader with biotechnology experience, I know there are several areas where biotech can significantly impact our national security preparedness. These priorities demand a modernized approach—one that anticipates future threats and removes outdated barriers.

Biosecurity Reform: The Case For A Pathogen ‘Radar’

I currently serve as a strategic advisor to Ginkgo Bioworks, a publicly traded biotechnology company. During the tragic events of 9/11, I was the senior military officer in the National Military Command Center in the Pentagon, where we monitored the most significant threats to the nation.

In the late 1930s, the U.S. Army developed radar to track enemy aircraft. Today, we need a similar system to detect biological threats. As we saw with COVID-19, pathogen spread was discovered only after people had become ill. As Matthew McKnight, general manager of biosecurity at Ginkgo Bioworks, stated, “The earlier you detect, the faster you nip something in the bud.” He leads a team building a 24/7 detection system for hazardous viruses and pathogens. This biological radar, which I previously discussed in a Forbes article on innovation and biosecurity, is designed to provide early warnings and enable faster responses before outbreaks spread. This program enhances national security by enabling early detection of biosecurity threats and helping the U.S. remain competitive with China, just like cybersecurity and AI.

Operation Overlord: The Normandy coast: radar image of a bomber from the U.S. Air Force in a distance of about 3000 - 4000 meters. June 1944. The mouths of the rivers Orne and Vire and the location of some cities are shown. Note battleships and cruisers shooting position parallel to the coast and the cloud of vessels between the Orne and Vire, less visible near Utah. Normandy, France. (Photo by Galerie Bilderwelt/Getty Images)

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International Competition: Beijing Genomics Institute’s Global Reach

While U.S. biotechnology companies navigate a challenging regulatory process, Chinese companies like BGI have expanded their global footprint. During the COVID-19 pandemic, BGI partnered with over 180 countries to provide timely detection and intervention, including the establishment of testing laboratories. BGI’s extensive international partnerships bolster its scientific capabilities and position it to influence global health organizations and policy. This strategic positioning highlights the long-term competitive implications for U.S. and other international biotechnology companies. Scaling biotechnology infrastructure is not just a commercial advantage—it is a geopolitical one. Moreover, these challenges extend beyond biotechnology.

Regulatory Reform Lessons From U.S. Infrastructure

In July 2012, President Barack Obama announced the "We Can’t Wait” initiative to expedite the deepening of the major East Coast ports to accommodate larger post-Panamax ships. The Savannah Harbor Deepening Project, authorized by Congress in 1999, faced an 18-year delay due to bureaucratic complexities and interagency disagreements.

As Chief of Engineers and Commanding General of the U.S. Army Corps of Engineers, my team and I were directly involved in efforts to move this project forward. Despite bipartisan support, progress was stalled for years due to misalignment among federal agencies on priorities. I saw firsthand how even urgent, nationally significant initiatives can be slowed by the regulatory process. Yet, after years of coordinated effort, the federal government finally approved the start of construction. That hard-won progress is a testament to persistence and collaboration—but also highlights how regulatory inefficiencies can delay essential infrastructure projects and undermine national competitiveness.

Shipping in the Port of Savannah, Savannah, Georgia (Photo by: Joe Sohm/Visions of America/Universal Images Group via Getty Images)

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Partnering With Government On Regulatory Reform

The federal government can better support innovation and economic prosperity by improving its regulatory process, whether it is biotechnology, infrastructure, or other business sectors. The FDA, EPA, and U.S. Department of Agriculture have made efforts to assist biotechnology developers navigate the regulatory landscape, yet much work remains. Part of the challenge is the lack of accountability and authority to move the regulatory process along. Public companies are held accountable by their shareholders, and quarterly earnings calls allow for discussion of progress on key initiatives. While the U.S. Congress can hold hearings to monitor progress, too many agencies are involved in decision-making with no apparent authority when agencies disagree. That was one of the challenges with the Savannah Harbor Deepening Project. There are years of back-and-forth discussions and collaborations to find common ground. Accountability is essential.

Bottom-Up Collaboration With The Federal Government

Additionally, businesses must understand how to work within the federal government. The federal government has many good people who have implemented processes to mitigate risk. Businesses with team members who have federal government experience can help navigate the regulatory process. The federal government and companies must learn from each other.

The Way Forward: Regulatory Reform And Innovation

Regardless of the industry, the National Security Commission on Emerging Biotechnology called for reforms addressing the challenges similar to those that I have personally encountered and highlighted in this paper. Some of these reforms include modernizing regulatory frameworks, investing in national biosecurity infrastructure, and making strategic investments. The country needs top-down (government-led) and bottom-up (business-led) partnerships to better understand the challenges and accelerate regulatory progress. Establishing clear timelines, acknowledging defined authority, and fostering accountability in regulatory decision-making are imperative to prevent prolonged delays while managing risks. Such regulatory reforms are essential for the United States to sustain its leadership in innovation and drive the future of biotechnology. Leaders in business and government must work together to modernize our approach—because America’s ability to innovate, compete, and lead depends on it.

# Case

# Unions Adv

**2NC**

**Supply Chains Defense---2NC**

**No supply chain ‘shocks’ impact. It assumes complete decoupling, which wouldn’t happen. The trade regime is systematically resilient and anti-fragile.**

Anthea **Roberts 23**, Professor of Global Governance, Australian National University; Founder, Dragonfly Thinking, "From Risk to Resilience," Foreign Affairs, https://www.foreignaffairs.com/world/risk-resilience-economics

These debates tend to frame the tradeoffs in black-and-white terms: globalization versus deglobalization and interdependence versus decoupling. But such binaries have never been realistic. The COVID-19 pandemic, Russia’s invasion of Ukraine, and rising tensions between the United States and China have all made Western companies and countries more wary of the risks associated with economic interdependence. Few, however, are prepared to make the sacrifices that full-scale decoupling would entail.

No wonder that “de-risking” has entered the policy lexicon as a softer alternative to decoupling. In January 2023, European Commission President Ursula von der Leyen coined the term as she laid out the EU’s strategy for reducing critical vulnerabilities while maintaining economic relations with China. The United States and the rest of the G-7 have since embraced de-risking, in part to assuage growing fears of a painful economic divorce from China. The idea is to differentiate connections that are high risk, for which selective decoupling is appropriate, from those that are low risk, for which it makes sense to maintain ties while also diversifying.

But inherent to de-risking is the idea that policymakers need to accept a zero-sum tradeoff between the risks and rewards of interconnection. There is a better way to understand the problem. Companies and countries need to embed calculations about risk and reward in a broader framework of systemic resilience — that is, the characteristics of a system that determine its ability to survive and thrive over time. Although resilience is commonly understood as the ability to withstand shocks and stressors, it is about more than just effectively responding to risks. It is also about evolving to better capture future rewards and cope with change.

To achieve systemic resilience, governments and firms must strike the right balance between risk and reward. If they always aim to minimize risks, they will not only reduce their rewards but also create new vulnerabilities over time. Likewise, if they always aim to maximize rewards in the short term, they may overlook existing risks and create new ones that could cost them dearly later. As a framework for weighing these competing objectives, systemic resilience can help policymakers and business executives think through questions of economic interdependence. It can help them decide when they should take risks in search of rewards and how they should prepare for potentially transformative changes — none more pressing than the coming energy transition.

THE BINARY BIAS

The rewards of economic connection can be immense. Global markets create extraordinary opportunities for economies of scale and enable companies and countries to develop their capabilities by specializing in what they do best and trading for the rest. Trade and investment treaties facilitate access to such markets, as do improvements in infrastructure, communications, and transportation. In the immediate aftermath of the Cold War, global supply chains proliferated as the rewards of international trade and investment seemed to far outstrip any potential risks. But by the first decade of the next millennium, the dangers of international connectedness had become manifest. The global financial crisis of 2008 stoked fears about financial contagion. China’s economic rise and growing assertiveness fueled Western capitals’ concerns about economic coercion. And Western sanctions made Moscow and Beijing more worried about weaponized interdependence.

Risks arise when a vulnerable system is exposed to threats or hazards. Interconnection exposes countries to intentional threats, such as economic coercion, as well as unintentional hazards, including financial crises and pandemics. Specialization creates additional vulnerabilities in the form of dependencies and concentration risks, such as when a country relies on critical goods manufactured by a foreign country or by a small group of suppliers in a region that is subject to extreme weather events. But because the same things that promise economic rewards often pose security risks, interdependence creates a dilemma. “Just in time” global supply chains that enable companies to reduce costs by storing minimal inventory can be tremendously efficient. But as the COVID-19 pandemic revealed, they can also leave societies dangerously exposed to disruptions, including in the supply of vital medical goods. The United States’ deep economic integration with China has produced enormous economic rewards, but it has also created vulnerabilities and dependencies for both countries, for example, in access to active pharmaceutical ingredients and semiconductors.

Interdependence does more than create tradeoffs between risk and reward; sometimes an increase in rewards can lead to a reduction in risks — a classic win-win outcome. Trade is often thought to promote peace and prosperity because rich and economically interdependent countries have powerful incentives to avoid war. But the effect is more ambiguous: interdependence may reduce the probability of conflict, but it can also make the consequences of conflict more dire if it does break out—since strong economic ties can be weaponized to devastating effect.

Efforts to mitigate one risk can also create or exacerbate others. Reshoring global supply chains may make countries less vulnerable to international disruptions while making them more vulnerable to domestic ones. Insulation from international supply chains can cause its own problems. For example, the United States generally manufactures enough baby formula to meet its own needs. But in 2022, a major U.S. baby formula plant was shut down because of bacterial contamination, causing nationwide shortages and forcing the Biden administration to take emergency actions to secure international supplies. People often struggle to acknowledge such tradeoffs because doing so is cognitively taxing. Rather than attempting to weigh the necessary multiple factors, people overwhelmed by that exercise tend to lump them together and simply declare that their chosen course of action is preferable on all counts. The psychologist Adam Grant calls this the “binary bias”—the tendency to collapse shades-of-gray spectrums into black-and-white categories. The result is tradeoff denialism: one side argues for globalization because it promotes peace and prosperity, while the other argues for decoupling on the grounds that it reduces the risks of coercion and stimulates the economy through reshoring.

The rhetorical shift from decoupling to de-risking is important because it represents an effort to move past the binary bias and tradeoff denialism. In this vein, Europe’s new economic security strategy, released by the European Commission in June 2023, begins by noting “the inherent tensions that exist between bolstering our economic security, and ensuring that the European Union continues to benefit from an open economy.” Policymakers must acknowledge those tensions instead of obfuscating them if their goal is to manage risk, not just minimize it.

In some sectors, the rewards from economic globalization are high and the risks are comparatively low. “Most of our trade in goods and services remains mutually beneficial and ‘un-risky,’” von der Leyen said in March 2023. Decoupling in these areas makes little sense. In other sectors, the risks arising from interdependence are high and the rewards are low. For example, trade in sensitive military technologies is too high a risk for the reward. In cases such as these, decoupling seems sensible. The hardest cases are where both the risks and rewards of economic interdependence are high. Here, focusing on systemic resilience is particularly helpful.

BOUNCING BACK

Resilience is a rich concept, with applications in engineering, psychology, disaster management, climate change adaptation, and more. In engineering, resilience describes the ability of a substance to return to its original shape after bending or stretching. Applied to people, communities, corporations, and countries, it describes the ability to absorb and adapt to changes. Scholars call this “socioecological resilience.”

Absorbing shocks means enduring them without incurring lasting damage or undergoing minor adaptations or major transformations. When countries stockpile semiconductors and other goods that are critical for manufacturing, they aim to create a cushion against supply chain disruptions. Building in redundancies such as multiple suppliers, some onshore and some offshore, helps systems weather shocks without suffering harm or disruption.

Adapting to shocks or stressors involves making incremental changes. When stocks of hand sanitizer ran low during the COVID-19 pandemic, some gin manufacturers adjusted their operations to produce needed supplies. Companies that specialized in three-dimensional printing began producing face masks and oxygen valves, while still others responded to shortages of medical supplies by finding alternative vendors. Adaptive changes are often small and short in duration. For example, schools shifted their classrooms online during the height of the pandemic, but most have since returned to in-person learning.

Transforming in the face of shocks is even more radical. It involves making more permanent structural changes that either reduce exposure and vulnerability to risks or increase the ability to capture rewards. Whereas adaptation can be achieved through incremental adjustments that largely preserve the status quo, transformation involves dramatic change to a new and better state. COVID-19 vaccines enabled governments to transform their response to the pandemic, fundamentally changing the risk-reward calculus for lockdowns and allowing countries to open their economies. Clean energy will prove even more transformative in the future. Governments will be able to use green technology to remake their economies in response to climate change.

These three modes of resilience — absorption, adaptation, and transformation — can operate alone or in combination. Often, they work on different timelines. For example, when China abruptly cut off exports of rare-earth elements to Japan in 2010 amid tensions in the East China Sea, Japan used all three modes of resilience to minimize harm. In the short term, it used careful inventory management to absorb the initial shock of the disruption and stretch existing supplies as far as possible. In the medium term, it adapted by recycling old rare-earth elements and finding substitutes for them. And in the long term, it took advantage of a transformation in the market for rare-earth minerals as new mines opened outside China.

THE RISE OF RESILIENCE

In the wake of the COVID-19 pandemic and Russia’s invasion of Ukraine, policymakers are beginning to appreciate the importance of resilience, which requires weighing polarities such as centralization and decentralization, diversification and concentration, and independence and interdependence. When it comes to free trade, for instance, U.S. Trade Representative Katherine Tai has said that it is “critical” to “incentivize resilience as opposed to just efficiency.” Sabine Weyand, the European Commission’s director general for trade, has identified a similar rebalancing of priorities in policymaking, arguing that “it is not just about efficiency in trade relations today; it’s about resilience.”

The key is to strike a balance between two extremes. Whereas optimizing for efficiency can create too many risks, optimizing for resilience can generate too few rewards. The scholar and former management consultant Roger Martin has characterized the dilemma well: “Pursuit of all resilience and no efficiency is as problematic as pursuit of efficiency with no resilience. The only difference is in the nature of the death.” By death, he meant the eventual demise of the system. Systems that are not resilient tend to die suddenly. They work well in the short term and sometimes the medium term, producing impressive rewards. But over time, they accumulate systemic vulnerabilities, eventually reaching a state of extreme fragility caused by factors such as excessive concentration and lack of diversity. When a shock disrupts such a system, its lack of absorptive and adaptive capacities can cause it to fail spectacularly. Inefficient systems, however, tend to die gradually as they compete unsuccessfully against more efficient ones.

To thrive over the long term, systems need to find a middle ground between efficiency and resilience and between the desire to minimize risks and maximize rewards. Countries that aim to minimize risks in the short term often leave themselves vulnerable to long-term threats. Just as children who grow up without being exposed to viruses can end up with weak immune systems, countries that have never experienced pandemics or other public health emergencies can be ill-prepared for them. During the COVID-19 pandemic, countries that had previously dealt with respiratory viruses such as SARS and MERS — for example, Singapore, South Korea, and Taiwan — mounted the most effective initial responses to the new disease. The risk analyst Nassim Nicholas Taleb uses the term “antifragile” to refer to systems that grow stronger when exposed to moderate levels of stress as opposed to ones that atrophy when they are shielded from all risks.

Likewise, countries that aim to maximize short-term rewards often make themselves vulnerable to future shocks. Maximizing rewards from just-in-time supply chains may seem economically efficient in the short term, but as the pandemic showed, it can eventually prove catastrophic. Similarly, countries that seek to accelerate their development by offshoring low-cost manufacturing and pivoting their domestic economies to high-end services could wind up forfeiting the industrial capacity needed to power the sectors of the future, including clean energy. And countries that rely heavily on their most profitable industry risk creating a monoculture that makes money in the short term but is vulnerable to the effects of environmental or market changes.

WALK THE LINE

So what is the right balance between peril and payoff? Where high risks promise high rewards, countries should abide by a simple rule: run the risk only when the relevant system has sufficient resilience to absorb, adapt, or transform if that risk becomes reality.

With 5G networks, for example, countries have taken clear steps toward decoupling because they perceive high risks and low resilience. The Chinese telecommunications giant Huawei is a cheap provider of leading 5G technologies that have the potential to generate strong economic rewards. But for many Western governments, the risks that the Chinese government would abuse access to 5G networks to engage in espionage or sabotage were too high to discount. Laying 5G networks is also expensive, and 5G network providers are almost always the service providers. These features of the technology mean that it would be extremely difficult for a government to adapt and find a new 5G supplier should Beijing weaponize Huawei’s networks. In areas where countries cannot adapt during a crisis, they often seek to reduce their exposure, even if that means forsaking possible rewards.

By contrast, where countries have sufficient resilience — for instance, in the trade of basic commodities, where global markets are deep and diversified — they are more likely to maintain interdependence, despite the risks of economic coercion. Many Australian exporters depended heavily on the Chinese market before Beijing instituted trade bans and other coercive economic measures in 2020, following Australia’s call for an inquiry into the origins of COVID-19. But not all these exporters proved resilient. Those selling high-end products such as lobsters and fine wines struggled to find alternative markets, whereas those trading basic commodities such as coal, barley, and cotton were able to adapt and redirect their inventory to global markets.

It is telling that Australia’s response to Chinese economic coercion was not to decouple. Even after the risks had been laid bare, the potential rewards of continued economic engagement were too great. Australia continued to trade in goods that were unaffected by the bans, such as iron ore, while seeking to reopen export markets with China in the industries that were affected. But the Australian government also advised exporters to adopt a more diversified “China plus” strategy to make pivoting markets easier in the event of future disruptions. When resilience is high, countries can take greater risks in pursuit of rewards because they have something to fall back on if their fears are realized. For many traded goods, including agricultural products and raw resources, diversification rather than decoupling is the more practical and prudent path.

Another advantage of systemic resilience is that it can help governments and firms proactively adapt to changing circumstances. Greater resilience often makes it easier to maintain something close to the status quo. But sometimes the status quo is the problem, in which case more transformational approaches are needed to ensure long-term resilience. That is why many Western countries are turning to industrial policy — official encouragement of specific domestic economic sectors — as they attempt to address climate change and heightened threat perceptions from increased geopolitical tensions.

In some cases, governments are using industrial policy to promote transformative innovations that will reduce risks and build resilience. For example, the U.S. government has invested in developing Open Radio Access Networks, new mobile network technology that runs on the cloud and would break the connection between 5G network providers and 5G service providers, allowing users to mix and match providers. If successful, this technology would reduce some of the risks inherent in 5G networks and increase resilience. The 5G markets would be more open and competitive, making it easier for countries and companies to switch service providers if networks are weaponized.

In other cases, governments are using industrial policy so they can reap future rewards as well as limit risks. The United States is subsidizing the development and deployment of green technologies not just to address the dangers of a changing climate but also to ensure that American companies capture a sizable share of important emerging markets, including the one for electric vehicles. The CHIPS and Science Act, which aims to boost the domestic semiconductor industry; the Inflation Reduction Act, which made historic investments in clean energy; and the Infrastructure Investment and Jobs Act, which has upgraded infrastructure in areas such as bridges, rail, and broadband are also designed to transform the U.S. economy and society. These laws, passed in 2021 and 2022, reduce supply chain vulnerabilities; provide incentives to manufacturers of renewable energy, batteries, electric vehicles, and semiconductors; and enhance access by building a national network of electric vehicle chargers and overhauling the nation’s power grid to improve clean energy transmission.

**Supply chains have diversified.**

Alicia **Wallace 23**, Knight-Bagehot Fellow at Columbia University, Senior Journalist at CNN Business, Degree in Economics from Columbia University, citing Zac Rogers, Assistant Professor of Operations and Supply Chain Management at Colorado State University, "Covid broke supply chains. Now on the mend, can they withstand another shock?" CNN Business, 01/16/2023, https://www.cnn.com/2023/01/16/economy/supply-chain-outlook-2023/index.html

Reshoring and smoother flows

Helping that along is that supply chains are far more resilient now than they were at the end of 2019, Rogers said.

“In 2019, we had basically all of our chips in on one hand, which was, things are built in East Asia, come on a boat through the ports in Southern California, they get on trains that go to Chicago and then on other trains or trucks to distribute to the East Coast,” he said.

And while it’s nearly impossible to divorce from China, companies are embracing different paths for the supply chain, whether it be in Vietnam, Bangladesh, Central America or domestically, Rogers said.

“Because of that, supply chains are not as brittle as they were three years ago,” he said. “And so if there is another shock — particularly if there’s a China-centric shock — I think we’ll be able to absorb it a little better than we had. … But you can’t price in something like the invasion of Ukraine or a viral outbreak that shuts down the world — no systems are built to handle that smoothly.”

Rogers is also a researcher and co-author of the Logistics Managers’ Index, a monthly survey of supply chain executives conducted by a team of university researchers and the Council of Supply Chain Management Professionals.

The index’s December reading — which measures inventory levels and costs; warehousing capacity; utilization and prices; and transportation capacity, utilization and prices — came in at 54.6, a 1-point increase following eight months of declines.

The majority of the LMI metrics were in the range of 40s, 50s and 60s, Rogers said, noting it’s the first time since the onset of the pandemic that the indices haven’t been in the 70s or 80s.

**Shortage Defense---No Resource Wars---Food---2NC**

**Wars aren’t fought over food. Moderate crisis management is more likely.**

Sören **Köpke 22**, Postdoctoral researcher and lecturer in International Agricultural Policy and Environmental Governance, “Interrogating the Links between Climate Change, Food Crises and Social Stability,” Earth, vol. 3, no. 2, 2, Multidisciplinary Digital Publishing Institute, 06/2022, pp. 577–589

The line of argument of both the environmental security school and collapse theorist, at least with regard to agriculture-dependent developing countries, follows this chain of causation, loosely adapted from the critical discussion by Peluso and Watts [26] (p. 17):

climate change → food crisis → heightened competition → breakdown of social order (1)

where “climate change” is one instance of adverse environmental change, and food crisis stands for the social effects of environmental scarcity.

There is a severe disconnect between the body of knowledge produced by scholars of famine and food insecurity, and the environmental security school, as well as climate collapse theorists. The latter tend to ignore the rich historical evidence on the character, societal context, political economy, and anthropology of large-scale devastating food crises. As will be elaborated in the following, contemporary famine scholars are fairly unanimous that (a) drought and other severe climatic disasters are not necessarily the main factors leading to famines, even if it appears that way, since (b) famines have a political context that is often more important than other factors; in addition, (c) famines and the distribution of suffering reflect social hierarchies within the afflicted societies, and (d) even large-scale famines do not necessarily lead to a complete collapse of a polity’s functioning, as (e) food systems are highly interconnected and complex. These five statements will now be discussed in turn.

Agricultural drought—the insufficient availability of water, or, more precisely, soil moisture, for crop cultivation—is among the most frequent causes of yield failure and may lead to food insecurity crises, and in the most extreme, famine. Drought years are recurrent in water-stressed regions and countries. There are manifold coping strategies to drought on the household level pursued by rural people and subsistence-farming households, including, but not confined to, using up supplies on stock, taking up debt, leaving out meals, making use of “famine food”, searching for off-farm work, selling land, farm animals and valuable items, and temporal migration (i.e., to distant relatives) [62,63,64,65,66]. In a number of regional contexts, there is also the phenomenon of seasonal hunger [67,68], essentially a coping strategy to get by with scarce food resource over the year.

On the level of famine management and mitigation by state authorities or international donors, famine relief in the form of humanitarian emergency food aid is often applied; additional measures include food price stabilization and bans on exports [69,70]. Although these interventions have their own setbacks [71], food aid and other famine management measures are much more preferable for the avoidance of high mortality rates than neglect and lack of response on the side of the governing authorities, as historic examples show [72,73]. Mid-term strategies for prevention of drought-famine include technological interventions, such as investments in irrigation infrastructures and landscaping against soil erosion or introduction of famine-resistant crop varieties [74], or governance intervention, such as the implementation of social security systems and public health care, and instatement of early warning systems [75,76].

Hence, drought-famines are not mere natural disasters, but represent a failure of policies and institutions. This points to the political nature of large-scale food crises. Furthermore, food insecurity crises often arise in the context of armed conflict and interstate wars, a statement which does not only apply to organized violence in the 20th century but holds true to these days. Table 1 lists major famines from 1917–2018; climatic aspects are in the foreground for a number of modern famines, yet the context of armed conflict is present in a large number of cases.

[TABLE 1 OMITTED]

Strong evidence of authoritarian politics as a direct cause of devastating famine can be found in the Stalinist famine (Holodomor) in 1930s Soviet Ukraine [77,78] and the Great Leap Forward famine in the People’s Republic of China (1958–1962) [79,80]. The latter is arguably the most lethal hunger catastrophe in history in terms of victims’ number quantity. Hunger is weaponized by aggressors against unwanted populations; the Siege of Leningrad (1941–1944) by Nazi Germany is a historical example [81]. The strong interrelation between organized violence and large-scale food crises leads Alex de Waal [82] to speak of many modern famines as “forced mass starvation”. Having now established that many, if not most, modern famines are not the result of drought and harvest failure alone, but consequences of armed conflict, policy failure, and neglecting assistance to starving populations, the question can be raised of who is suffering from famine and food crises.

The dominant view with regard to the political economy of food crises is based on Amartya Sen’s [83] insight that, rather than declining food availability, the lack of ability to access food—the lack of “entitlements” to food—was crucial in understanding the genesis of famine. When purchasing food becomes costly, the poorer parts of a population are suffering and starving at first. Famines are then as much an issue of distributive justice as of food economics or agriculture [84]. This “distributionist” perspective [24] is principally accepted [85]; however, it does not appear to convince neo-Malthusians of the fallibility of their arguments.

Following these three general arguments, it is clear that elites and upper strata of society are generally affected by food crises to a much lesser degree than more vulnerable populations, creating what Ó Gráda calls “hierarchies of suffering” [86]. This does not preclude that famines do not have lasting and traumatic consequences to surviving individuals and households and to affected communities and societies, yet it raises questions surrounding hunger crises and social stability, which have a complex interrelation.

Acute famine is generally not associated with social upheaval, as famine-affected people are likely to be too weak to engage in protest or even armed uprising [73]. Yet, there is a very robust linkage between food insecurity crises and social unrest. The vector connecting both variables is usually food prices. Food (price) riots are a phenomenon observed up to the present day [87,88,89,90]. While empirical evidence suggests that food security crises as consequence of rising food prices are neither a necessary nor a sufficient condition for social unrest, the expectation of food insecurity can be a strong motivator to engage in protests or riots [91]. In recent history, the 2010–2011 “Arab Spring” appears as a confluence of conditions where rising food prices overlapped with radical loss of legitimacy of authoritarian rulers and long-boiling socioeconomic tensions [92,93]. Here, the connection between global food price volatility and political consequences on the national level underline the last argument: The interdependence within the global food economy links production, processing, and consumption through trade in international markets [94]. Upstream—through trade in fertilizers, pesticides, machinery, and irrigation technology—and downstream—food exports—commodity chains are creating complex interdependencies [95].

**Zero correlation between food and war.**

Steven **Pinker 11**, Prof @ Harvard, “Steven Pinker: Resource Scarcity Doesn’t Cause Wars,” Global Warming, 11/28/11, retrieved via WebArchive, http://www.globalwarming.org/2011/11/28/steven-pinker-resource-scarcity-doesnt-cause-wars/

Once again it seems to me that the appropriate response is “maybe, but maybe not.” Though climate change can cause plenty of misery… it will not necessarily lead to armed conflict. The political scientists who track war and peace, such as Halvard Buhaug, Idean Salehyan, Ole Theisen, and Nils Gleditsch, are skeptical of the popular idea that people fight wars over scarce resources. Hunger and resource shortages are tragically common in sub-Saharan countries such as Malawi, Zambia, and Tanzania, but wars involving them are not. Hurricanes, floods, droughts, and tsunamis (such as the disastrous one in the Indian Ocean in 2004) do not generally lead to conflict. The American dust bowl in the 1930s, to take another example, caused plenty of deprivation but no civil war. And while temperatures have been rising steadily in Africa during the past fifteen years, civil wars and war deaths have been falling.

Pressures on access to land and water can certainly cause local skirmishes, but a genuine war requires that hostile forces be organized and armed, and that depends more on the influence of bad governments, closed economies, and militant ideologies than on the sheer availability of land and water. Certainly any connection to terrorism is in the imagination of the terror warriors: terrorists tend to be underemployed lower-middle-class men, not subsistence farmers. As for genocide, the Sudanese government finds it convenient to blame violence in Darfur on desertification, distracting the world from its own role in tolerating or encouraging the ethnic cleansing.

In a regression analysis on armed conflicts from 1980 to 1992, Theisen found that conflict was more likely if a country was poor, populous, politically unstable, and abundant in oil, but not if it had suffered from droughts, water shortages, or mild land degradation. (Severe land degradation did have a small effect.) Reviewing analyses that examined a large number (N) of countries rather than cherry-picking one or toe, he concluded, “Those who foresee doom, because of the relationship between resource scarcity and violent internal conflict, have very little support from the large-N literature.”

**The countries that matter will solve escalation with institutions.**

Sarah **Cliffe 16**, Director of the Center on International Cooperation at New York University, "Food Security, Nutrition, and Peace," NYU, 3/29/2016, http://cic.nyu.edu/news\_commentary/food-security-nutrition-and-peace

However, current research does not yet indicate a clear link between climate change, food insecurity and conflict, except perhaps where rapidly deteriorating water availability cuts across existing tensions and weak institutions. But a series of interlinked problems – changing global patterns of consumption of energy and scarce resources, increasing demands for food imports (which draw on land, water, and energy inputs) can create pressure on fragile situations.

Food security – and food prices – are a highly political issue, being a very immediate and visible source of popular welfare or popular uncertainty. But their link to conflict (and the wider links between climate change and conflict) is indirect rather than direct.

What makes some countries more resilient than others?

Many countries face food price or natural resource shocks without falling into conflict. Essentially, the two important factors in determining their resilience are:

First, whether food insecurity is combined with other stresses – issues such as unemployment, but most fundamentally issues such as political exclusion or human rights abuses. We sometimes read nowadays that the 2006-2009 drought was a factor in the Syrian conflict, by driving rural-urban migration that caused societal stresses. It may of course have been one factor amongst many but it would be too simplistic to suggest that it was the primary driver of the Syrian conflict.

Second, whether countries have strong enough institutions to fulfill a social compact with their citizens, providing help quickly to citizens affected by food insecurity, with or without international assistance. During the 2007-2008 food crisis, developing countries with low institutional strength experienced more food price protests than those with higher institutional strengths, and more than half these protests turned violent. This for example, is the difference in the events in Haiti versus those in Mexico or the Philippines where far greater institutional strength existed to deal with the food price shocks and protests did not spur deteriorating national security or widespread violence.

**Supply Chains Defense---2NC**

**No supply chain ‘shocks’ impact. It assumes complete decoupling, which wouldn’t happen. The trade regime is systematically resilient and anti-fragile.**

Anthea **Roberts 23**, Professor of Global Governance, Australian National University; Founder, Dragonfly Thinking, "From Risk to Resilience," Foreign Affairs, https://www.foreignaffairs.com/world/risk-resilience-economics

These debates tend to frame the tradeoffs in black-and-white terms: globalization versus deglobalization and interdependence versus decoupling. But such binaries have never been realistic. The COVID-19 pandemic, Russia’s invasion of Ukraine, and rising tensions between the United States and China have all made Western companies and countries more wary of the risks associated with economic interdependence. Few, however, are prepared to make the sacrifices that full-scale decoupling would entail.

No wonder that “de-risking” has entered the policy lexicon as a softer alternative to decoupling. In January 2023, European Commission President Ursula von der Leyen coined the term as she laid out the EU’s strategy for reducing critical vulnerabilities while maintaining economic relations with China. The United States and the rest of the G-7 have since embraced de-risking, in part to assuage growing fears of a painful economic divorce from China. The idea is to differentiate connections that are high risk, for which selective decoupling is appropriate, from those that are low risk, for which it makes sense to maintain ties while also diversifying.

But inherent to de-risking is the idea that policymakers need to accept a zero-sum tradeoff between the risks and rewards of interconnection. There is a better way to understand the problem. Companies and countries need to embed calculations about risk and reward in a broader framework of systemic resilience — that is, the characteristics of a system that determine its ability to survive and thrive over time. Although resilience is commonly understood as the ability to withstand shocks and stressors, it is about more than just effectively responding to risks. It is also about evolving to better capture future rewards and cope with change.

To achieve systemic resilience, governments and firms must strike the right balance between risk and reward. If they always aim to minimize risks, they will not only reduce their rewards but also create new vulnerabilities over time. Likewise, if they always aim to maximize rewards in the short term, they may overlook existing risks and create new ones that could cost them dearly later. As a framework for weighing these competing objectives, systemic resilience can help policymakers and business executives think through questions of economic interdependence. It can help them decide when they should take risks in search of rewards and how they should prepare for potentially transformative changes — none more pressing than the coming energy transition.

THE BINARY BIAS

The rewards of economic connection can be immense. Global markets create extraordinary opportunities for economies of scale and enable companies and countries to develop their capabilities by specializing in what they do best and trading for the rest. Trade and investment treaties facilitate access to such markets, as do improvements in infrastructure, communications, and transportation. In the immediate aftermath of the Cold War, global supply chains proliferated as the rewards of international trade and investment seemed to far outstrip any potential risks. But by the first decade of the next millennium, the dangers of international connectedness had become manifest. The global financial crisis of 2008 stoked fears about financial contagion. China’s economic rise and growing assertiveness fueled Western capitals’ concerns about economic coercion. And Western sanctions made Moscow and Beijing more worried about weaponized interdependence.

Risks arise when a vulnerable system is exposed to threats or hazards. Interconnection exposes countries to intentional threats, such as economic coercion, as well as unintentional hazards, including financial crises and pandemics. Specialization creates additional vulnerabilities in the form of dependencies and concentration risks, such as when a country relies on critical goods manufactured by a foreign country or by a small group of suppliers in a region that is subject to extreme weather events. But because the same things that promise economic rewards often pose security risks, interdependence creates a dilemma. “Just in time” global supply chains that enable companies to reduce costs by storing minimal inventory can be tremendously efficient. But as the COVID-19 pandemic revealed, they can also leave societies dangerously exposed to disruptions, including in the supply of vital medical goods. The United States’ deep economic integration with China has produced enormous economic rewards, but it has also created vulnerabilities and dependencies for both countries, for example, in access to active pharmaceutical ingredients and semiconductors.

Interdependence does more than create tradeoffs between risk and reward; sometimes an increase in rewards can lead to a reduction in risks — a classic win-win outcome. Trade is often thought to promote peace and prosperity because rich and economically interdependent countries have powerful incentives to avoid war. But the effect is more ambiguous: interdependence may reduce the probability of conflict, but it can also make the consequences of conflict more dire if it does break out—since strong economic ties can be weaponized to devastating effect.

Efforts to mitigate one risk can also create or exacerbate others. Reshoring global supply chains may make countries less vulnerable to international disruptions while making them more vulnerable to domestic ones. Insulation from international supply chains can cause its own problems. For example, the United States generally manufactures enough baby formula to meet its own needs. But in 2022, a major U.S. baby formula plant was shut down because of bacterial contamination, causing nationwide shortages and forcing the Biden administration to take emergency actions to secure international supplies. People often struggle to acknowledge such tradeoffs because doing so is cognitively taxing. Rather than attempting to weigh the necessary multiple factors, people overwhelmed by that exercise tend to lump them together and simply declare that their chosen course of action is preferable on all counts. The psychologist Adam Grant calls this the “binary bias”—the tendency to collapse shades-of-gray spectrums into black-and-white categories. The result is tradeoff denialism: one side argues for globalization because it promotes peace and prosperity, while the other argues for decoupling on the grounds that it reduces the risks of coercion and stimulates the economy through reshoring.

The rhetorical shift from decoupling to de-risking is important because it represents an effort to move past the binary bias and tradeoff denialism. In this vein, Europe’s new economic security strategy, released by the European Commission in June 2023, begins by noting “the inherent tensions that exist between bolstering our economic security, and ensuring that the European Union continues to benefit from an open economy.” Policymakers must acknowledge those tensions instead of obfuscating them if their goal is to manage risk, not just minimize it.

In some sectors, the rewards from economic globalization are high and the risks are comparatively low. “Most of our trade in goods and services remains mutually beneficial and ‘un-risky,’” von der Leyen said in March 2023. Decoupling in these areas makes little sense. In other sectors, the risks arising from interdependence are high and the rewards are low. For example, trade in sensitive military technologies is too high a risk for the reward. In cases such as these, decoupling seems sensible. The hardest cases are where both the risks and rewards of economic interdependence are high. Here, focusing on systemic resilience is particularly helpful.

BOUNCING BACK

Resilience is a rich concept, with applications in engineering, psychology, disaster management, climate change adaptation, and more. In engineering, resilience describes the ability of a substance to return to its original shape after bending or stretching. Applied to people, communities, corporations, and countries, it describes the ability to absorb and adapt to changes. Scholars call this “socioecological resilience.”

Absorbing shocks means enduring them without incurring lasting damage or undergoing minor adaptations or major transformations. When countries stockpile semiconductors and other goods that are critical for manufacturing, they aim to create a cushion against supply chain disruptions. Building in redundancies such as multiple suppliers, some onshore and some offshore, helps systems weather shocks without suffering harm or disruption.

Adapting to shocks or stressors involves making incremental changes. When stocks of hand sanitizer ran low during the COVID-19 pandemic, some gin manufacturers adjusted their operations to produce needed supplies. Companies that specialized in three-dimensional printing began producing face masks and oxygen valves, while still others responded to shortages of medical supplies by finding alternative vendors. Adaptive changes are often small and short in duration. For example, schools shifted their classrooms online during the height of the pandemic, but most have since returned to in-person learning.

Transforming in the face of shocks is even more radical. It involves making more permanent structural changes that either reduce exposure and vulnerability to risks or increase the ability to capture rewards. Whereas adaptation can be achieved through incremental adjustments that largely preserve the status quo, transformation involves dramatic change to a new and better state. COVID-19 vaccines enabled governments to transform their response to the pandemic, fundamentally changing the risk-reward calculus for lockdowns and allowing countries to open their economies. Clean energy will prove even more transformative in the future. Governments will be able to use green technology to remake their economies in response to climate change.

These three modes of resilience — absorption, adaptation, and transformation — can operate alone or in combination. Often, they work on different timelines. For example, when China abruptly cut off exports of rare-earth elements to Japan in 2010 amid tensions in the East China Sea, Japan used all three modes of resilience to minimize harm. In the short term, it used careful inventory management to absorb the initial shock of the disruption and stretch existing supplies as far as possible. In the medium term, it adapted by recycling old rare-earth elements and finding substitutes for them. And in the long term, it took advantage of a transformation in the market for rare-earth minerals as new mines opened outside China.

THE RISE OF RESILIENCE

In the wake of the COVID-19 pandemic and Russia’s invasion of Ukraine, policymakers are beginning to appreciate the importance of resilience, which requires weighing polarities such as centralization and decentralization, diversification and concentration, and independence and interdependence. When it comes to free trade, for instance, U.S. Trade Representative Katherine Tai has said that it is “critical” to “incentivize resilience as opposed to just efficiency.” Sabine Weyand, the European Commission’s director general for trade, has identified a similar rebalancing of priorities in policymaking, arguing that “it is not just about efficiency in trade relations today; it’s about resilience.”

The key is to strike a balance between two extremes. Whereas optimizing for efficiency can create too many risks, optimizing for resilience can generate too few rewards. The scholar and former management consultant Roger Martin has characterized the dilemma well: “Pursuit of all resilience and no efficiency is as problematic as pursuit of efficiency with no resilience. The only difference is in the nature of the death.” By death, he meant the eventual demise of the system. Systems that are not resilient tend to die suddenly. They work well in the short term and sometimes the medium term, producing impressive rewards. But over time, they accumulate systemic vulnerabilities, eventually reaching a state of extreme fragility caused by factors such as excessive concentration and lack of diversity. When a shock disrupts such a system, its lack of absorptive and adaptive capacities can cause it to fail spectacularly. Inefficient systems, however, tend to die gradually as they compete unsuccessfully against more efficient ones.

To thrive over the long term, systems need to find a middle ground between efficiency and resilience and between the desire to minimize risks and maximize rewards. Countries that aim to minimize risks in the short term often leave themselves vulnerable to long-term threats. Just as children who grow up without being exposed to viruses can end up with weak immune systems, countries that have never experienced pandemics or other public health emergencies can be ill-prepared for them. During the COVID-19 pandemic, countries that had previously dealt with respiratory viruses such as SARS and MERS — for example, Singapore, South Korea, and Taiwan — mounted the most effective initial responses to the new disease. The risk analyst Nassim Nicholas Taleb uses the term “antifragile” to refer to systems that grow stronger when exposed to moderate levels of stress as opposed to ones that atrophy when they are shielded from all risks.

Likewise, countries that aim to maximize short-term rewards often make themselves vulnerable to future shocks. Maximizing rewards from just-in-time supply chains may seem economically efficient in the short term, but as the pandemic showed, it can eventually prove catastrophic. Similarly, countries that seek to accelerate their development by offshoring low-cost manufacturing and pivoting their domestic economies to high-end services could wind up forfeiting the industrial capacity needed to power the sectors of the future, including clean energy. And countries that rely heavily on their most profitable industry risk creating a monoculture that makes money in the short term but is vulnerable to the effects of environmental or market changes.

WALK THE LINE

So what is the right balance between peril and payoff? Where high risks promise high rewards, countries should abide by a simple rule: run the risk only when the relevant system has sufficient resilience to absorb, adapt, or transform if that risk becomes reality.

With 5G networks, for example, countries have taken clear steps toward decoupling because they perceive high risks and low resilience. The Chinese telecommunications giant Huawei is a cheap provider of leading 5G technologies that have the potential to generate strong economic rewards. But for many Western governments, the risks that the Chinese government would abuse access to 5G networks to engage in espionage or sabotage were too high to discount. Laying 5G networks is also expensive, and 5G network providers are almost always the service providers. These features of the technology mean that it would be extremely difficult for a government to adapt and find a new 5G supplier should Beijing weaponize Huawei’s networks. In areas where countries cannot adapt during a crisis, they often seek to reduce their exposure, even if that means forsaking possible rewards.

By contrast, where countries have sufficient resilience — for instance, in the trade of basic commodities, where global markets are deep and diversified — they are more likely to maintain interdependence, despite the risks of economic coercion. Many Australian exporters depended heavily on the Chinese market before Beijing instituted trade bans and other coercive economic measures in 2020, following Australia’s call for an inquiry into the origins of COVID-19. But not all these exporters proved resilient. Those selling high-end products such as lobsters and fine wines struggled to find alternative markets, whereas those trading basic commodities such as coal, barley, and cotton were able to adapt and redirect their inventory to global markets.

It is telling that Australia’s response to Chinese economic coercion was not to decouple. Even after the risks had been laid bare, the potential rewards of continued economic engagement were too great. Australia continued to trade in goods that were unaffected by the bans, such as iron ore, while seeking to reopen export markets with China in the industries that were affected. But the Australian government also advised exporters to adopt a more diversified “China plus” strategy to make pivoting markets easier in the event of future disruptions. When resilience is high, countries can take greater risks in pursuit of rewards because they have something to fall back on if their fears are realized. For many traded goods, including agricultural products and raw resources, diversification rather than decoupling is the more practical and prudent path.

Another advantage of systemic resilience is that it can help governments and firms proactively adapt to changing circumstances. Greater resilience often makes it easier to maintain something close to the status quo. But sometimes the status quo is the problem, in which case more transformational approaches are needed to ensure long-term resilience. That is why many Western countries are turning to industrial policy — official encouragement of specific domestic economic sectors — as they attempt to address climate change and heightened threat perceptions from increased geopolitical tensions.

In some cases, governments are using industrial policy to promote transformative innovations that will reduce risks and build resilience. For example, the U.S. government has invested in developing Open Radio Access Networks, new mobile network technology that runs on the cloud and would break the connection between 5G network providers and 5G service providers, allowing users to mix and match providers. If successful, this technology would reduce some of the risks inherent in 5G networks and increase resilience. The 5G markets would be more open and competitive, making it easier for countries and companies to switch service providers if networks are weaponized.

In other cases, governments are using industrial policy so they can reap future rewards as well as limit risks. The United States is subsidizing the development and deployment of green technologies not just to address the dangers of a changing climate but also to ensure that American companies capture a sizable share of important emerging markets, including the one for electric vehicles. The CHIPS and Science Act, which aims to boost the domestic semiconductor industry; the Inflation Reduction Act, which made historic investments in clean energy; and the Infrastructure Investment and Jobs Act, which has upgraded infrastructure in areas such as bridges, rail, and broadband are also designed to transform the U.S. economy and society. These laws, passed in 2021 and 2022, reduce supply chain vulnerabilities; provide incentives to manufacturers of renewable energy, batteries, electric vehicles, and semiconductors; and enhance access by building a national network of electric vehicle chargers and overhauling the nation’s power grid to improve clean energy transmission.

**Supply chains have diversified.**

Alicia **Wallace 23**, Knight-Bagehot Fellow at Columbia University, Senior Journalist at CNN Business, Degree in Economics from Columbia University, citing Zac Rogers, Assistant Professor of Operations and Supply Chain Management at Colorado State University, "Covid broke supply chains. Now on the mend, can they withstand another shock?" CNN Business, 01/16/2023, https://www.cnn.com/2023/01/16/economy/supply-chain-outlook-2023/index.html

Reshoring and smoother flows

Helping that along is that supply chains are far more resilient now than they were at the end of 2019, Rogers said.

“In 2019, we had basically all of our chips in on one hand, which was, things are built in East Asia, come on a boat through the ports in Southern California, they get on trains that go to Chicago and then on other trains or trucks to distribute to the East Coast,” he said.

And while it’s nearly impossible to divorce from China, companies are embracing different paths for the supply chain, whether it be in Vietnam, Bangladesh, Central America or domestically, Rogers said.

“Because of that, supply chains are not as brittle as they were three years ago,” he said. “And so if there is another shock — particularly if there’s a China-centric shock — I think we’ll be able to absorb it a little better than we had. … But you can’t price in something like the invasion of Ukraine or a viral outbreak that shuts down the world — no systems are built to handle that smoothly.”

Rogers is also a researcher and co-author of the Logistics Managers’ Index, a monthly survey of supply chain executives conducted by a team of university researchers and the Council of Supply Chain Management Professionals.

The index’s December reading — which measures inventory levels and costs; warehousing capacity; utilization and prices; and transportation capacity, utilization and prices — came in at 54.6, a 1-point increase following eight months of declines.

The majority of the LMI metrics were in the range of 40s, 50s and 60s, Rogers said, noting it’s the first time since the onset of the pandemic that the indices haven’t been in the 70s or 80s.

**Fissured Economy – 2NC**

**Aff causes outsourcing. That circumvents domestic worker power.**

Heather M. **Whitney 16**, Bigelow Teaching Fellow and Lecturer in Law, University of Chicago Law School, J.D. from Harvard Law School, Former clerk for Chief Judge of the Seventh Circuit, "Rethinking the Ban on Employer-Labor Organization Cooperation," Cardozo Law Review, vol. 37, 2016, p. 1455, https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?referer=&httpsredir=1&article=12438&context=journal\_articles

Whether one supports unionization or not, the NLRA was originally intended to protect “full freedom of association [and] selforganization” for workers.43 As Benjamin Sachs, Professor of Labor and Industry at Harvard Law School, has pointed out, most scholars believe it has failed to do this for one of two reasons: the statute is too weak, and thus unable to do the necessary protecting, or the statute is too rigid, unable to keep pace with changes in the composition and nature of work.44 An examination of modern company-worker relations speaks to the latter reason.

NLRA-style unionization is premised on the notion of a single company that acts as a stable employer of long-term, full-time employees.45 But a number of transformations to the nature of work have rendered anachronistic this conception, and with it the possibility of 1935-era unionization, increasingly impracticable.

Perhaps most significantly, the modern workplace is fissured.46 “Employment is no longer the clear relationship between a well-defined employer and a worker. The basic terms of employment—hiring, evaluation, pay, supervision, training, and coordination—are now the result of multiple organizations.”47

Supply chains and outsourcing more generally provide one example of this. A basic question a company must answer is whether a particular activity it needs done (be it manufacturing, marketing, or inventing) occurs within the corporation itself.48 This choice may be influenced by a variety of considerations, but for corporations with the exclusive goal of maximizing shareholder value, the answer will be straightforward: which is cheaper? In the past, the direct costs of producing a cell phone in China or a lower-cost area in the United States might be far lower than those associated with producing it in house at the company’s headquarters in Silicon Valley; other transaction costs, like those associated with transportation and monitoring, were sufficiently high that cheaper labor did not always translate to cheaper production, all things considered.49 Today, however, those transaction costs are going down. Flying to China to check on manufacturers is cheap and email and surveillance technologies make monitoring farflung factories cheaper.50 Additionally, by contracting out a particular project or job, companies can take advantage of the downward pressure facing smaller companies that compete to win bids for those jobs.51 If a hotel is looking to outsource its room-keeping, it can create a bidding war between vendors, who in turn cut worker wages or risk losing the contract.

**Firm-based bargaining makes wins self-defeating.**

**Cass 20** [Brad Littlejohn is a Fellow at the Ethics and Public Policy Center, Ph.D., University of Edinburgh, interviewing Oren Cass is the executive director of American Compass. Williams College (BA in political economy). Harvard University (JD) 9-26-2020 https://www.thepublicdiscourse.com/2020/09/71843/]

Oren Cass:

Private sector unions have been in such terminal decline because the legal framework we have set up for them is a very bad one. Michael Lind makes this point: that we now have a lower share of the private sector workforce organized than before the National Labor Relations Act was passed during the Great Depression. So, in a sense, you could say labor law is now worse than useless. You might very well have a higher level of organizing just with no labor law at all.

There are a number of serious problems in the way that we’ve set up the system in America that I think have led to its decline, most of which come down to the way that we structure the relationship between the sides at the enterprise or firm level. We have what’s called enterprise-level bargaining, and Americans just take for granted, “Oh this is what labor means.” You have an organizing campaign in the workplace, and the union campaigns to get a union, and management campaigns for no union, and the workers vote. And either a majority say, “Yes,” in which case now you’re unionized and everyone’s in the union and you bargain, or the majority say, “No,” and then there’s nothing.

First of all, that system obviously creates an incredible amount of adversarialism right off the bat. And then, where the union does succeed, it can be a pyrrhic victory, because the union’s success almost by definition is going to weaken the employer in the marketplace. So you’re typically going to see a decline in the health of those firms, and you’re going to see capital and jobs moving away from those firms and those regions where unionization is high to other places where it’s lower.

Brad Littlejohn:

We’ll come back to this point about enterprise-level vs. sectoral bargaining at the end. But what I hear you saying is that our system of organized labor is crumbling more from built-in design flaws than because of some coordinated opposition. Is that fair?

Oren Cass:

I think that’s generally right. There’s a fair critique from the Left that the Right has conveyed a very aggressive, anti-union message. And certainly, corporations work incredibly hard to make sure that unionization does not happen. That being said, at the end of the day, there is a vote.

If the arguments against unionization were obviously unpersuasive, and the benefits of having a union were obviously huge, you would expect to see organizing be more successful. It’s not. There was a fantastic survey done by Richard Freeman called “What Workers Want.” He asks workers whether they would prefer a situation where they have an adversarial relationship with management and some power, or a cooperative relationship with management but no power. And they choose “cooperative with no power” by two or three to one, including workers in unions. In my mind that underscores the degree to which this model that we’ve carried forth is not a substantively wise system and is not the system that workers want either.

**Adv 2**

**Biotech Defense---Regulation Fails---2NC**

**Gaps in regulation are inevitable globally**

R. Alexander **Hamilton 21**, Regional Coordinator, United Nations Interregional Crime and Justice Research Institute, et al., 9/8/21, “Opportunities, Challenges, and Future Considerations for Top-Down Governance for Biosecurity and Synthetic Biology,” in Emerging Threats of Synthetic Biology and Biotechnology, pp. 37-58

In other countries, especially developing countries that may share very different priorities due to limited resources and urgent challenges associated with human rights and food security, relevant biosecurity and synthetic biology regulations have not yet been adopted. Thus, the fact that international conventions are in place may create a false sense of confidence about the level of consensus and adoption. In practice, the effectiveness of conventions depends on how they are implemented, a task that can take a considerable amount of time. Indeed, despite the relatively long history of GMO regulation, relevant laws have not been adopted by all countries.

Additionally, in an interconnected and globalized world, the effectiveness of national implementation is limited in its ability to prevent or limit access to new technologies that may be carelessly used or transferred by other states. National implementation acts within legal and geographical boundaries and depends upon rules designed to shape the behavior of domestic audiences. For truly robust governance to occur, all states must work to mitigate the risks posed by advances in synthetic biology through effective national implementation.

Given the diversity of national implementation efforts globally, it seems unlikely that there will be a unified approach and that all gaps in the governance of synthetic biology will be filled. However, potential vulnerabilities can be addressed through a combination of different instruments. “Often, approaches to risk governance are defined in terms of a choice between two alternatives. Either accept the precautionary principle but in so doing choke off development of potentially promising technologies, or go with laissez-faire and in so doing accept potentially irreversible harms” (Oye 2012, p. 22). Linkov, Trump, Poinsatte-Jones, and Florin (2018b) emphasize the importance of a stepwise learning approach under conditions of acknowledged uncertainty, with initial limits on use, iterative phases of data gathering and regulatory evaluation. In addition to adopting hybrid governance models, combining elements of precaution with policies aimed at stimulating innovation, governments may also look to strengthen regulatory systems through a combination of hard and soft law. For example, legal measures can be complemented by codes of conduct or guidelines produced by researchers and industry.

**No Biotech Innovation Impact---2NC**

**Biotech startups are stupid**

Casey **Johnston 17**, "Why Silicon Valley Keeps Getting Biotechnology Wrong," Intelligencer, 04/18/2017, http://nymag.com/intelligencer/2017/04/why-silicon-valley-keeps-getting-biotechnology-wrong.html

Two years after the $9 billion start-up “unicorn” Theranos crumbled, Silicon Valley still appears to be struggling to learn its lesson when it comes to health and medical start-ups. Improbable-sounding companies continue to turn up with tens of millions of dollars in funding, no published research to back them up, and nothing but criticism from scientists. Last week, BuzzFeed News examined a new set of start-ups promising to detect cancer early via a simple blood test — Freenome, Grail, and Guardant — and found them on paths dangerously similar to the one Theranos was on just a few years ago. A year ago, Freenome promised to publish about its product in a scientific journal “very soon” to Fast Company, and still hasn’t. Cancer researchers told BuzzFeed very plainly that such a simple test would be miraculous but seemed improbably advanced beyond our current technology, which was also the case with Theranos’s miniature blood tests — and Freenome made its lofty promises only months after Theranos started to fall apart. Like a Kickstarter project well over its anticipated delivery date, one begins to wonder if it was all fake. Silicon Valley has a kind of blind spot when it comes to biotechnology, health-related start-ups, and other medical pursuits. The Theranos hype train was only stopped when The Wall Street Journal surfaced evidence that Theranos had misrepresented how far along it was in its research process to its investors, passing off mediocre test results as much more conclusive than they were. Venture-capital firms insist that the standard that needs to be met for investment is much higher for medical start-ups, which must prove that their technology works with data, not just a pitch. And yet somehow, when these start-ups finally surface to public consciousness, they don’t appear to pass even the most basic smell test with literally any experienced researcher in the field. There are some confounding factors to take into account: venture capitalists invest in ambitious businesses and expect a high failure rate; health start-up failures are highly visible in part because biotechnology businesses are more unusual, and because they tend to be involved with actual life-or-death human experiences. No one really cares about another Uber-alike (just as no one really cared about Uber until it had established itself) — but almost everyone has a personal relationship with cancer, and everyone wants a solution to it as soon as possible. But the fact that we all have bodies, and all need doctors may also be why Silicon Valley seems unable to avoid dabbling in medical technology. The intersection of future tech and health has become crowded with some of the country’s richest hobbyists. They love “biohacking” (there’s even a subscription box). They believe, almost to a man, that the singularity is a question of not if, but when. Elon Musk is very seriously investing in arming biological humans against computers; Peter Thiel takes human growth hormone, a popular practice among transhumanists, and has expressed interested in getting blood transfusions from young people as a way of reversing aging (to his credit, there is some published scientific evidence this might actually work, however fundamentally sinister it sounds). Larry Page, Sergey Brin, Mark Zuckerberg, Sean Parker, and Martine Rothblatt have all sincerely expressed interests in similar pursuits. They often seem less concerned with protecting humanity than their own consciousnesses, designing brain-machine interfaces that will both preserve their own copious knowledge reserves and merge them with the larger internet, turning each tech CEO, investor, and founder into an army of IBM Watsons, but smarter. There is a pervasive sense in Silicon Valley, bolstered by ten years of world-conquering success, that any sufficiently intelligent, sufficiently driven person can will what they want. The only thing slowing the unrelenting forward march of medical tech is funding. Solutions are an inevitability, and the realities of the human body are simply a set of inefficiencies that can, with enough time and attention, be brought to heel. The culture of Silicon Valley “meritocracy” affords its practitioners cynicism when confronted with realities other than their own: If you were dumb enough to trust new tech, or too poor to have more options, you deserve what you had coming. Health tech is certainly valuable and ripe for profit. Machines and medical tests used in hospitals for treatment and diagnosis are wildly expensive, but their cost is determined both by demand (high; no one wants to die, and enough people have insurance) and research (expensive, very costly to get right and get through all the hoops of being brought to market). For further evidence, look at the pharmaceutical industry. Investors who sense a rich potential for profit if only they can insert themselves at the right place in the process are not wrong, in that sense. But the “move fast and break things” mantra that has helped Silicon Valley disrupt countless industries over the last two decades is more dangerous when applied to medical science. The roadblocks that health tech companies run into are not qualitatively different from the ones that all tech companies run into. But when Uber or Airbnb run afoul of their respective laws, the result is abstracted lost money out of someone’s pocket — the government, independent contractors, independent businesses, other segments of the market. When Airbnb keeps viable apartments off the market so they can be rented short-term to its users, the money can theoretically be remanded if someone determines that Airbnb is doing something wrong. The “things” being broken by the current generation of unicorns are regulatory regimes. (Valuable, useful regulatory regimes, to be sure.) The “things” being broken by health start-ups are laws of science and ironclad guidelines for research. When a health start-up “moves fast and breaks things,” it can directly result in the death, dismemberment, and injury of real people. You can’t un-kill someone who died thanks to a bad diagnosis (at least, there’s no start-up hawking that yet).

**AT: Monopsony – 2NC**

**No widespread monopsony – competition keeps them in check and empirical lit finds no support.**

Pedro **Aldighieri et al. 22**, Aldighieri is Graduate Student in economics, Pontifical Catholic University; Bourne is MPhil economics, Chair for the Public Understanding of Economics at Cato; Miron is PhD, vice president for research at the Cato Institute and director of graduate and undergraduate studies in the Department of Economics at Harvard University, "Is There Monopsony Power in U.S. Labor Markets?," Cato Institute, Summer 2022, https://www.cato.org/regulation/summer-2022/there-monopsony-power-us-labor-markets

Monopsonistic competition / How realistic is this as a model of the labor market? There are important caveats.

First, pure monopsony does not exist; all job markets lie between fully competitive and monopsonistic, with a firm's degree of power determined by both within-market forms of conduct and by government policies that affect entry and thus competition. Businesses in highly concentrated sectors could theoretically collude to suppress wages, but they could also engage in competition. Under some conditions, only two firms might yield a competitive equilibrium. Governments can also be the problem; occupational licensing policies or zoning and housing laws make it difficult for workers to change jobs or move, leaving workers more captive to current employers.

Individual jobs are also highly differentiated, with similar jobs having different amenities, distance from home, ability to work remotely, workload, schedule flexibility, and more. This means individual workers might consider identical job titles to be imperfect substitutes. A waiter might be willing to earn less at one restaurant over another if it means working near home. In these settings, employers hold power over the local labor market because they can mark down wages to some extent. Nevertheless, the worker considers himself better off given this amenity. Contrary to the usual monopsony story, the local market power does not translate to extraordinary profits because competitors can enter the market freely. Economists call this "monopsonistic competition."

The implication is that neither labor market concentration nor elasticities of labor supply are reliable indicators of whether monopsony power exists, is problematic, or occurs because of anticompetitive conduct as opposed to government policies.

In fact, even if monopsony power is suppressing wages, that presents an entrepreneurial opportunity for new firms (perhaps even in different sectors) to enter profitably, bidding away the monopsony power, so long as government barriers to entry are absent.

Wage discrimination / A second problem with the monopsony model is that it presumes firms have market power to suppress wages but no ability to pay workers different wages for the same job. If, for example, a firm can pay new hires more than it pays previous ones, the inefficiency of monopsony declines. That's because wage discrimination breaks the link between increased hiring and higher wages, which decrease profits. Under perfect wage discrimination, average wages would still be lower than under perfect competition in the labor market, but firms would hire the same quantity of workers as in a competitive market.

This has important implications for monopsony-correcting policies. Suppose a government sets a minimum wage at the rate one would see in a perfectly competitive labor market. Workers as a group would be paid more, but the minimum wage would have no effect on the level of employment, which is already at its efficient level.

What would happen is the firm's cost of production would increase. Given it has no pricing power for its product in global markets, its profits would be squeezed, making it more likely to go out of business or cut back on its output. Employment of its workers would fall. Therefore, even in theory, a corrective minimum wage might cause less employment in a monopsonistic local labor market if the firm can wage-discriminate.

Measurement issues / All those wrinkles relate to the difficulties associated with assessing monopsony power empirically.

A researcher might be tempted to define specific local occupational labor markets — say, the Toledo, Ohio restaurant sector — and then look at how the employment concentration of the industry and wages there compare with the same occupational markets elsewhere as a proxy for observing the effect of more monopsony power.

As we have seen, though, concentration (even locally) is not synonymous with market power over workers. Just because some workers are employed by a restaurant does not mean they would be unable to work for an automobile repair firm, or a florist, or a supermarket. This is especially true over time. Examining local occupational concentration measures of employment can therefore give misleading impressions about a firm's power in the labor market.

Likewise, if we look at weak labor supply elasticities as a proxy for monopsony power, we might confuse good job matching — of workers valuing their current jobs and colleagues, making them less responsive to small wage cuts — with nefarious market power. That makes empirical studies seeking to measure monopsony power using concentration or labor supply estimates risky. It may be better to examine the effects of policies implemented to correct monopsony power and determine whether they bear out the monopsony model's predictions.

A Review of the Evidence

The monopsony model's key prediction is that labor market power should lower wages relative to a competitive benchmark, even when wage discrimination is possible. Yet, theory says nothing about whether labor market power is pervasive or whether its downward pressures on wages and employment are large.

Market concentration and lower wages? / Recent papers try to assess these questions by looking at the effects of labor market concentration on local wages. However, this is unlikely to yield reliable estimates of the causal effect of market power on wages.

One reason for this is that confounding variables might bias estimates in both directions. Concentrated labor markets might reflect lower local productivity that itself lowers pay, thus making wage markdowns look larger than they are. Or, concentration might result from productive firms expanding, implying higher productivity and higher wages, which, if uncontrolled for, could suggest that concentration causes higher wages.

In a recent Journal of Human Resources article, José Azar et al. use local labor market concentration measures in particular sectors to gauge market power's effect on wages in commuting zones. To get around productivity driving both concentration and wages, they use comparisons to the average number of firms in other markets for the same occupation as a proxy for labor market power. They find that going from the 25th to the 75th percentile in concentration is associated with a 17% decrease in wages.

Problem is, this estimation strategy relies on two assumptions that together seem implausible. First, it assumes that some changes to the local market number of firms cause concentration to vary in other markets. For example, if a new supermarket with an innovative supply-chain technique opens at a given locale, the supermarket is likely to expand into other locations, affecting concentration elsewhere. Second, the strategy also assumes that factors that both change concentration in a local market and affect concentration in other markets do not affect wages elsewhere directly, but only through local concentration. In our example, the innovative supermarket chain is likely to spread into other markets, causing its market share to increase elsewhere; but this also influences wages directly through changes in productivity.

The authors try to address this problem by considering the effects of national changes in concentration on local wages directly. In this case, their estimate is very close to zero, with an upper bound showing that going from the 25th to the 75th percentile in concentration is associated with an increase of approximately 4% in wages.

Other papers use similar strategies and find smaller effects of concentration on wages. Using the Azar et al. dataset as a benchmark to facilitate comparisons, estimates of the effect of concentration on wages range from a 3.9% decrease to a 13% decrease when going from the 25th to the 75th percentile in concentration. Yet, all analyses face the challenge that concentration might be a symptom of market power, but it might also be a symptom of other things such as changes in productivity or lack of dynamism.

Another problem is wage comparability. Even though wages can be adjusted for inflation to allow for comparisons over time, adjusting for the cost of living is more difficult. The literature surveyed does not attempt to control for the purchasing power of posted wages. This could show higher nominal wages for dense urban areas, when in fact wages adjusted for purchase power are smaller.

In a 2021 working paper, Gregor Schubert et al. try to address some of the concerns with other studies by using a larger dataset of vacancies both online and offline. They also tackle the problem that labor market concentration might be correlated with having bad options in other occupations. The paper finds estimates that are substantially smaller than previous papers: moving from the median to the 95th percentile of employer concentration reduces wages by an average of just 2.6%. Using the Azar et al. data as a benchmark, the estimates imply a wage decrease of only around 2%, as opposed to 17%, when moving from the 25th to the 75th percentile in local market concentration.

Measuring elasticities / Some studies attempt to proxy for labor market power at the firm level by estimating labor supply elasticities directly. Estimates vary wildly, with a mean estimate reported in the literature of 3.75 (and a standard deviation of 36.9), which means that a 10% decrease in wages would lead to a 37.5% reduction in the labor supply. There is no consensus as to what magnitudes would constitute competitive or monopsonistic labor markets. Many of the findings are inconsistent with a textbook monopsony model and instead suggest "monopsonistic competition," where firms can freely enter but hold local market power because of workers' heterogeneous preferences and job search frictions.

In a 2021 American Economic Review article, Elena Prager and Matt Schmitt investigate hospital mergers and find no evidence of lower wages for low-skill workers post-merger. In cases where concentration induced by the merger is large, the authors do find that wage growth is 1% slower for skilled workers. In either case, there are no observable employment effects. In line with these findings, a 2010 Journal of Labor Economics article by Douglas Staiger et al. uses variation in Veterans Affairs hospitals' national wage policies to estimate labor supply elasticities for nurses. They find that this supply is relatively inelastic but mostly explained by geographic differentiation and nurses' preferences. In addition, they find that VA wage changes have similar effects whether the hospital market location is concentrated or not. The authors suggest low labor supply elasticities might result from workplace differentiation.

Analyzing labor supply elasticities for teachers at public school districts in Missouri, a 2010 Journal of Labor Economics article by Michael Ransom and David Sims finds more elastic estimates of 3.7. The authors note that these estimates are smaller than expected and imply that districts wield power to mark down wages. But they are in line with other research that shows strong locational preferences of teachers to stay close to their hometown. The lower-than-expected elasticity might also reflect a rigid pay structure based on work seniority. When looking at tenure duration, the authors find much higher labor supply elasticities (4.7) for teachers with less than 10 years in the same position.

Other studies find much higher elasticities, especially in the long run. But even results that show relatively inelastic firm-specific labor supply mostly fail to find depressive effects of concentration on wages or employment. The findings paint a more nuanced picture of local labor market power stemming from workers' preferences and workplace differentiation, and not from markets where barriers to entry allow for extraordinary profits. It's worth noting that industries that appear to be the least elastic are those where entry regulations exist for employers in specialized jobs (e.g., certificate of need laws for hospitals, which employ doctors and nurses).

What about employment? / Measuring the net employment effects of monopsony power is complex because restricting employment in one occupation will increase the supply of workers in other occupations, leading to lower wages and higher employment elsewhere.

If monopsonies can wage discriminate between employees, resulting employment effects will be small. Legislation that curtails firms' abilities to wage-discriminate — such as pay disclosure laws — might therefore reduce employment when monopsony power exists.

The 2022 Economic Report of the President quotes a staggering estimate that monopsony power reduces U.S. output and employment by 13% and the labor share of national GDP by 22%. Those estimates, however, come from a model that treats the U.S. economy as composed of identical firms that display equal monopsony power. The model is calibrated by labor supply elasticities from previous studies. Some of those elasticities, when plugged into the model, would lead to a more than 50% GDP loss, which is simply not believable.

Assuming all firms have equal monopsony power likely overestimates monopsony effects, especially when the effects of a few monopsonistic labor markets on employment and output are likely to be offset by more competitive labor markets elsewhere. The model's results are hard to square with the decline of the natural rate of unemployment, as noted in a 2020 working paper by Anna Stansbury and Lawrence Summers. They are also inconsistent with studies that look at empirical employment effects.

Furthermore, only 6% of recent empirical studies on state minimum wage hikes conclude that they raised employment, against 80% that find negative effects. A swath of other research shows that unionization tends to reduce job growth within firms. Neither backs the monopsony model's predictions of a well-designed policy raising wages and employment.

Policy Implications

Several policymakers and economists have interpreted the literature presented above as vindicating their longstanding diagnosis of the U.S. economy as skewed by corporate power against the best interests of workers. They claim this explains a host of social problems, including inequality and gender or racial pay gaps. This in turn purports to justify policy prescriptions such as stricter antitrust enforcement against mergers and acquisitions, raising the minimum wage, banning noncompete agreements, strengthening union power, and more.

Our assessment, however, is that the current state of evidence is much less persuasive than portrayed, which makes these proposals problematic.

Suppose, for example, there was a small-town supermarket deemed to be a monopsony employer of retail workers in the local market. Would the supermarket be forced to split in two so that the newly created firms would compete? This could have significantly adverse consequences in product markets by introducing new inefficiencies. How antitrust authorities would consider these tradeoffs is unclear.

The large heterogeneity across labor markets means one-size-fits-all solutions, like raising the minimum wage or nationwide permissive labor union laws, will cause significant problems in some areas or in some industries, even if they help alleviate monopsony power where it exists.

An increased federal minimum wage or even a hike across a whole state might successfully raises workers' wage rates at the cost of monopsony rents in some places but significantly reduce employment elsewhere. It seems unlikely the same wage floor could perfectly correct for monopsony power in all low-pay industries across the whole country.

**Monopsony’s controlled now.**

Robert D. **Atkinson 21**, founder and president of the Information Technology and Innovation Foundation (ITIF), the world’s top think tank for science and technology policy, internationally recognized scholar and a widely published author whom The New Republic has named one of the “three most important thinkers about innovation,” member of the Markle Foundation Task Force on National Security in the Information Age and serves on the boards or advisory councils of the Internet Education Foundation, the NetChoice Coalition, the University of Oregon’s Institute for Policy Research and Innovation, and the State Science and Technology Institute, “The Myth of Local Labor Market Monopsony,” ITIF, 5-7-2021, https://itif.org/publications/2021/05/07/myth-local-labor-market-monopsony

Many economists and advocates, particularly progressives, have raised concerns in the past decade about the fact that wages have increased slower than productivity. Notwithstanding the fact that this divergence is overstated, it is true that raising wages is important.

The problem is that, rather than keep the focus on real solutions, such as raising taxes on wealthy individuals, increasing the minimum wage, promoting greater unionization, and spurring faster productivity growth, progressives proffer a dark narrative in which monopoly is the villain lurking in the background. If only we could break up big companies, they argue, all other economic problems would be easier to solve.

To prove that the U.S. economy is being crushed by rapacious monopolies they constantly repeat a host of claims: Price markups have increased, labor’s share of income has decreased, corporate profits are up, new firm start-ups are down, and the overall trend toward monopoly has grown. These are, by and large, false.

Yet, in their ongoing quest to find a monopolist under every bed, progressives have latched onto the notion of labor market monopsony. In other words, they claim that in too many local labor market, workers have only a few choices of firms to work for, and this enables firms to squeeze wages.

The most commonly cited scholarly work on the topic is from liberal economists Jose Azar, Ioana Marinescu, and Marshall I. Steinbaum. Indeed, their work has become the de facto view on the issue, with government officials, the media, and others citing it as scripture.

While Azar, Marinescu, and Steinbaum have published a number of articles on the topic, all of their work uses a similar methodology. They analyze local labor markets in the United States by comparing job openings and salaries using online job tools.

They looked at a combination of U.S. commuting zones and 200 six-digit occupational codes to assess the state of more than 117,000 specific labor markets in 2016. They found that 60 percent of markets were highly concentrated, while another 11 percent were moderately concentrated.

At first glance, it would appear they are on to something and that antitrust officials better get on the ball. But on closer inspection, while it helps advance the “monopoly crisis” narrative, it is actually much ado about nothing.

The reality is that most of the labor markets with high levels of employer concentration are rural and small-town areas with few employers overall. As they wrote, “Commuting zones around large cities have lower levels of labor market concentration than smaller cities or rural areas.” Ioana Marinescu explains, “This may contribute to explaining why wages are higher in urban areas.”

As any regional economist knows, wages are lower in rural Wisconsin than in Manhattan, not because there are more employers in Manhattan than in rural Wisconsin, but because it costs more to do business in Manhattan than it does in rural Wisconsin. For example, the cost of living in Dyersburg, TN (a community of about 18,000 people), is almost 25 percent lower than it is in Fort Lauderdale, FL, and home prices are 46 percent lower. So, you can be sure that workers in Dyersburg are paid lower wages than workers are paid in Fort Lauderdale.

**They don’t understand how labor markets work.**

Robert D. **Atkinson 21**, founder and president of the Information Technology and Innovation Foundation (ITIF), the world’s top think tank for science and technology policy, internationally recognized scholar and a widely published author whom The New Republic has named one of the “three most important thinkers about innovation,” member of the Markle Foundation Task Force on National Security in the Information Age and serves on the boards or advisory councils of the Internet Education Foundation, the NetChoice Coalition, the University of Oregon’s Institute for Policy Research and Innovation, and the State Science and Technology Institute, “The Myth of Local Labor Market Monopsony,” ITIF, 5-7-2021, https://itif.org/publications/2021/05/07/myth-local-labor-market-monopsony

A third problem is that firms in smaller labor markets are generally smaller than firms in larger ones because of economies of scale. The markets are not as big. And as my colleague Michael Lind and I showed in Big Is Beautiful: Debunking the Myth of Small Business, on average, workers earn more in large establishments than they do in small ones.

A fourth problem is that these studies assume workers have only one skill and can only work in one occupation. This may be true for some professionals, like insurance adjustors, but it is less true for many other occupations. Someone who is looking for a job as a cashier can also look for a job as restaurant server. This is why one academic study of the issue concluded: “The prior literature has focused on industry and occupation concentration and likely overstates the degree of monopsony power, since worker skills are substitutable across different firms, occupations and industries.”

A related problem is that in at least one article that Azar, Marinescu, and Steinbaum have published, they looked at a small number of more specialized occupations, such as farm equipment repair, legal secretaries, mobile heavy equipment mechanics, industrial engineers, railcar repairers, tractor-trailer drivers, and insurance underwriters. This is likely why they found that in the average market there are only 2.3 recruiting employers at any time. Of course there are not likely to be very many firms in the same labor market employing railcar repairers. This is why the authors not surprisingly found high levels of concentration for railcar repairers. Clearly, the Justice Department needs to break up “Big Farm Equipment Repair.”

In fact, many workers can and do apply for jobs in more than one occupation. Moreover, as one study noted, “there is evidence of publication bias in parts of the literature, which results in negative estimates of supply elasticities receiving lower probability of being reported.” In other words, findings of monopsony are more likely to get published.

But, not deterred by these issues, the authors march on to their predetermined policy recommendations: more antitrust enforcement and breaking up existing companies. Besides the fact that labor monopsony is largely a non-existent problem and one that, to the extent it exists, stems from the inherent nature of small labor markets, breaking up companies would have little impact. The issue is not firms, but establishments. If two paper companies merge but retain their existing factories, and none of those factories are in the same labor market, then there is no increase in local labor market monopsony.

If progressives really want to fix the supposed problem of monopsony in small towns, they should breakup Big Small Towns! Force everyone to live in big cities. Then workers would be able to enjoy living in expensive apartment buildings or houses in the exurbs with 90-minute commutes. But, by God, they will at least not be subject to corporate monopsony!

**Monopsony power hasn’t even significantly increase – labor share of income has occurred world-wide in regimes that don’t use consumer welfare!**

**Wright et al. 19**, Elyse Dorsey, Jonathan Klick and Jan M. Rybnicek, Wright, University Professor and Executive Director, Global Antitrust Institute at Scalia Law School; Dorsey, Attorney Advisor to Commissioner Noah Joshua Phillips, United States Federal Trade Commission; Klick, Professor of Law, University of Pennsylvania; Rybnicek: Counsel in the Antitrust, Competition, and Trade practice of Freshfields, Bruckahus Deringer LLP. Requiem for a Paradox: The Dubious Rise and Inevitable Fall of Hipster Antitrust, 51 Arizona State Law Journal, Nexis Uni

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

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

[\*350] Figure 5: Labor Share Trends, Percentage Points Per 10 Years 1975-2012 237

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

The Hipster Antitrust movement has suggested a series of provocative policy proposals. The empirical support for those proposals involves important and interesting work by economists that, at times, reveals some interesting information and raises important questions. But the connection between the available empirical evidence and the Hipster Antitrust [\*351] movement's key propositions, are tenuous at best. The existing empirical evidence simply does not support the conclusion that (1) there is a meaningful concentration problem in the modern United States economy; (2) assuming such a problem, it is caused by a reduction in competition and a corresponding increase in monopoly power that has resulted in harm to consumers; and (3) again assuming such a problem, that lax antitrust enforcement is to blame, as it is for other social effects, including an increase in economic inequality.

**Prefer our study – it looks wealth, income, and consumption patters and regresses them all with respect antitrust enforcement and finds no correlation**

**Wright et al. 19**, Elyse Dorsey, Jonathan Klick and Jan M. Rybnicek, Wright, University Professor and Executive Director, Global Antitrust Institute at Scalia Law School; Dorsey, Attorney Advisor to Commissioner Noah Joshua Phillips, United States Federal Trade Commission; Klick, Professor of Law, University of Pennsylvania; Rybnicek: Counsel in the Antitrust, Competition, and Trade practice of Freshfields, Bruckahus Deringer LLP. Requiem for a Paradox: The Dubious Rise and Inevitable Fall of Hipster Antitrust, 51 Arizona State Law Journal, Nexis Uni

Although these commentators uniformly suggest that increased antitrust enforcement could have beneficial effects on inequality, none directly examine this proposition using empirical data. The underlying economic logic of the claims that lax antitrust has resulted in increased inequality is fairly simple. In the absence of antitrust enforcement, firms gain market power, reduce output, raise prices, and generate monopoly profits, which enrich shareholders. Because shareholders tend to live in the top end of the wealth and income distributions, inequality increases. Further, because of rising prices, those in the lower end of the distributions (where a greater fraction of income and wealth are devoted to consumption) are made relatively worse off, increasing welfare inequality as well.

The question is whether this simple account of the problem is correct. There is little systematic empirical evidence of a link between antitrust enforcement and inequality. Below are some preliminary empirical analyses of the effect of antitrust enforcement on measures of inequality. Regardless of whether we examine income, wealth, or (in our view, the more relevant) consumption distribution, there is no evidence that metrics of enforcement are related to inequality. While these results do not guarantee that increased antitrust enforcement could not affect inequality, they do suggest that proposals for increased enforcement to address inequality concerns are premature and potentially misguided.