# 1

#### Debt ceiling passes now and solves collapse, but floor time is limited and avoiding new fights is key

Zhou 10/7 [Li, politics and policy reporter for Vox, “The debt ceiling fight is far from over” https://www.vox.com/22711441/debt-ceiling-congress-december]

Lawmakers have ended another standoff over the debt ceiling — at least temporarily.

On Thursday, the Senate voted 50-48 to increase the debt ceiling (a legal cap to how much the US can borrow) by $480 billion, an action the House is expected to take too. That money will enable the US government to cover its loan obligations until early December, when Congress will once again have to either pass a longer-term increase or another stopgap suspension. The current agreement is the product of a weekslong stalemate on the issue that saw Democrats trying to pressure the GOP into giving up their roadblock of an increase or suspension of the debt ceiling, and Republicans repeatedly refusing to do so. The impasse had high stakes, as the US faced a rapidly approaching default deadline. According to Treasury Secretary Janet Yellen, the US could run out of money as early as October 18. Passing that deadline without an increase or suspension would have likely triggered a massive domestic and international economic collapse. Ultimately, Republican senators decided to cooperate with Democrats, for now. However, in approving this short-term fix, lawmakers have failed to address the issues that brought them to a stalemate in the first place. They’ve now set themselves up for another dangerous impasse when this bill expires after December 3. The standoff, briefly explained Republicans have been intent on using the debt ceiling to make Democrats look bad. Prior to their offer to back an increase this week, Republicans had not only said that they wouldn’t vote for a suspension but also that they would be blocking Democrats’ attempts to approve one using regular legislative order. If Republicans didn’t previously block the vote, Democrats would have been able to pass it with 51 votes — but because they did, the measure required 60 to advance. Instead, Republicans pushed Democrats to use budget reconciliation — another process that would enable them to raise the debt limit with just 51 votes — to increase the cap on their own. Democrats were reluctant to use budget reconciliation both because it can be a lengthy and convoluted process and because it would have required them to specify how much they are raising the debt limit (something they ended up having to do anyway for the December increase). Effectively, Republicans wanted Democrats on the record as having increased the debt limit by trillions of dollars in order to portray them during the midterms as big spenders. Additionally, Republicans argued that because Democrats are working on a partisan basis to pass an expansive social spending bill, they should take care of any debt ceiling increases on a partisan basis, too. “Republicans’ position is simple,” Senate Minority Leader Mitch McConnell wrote to President Joe Biden on Monday. “We have no list of demands. For two and a half months, we have simply warned that since your party wishes to govern alone, it must handle the debt limit alone as well.” Senate Majority Leader Chuck Schumer (D-NY) talks with reporters on October 7. The Senate voted to increase the debt ceiling, enabling the US government to cover its loan obligations until early December. Win McNamee/Getty Images Democrats, on the other hand, have argued that Republicans ought to work with them to pass a suspension or increase, or simply get out of the way. One, because avoiding a gigantic economic collapse is in everyone’s interest, and the minority party hasn’t typically blocked action to this degree in the past. And two, because both Democrats and Republicans are responsible for the actual debt that this legislation would address. Both points are true: The debt grew nearly $8 trillion during the Trump administration as a result of massive tax cuts and pandemic relief. In that time frame, Republicans and Democrats both voted to suspend the debt limit three times. But that didn’t sway Republican lawmakers. Because Republicans had refused to give up their opposition and Democrats were intent on keeping the pressure on the GOP, the two sides were at an impasse until this week. How the debt deal came together On Wednesday, McConnell reversed his position and told Democrats that Republicans would not block a short-term increase to the debt limit into December. Adamant that they would not pursue reconciliation to raise the ceiling (and, given the deadline, likely out of time to try doing so) Democrats raised the possibility of creating a carve-out in the filibuster rules that would also allow them to pass debt ceiling measures with the 51 Democratic votes they have, rather than the 60 votes filibuster rules require. That latter option appeared to be gaining momentum this week, although key moderates like Sen. Joe Manchin (D-WV) were still wary of it. As a sign of its traction, however, Biden — who has traditionally been cautious of altering filibuster rules — called carving out a special debt-ceiling-related exemption to the filibuster a “real possibility.” That possibility may have spurred McConnell’s decision to cave for the time being. According to CNN’s Manu Raju, McConnell was worried about potential threats to the filibuster when he offered Democrats a deal to increase the debt ceiling for now. The filibuster has allowed McConnell to block a range of Democratic priorities — from police to voting reforms — despite his party being in the minority. The assumption is that exempting the debt ceiling from the filibuster would increase pressure on Democrats to do so for other issues Republicans oppose, like expanding protections for voting rights. For now, the filibuster stands. And the GOP’s move helps prevent the US from going into default in the near term. It does little to resolve the central conflict at hand, however. Republicans are still insisting, after all, that Democrats use budget reconciliation to approve a longer-term debt ceiling increase on a partisan basis. Democrats, meanwhile, are refusing to do so and may consider a filibuster carve-out again in December. “We’re not doing it on reconciliation,” Sen. Tim Kaine (D-VA) emphasized earlier this week. There will be more debt drama in December The use of the debt limit as political leverage is nothing new. As Republicans have been fond of pointing out, Biden was among the Democratic senators who voted against raising it in 2006 in order to send a message about his disagreement with Republican policies. In that scenario, though, Democrats did not filibuster the legislation or prevent Republicans from approving it with a simple majority. Additionally, Republicans have previously withheld votes for debt ceiling increases in exchange for policy concessions, something that’s not the case this time around. This year, as Republicans emphasized, they took issue with the debt limit in order to simply make a point, a tough position to negotiate with. Senator Elizabeth Warren (D-MA) speaks to reporters as the Senate was nearing a deal on a short-term increase to the debt ceiling. Bloomberg via Getty Images This short-term fix does help Democrats in that it allows them to focus their time and energies instead on a larger social spending bill they’ve struggled to complete. “McConnell caved,” Sen. Elizabeth Warren (D-MA) told reporters. “And now we’re going to spend our time doing child care, health care, and fighting climate change.” But the larger disagreements between Republicans and Democrats regarding how to move forward remain. And by procrastinating on solving them, lawmakers have set themselves up for a difficult December. The new deadline to address the debt ceiling also coincides with another deadline to pass more government appropriations — that is, the money needed to keep the government functioning. That means Congress will find itself in a tough spot yet again in just a few months. Not only will lawmakers have to solve their debt ceiling disagreements and stave off economic disaster, but they’ll have to do so while fighting over how to avoid a government shutdown.

#### Manchin and Sinema would fight the plan - they hate labor reform – that’s a massive floor time suck

Harold 21 [Zack, staf reporter for The Guardian, “US minimum wage activists face their toughest foe: Democrat Joe Manchin” https://www.theguardian.com/us-news/2021/feb/22/us-15-dollar-minimum-wage-joe-manchin-west-virginia]

Hopes that the US will finally increase the federal minimum wage for the first time in nearly 12 years face a seemingly unlikely opponent: a Democrat senator from one of the poorest states in the union. Joe Manchin of West Virginia, the state’s former governor and the Democrats’ most conservative senator, has long opposed his party’s progressive wing and is on record saying he does not support increasing the minimum wage from $7.25 to $15 an hour, the first increase since 2009. “I’m supportive of basically having something that’s responsible and reasonable,” he told the Hill. He has advocated for a rise to $11. Industry lobbying allied to Republican and – until relatively recently – Democrat opposition has locked the US’s minimum wage at $7.25 since the last raise in 2009. 'Hopefully it makes history': Fight for $15 closes in on mighty win for US workers None of this has found favor with some low-wage workers in a state where an estimated 278,734 West Virginians lived in poverty in 2019, 16% of the population and the sixth highest poverty rate in the US. Last Thursday Manchin reaffirmed his stance during a virtual meeting with members of the West Virginia Poor People’s Campaign (WVPPC), a group pushing for an increased minimum wage and other policy changes that would benefit the working class. That meeting was closed to the media but at an online press conference immediately afterward, participants said Manchin refused to budge. “He was kind of copping out,” said WVPPC member Brianna Griffith, a restaurant worker and whitewater rafting guide who, due to exemptions for tipped workers, only makes $2.62 an hour. As a result of her sub-minimum wage job, Griffith received only $67 a week in unemployment benefits until that ran out in August. She lost her house and was forced to move in with her grandmother. Although she has now returned to work, business is slow and she estimates tips have fallen by 75%. When Griffith told Manchin about her plight on Thursday, she said he asked about the $600 stimulus check approved by Congress in December. “He seemed to think that $600 … was enough to get me by,” she said. “I feel like he’s got his head in the clouds and he doesn’t understand what’s happening to poor people in West Virginia.” Despite Manchin’s insistence on an $11 minimum wage, according to MIT’s living wage calculator, even a $15 minimum wage would only provide a living wage for single West Virginians without children. For a West Virginia family with two working parents and two children, both parents would need to be making at least $20.14 an hour to make ends meet. Griffith said if the minimum wage was increased to $15 an hour, “I could afford to live on my own. I could afford a car that’s not 25 years old.” The Rev Dr William Barber, co-chair of the national Poor People’s Campaign, was in last week’s meeting and said Manchin agreed the current $7.25 minimum wage was “not enough”. But Barber said he was “amazed” Manchin could hear from people like Griffith and still oppose increasing the minimum wage to $15. “What he is suggesting would just further keep people in poverty and hurting,” he said. Raising the minimum wage was a key part of Democrats’ 2020 platform. The former presidential candidate and now Senate budget committee chairman, Bernie Sanders, has referred to the current $7.25 rate as “a starvation wage”. The wage hike, formally known as the Raise the Wage Act of 2021, is now part of a proposed $1.9tn Covid-19 relief bill. The measure would incrementally raise the minimum wage from $7.25 to $15 over the next four years. With only a razor-thin majority in the Senate, all 50 Democrat senators need to be onboard for the bill to pass. But in addition to Manchin, Kyrsten Sinema of Arizona has told Politico she does not want the minimum wage increase to be part of the Covid relief package.

#### Debt default is the easiest way to wreck the US economy—ruins the US dollar and financial reputation

Egan 9/8 [Matt Egan is an award-winning reporter at CNN, covering business, the economy and financial markets across CNN's television and digital platforms, "'Financial Armageddon.' What's at stake if the debt limit isn't raised", 9/8/21, <https://www.cnn.com/2021/09/08/business/debt-ceiling-default-explained/index.html>]

The easiest way to spark a financial crisis and wreck the US economy would be to allow the federal government to default on its debt. It would be an epic, unforced error — and millions of Americans would pay the price. And yet that unlikely situation is once again being contemplated. If Congress doesn't raise the limit on federal borrowing the federal government will most likely run out of cash and extraordinary measures next month, Treasury Secretary Janet Yellen warned lawmakers on Wednesday. In short, a default would be an economic cataclysm. Interest rates would spike, the stock market would crater, retirement accounts would take a beating, the value of the US dollar would erode and the financial reputation of the world's only superpower would be tarnished. "It would be financial Armageddon," Mark Zandi, chief economist at Moody's Analytics, told CNN. "It's complete craziness to even contemplate the idea of not paying our debt on time." But it's a crazy world. Lawmakers in Washington are again playing chicken with America's creditworthiness. And the path to raising the debt ceiling is not clear. Even though Congress has in the past raised the debt ceiling with a bipartisan vote, Senate Minority Leader Mitch McConnell vowed in July that Republicans will not vote to raise the debt ceiling. JPMorgan Chase (JPM) CEO Jamie Dimon urged lawmakers not to even think about going down this path again. During a hearing in May, Dimon said an actual default "could cause an immediate, literally cascading catastrophe of unbelievable proportions and damage America for 100 years." 'Irreparable damage' In her letter to Congress, Yellen said history shows that waiting "until the last minute" to suspend or increase the debt limit "can cause serious harm" to business and consumer confidence, raise borrowing costs for taxpayers and hurt America's credit rating. "A delay that calls into question the federal government's ability to meet all its obligations would likely cause irreparable damage to the U.S. economy and global financial markets," Yellen wrote. A US default would undermine the bedrock of the modern global financial system. "We pay our debt. That's what distinguishes the United States from almost every other country on the planet," Zandi of Moody's said. Because of America's long track record of paying its debt, it's very cheap for Washington to borrow. But a default would force ratings companies to downgrade US debt and shatter that borrowing advantage. Markets plunged in 2011 when that debt ceiling standoff caused Standard & Poor's to downgrade America's credit rating. Higher borrowing costs would make it much harder for Washington to borrow to pay for infrastructure, the climate crisis or to fight future recessions. And refinancing America's nearly $29 trillion mountain of existing debt would become that much more expensive. Interest expenses, which totaled $345 billion in fiscal 2020, would quickly rival what Washington spends on defense.

#### Extinction

Joshua Zoffer 20, Investor at Cove Hill Partners, Fellow at New America, JD Candidate at Yale University Law School, AB from Harvard University, “To End Forever War, Keep the Dollar Globally Dominant”, The New Republic, 2/3/2020, https://newrepublic.com/article/156417/end-forever-war-keep-dollar-globally-dominant

In early 2016, Obama Treasury Secretary Jack Lew cautioned that the dollar’s dominance as a global currency rested, in part, on the U.S. government’s reluctance to fully weaponize it. If foreign markets and governments “feel that we will deploy sanctions without sufficient justification or for inappropriate reasons,” he warned, “we should not be surprised if they look for ways to avoid doing business in the United States or in U.S. dollars.” Lew’s case stemmed from the more fundamental view that the dollar’s international role is “a source of tremendous strength for our economy, a benefit for U.S. companies and a driver of U.S. global leadership”—in other words, a role worth keeping. This view is emblematic of American financial governance since the Second World War. U.S. economic analysts, especially at the Treasury, have jealously guarded the dollar’s role and the many benefits it offers: the ability to run large deficits at low cost and disproportionate influence over the structure of the global economy, among others. Yet in their recent article in The New Republic, David Adler and Daniel Bessner argue the U.S. should abandon these advantages. In their view, the dollar’s role has encouraged American militarism and should be relinquished to curb such behavior. Dollar hegemony is not without cost, but to renounce it would be a profound mistake. Adler and Bessner’s view neglects the sizable economic benefits the dollar’s role confers on the U.S., as well as its possible use as an antidote to military adventurism. It ignores the enormous good that can be done with deficit spending, much of which has gone to the American military but could instead fund progressive programs. And it elides the inability of the U.S. and its global trading partners to shift away from dollar dominance without creating worldwide financial distress. Adler and Bessner are right that the U.S. has misused its privilege, but Washington should not abandon it; rather, American leaders should seek to transform it. Generations of American policymakers have been right to protect the dollar’s key currency role for economic reasons. Most notably, dollar hegemony affords the U.S. the ability to run large and prolonged budget and balance-of-payments deficits. The dollar represents 62 percent of allocated foreign exchange reserves, is used to invoice and settle roughly half of world trade, and accounts for 42 percent of global payments. Because governments, banks, and businesses worldwide need lots of dollars, the world market always stands ready to absorb new U.S.-dollar-denominated debt without charging higher interest rates. Adler and Bessner correctly point out that the rest of the world considers the dollar’s role as the world’s reserve currency to be an “exorbitant privilege,” a term coined in the 1960s by then French Finance Minister Valéry Giscard D’Estaing. The ability to spend beyond its means has enabled the U.S. to fund its impressive military might, whether one views that power as the fountainhead of Pax Americana or the source of illegitimate military adventurism. But these economic benefits go beyond just deficits. The demand for dollars also pushes up the dollar’s value against other currencies, enhancing American purchasing power and offering consumers access to imports on the cheap. The dollar’s role also means American firms rarely need to do business in foreign currencies, reducing transaction costs and exchange-rate risks. More broadly, America’s central economic role gives it outsize influence at crucial moments. At the height of the financial crisis that began in 2008, the Federal Reserve was able to inject vital liquidity into the global financial system by selectively offering dollar swap lines to trusted foreign central banks. Dollar hegemony enabled the U.S. to act swiftly, effectively, and on its own terms. In addition, the dollar’s role offers a potent alternative to kinetic military action as a means of pursuing foreign policy objectives. The dollar’s broad use means access to dollar liquidity—which in turn requires access to the U.S. financial system—is essential for foreign governments and businesses. For foreign banks, especially, being cut off from dollar access is essentially a death sentence. That makes sanctions that do so a powerful tool in the international arena. In 2005, for example, the U.S. used the dollar to strike a devastating blow against North Korea without firing a single shot or even formally enacting sanctions. Using authority provided by Section 311 of the Patriot Act, the Department of the Treasury crippled Banco Delta Asia, a bank accused of facilitating illegal activity by the North Korean government, by merely threatening to cut off its access to the American financial system. Deposit outflows began within days; within weeks the bank was placed under government administration to avoid a full collapse. Pyongyang was hit hard, as other banks ceased their business with it to avoid meeting the same fate. Similarly, though the Trump administration has worked hard to undo it, the Joint Comprehensive Plan of Action with Iran to limit the development of nuclear weapons was made possible, in part, by painful dollar sanctions that brought Iran to the table. Far from being a proximate cause of military conflict, the dollar’s central global role has often been used to contain adversaries without military intervention. Still, skeptics are right to point out that the dollar’s role has indirectly funded American interventionism and that dollar sanctions have been overused, provoking the ire of American allies. But these facts suggest we should use our dollar power to forge a more progressive U.S. order, not abandon the advantage altogether. America’s exorbitant privilege need not fund warships and missiles: The same low-interest borrowing could be used to fund a new universal health care system, expand access to higher education, or pursue any number of large-scale social policy objectives, including financing global public goods that no other country or consortium of countries is prepared to fund, such as climate change mitigation.

# Case

## Framing

#### the standard is maximizing expected wellbeing

#### 1 – Extinction o/ws under any framework, even under moral uncertainty – infinite future generations

Pummer 15 — (Theron Pummer, Junior Research Fellow in Philosophy at St. Anne's College, University of Oxford, “Moral Agreement on Saving the World“, Practical Ethics University of Oxford, 5-18-2015, Available Online at http://blog.practicalethics.ox.ac.uk/2015/05/moral-agreement-on-saving-the-world/, accessed 7-2-2018, HKR-AM) \*\*we do not endorse ableist language=

There appears to be lot of disagreement in moral philosophy. Whether these many apparent disagreements are deep and irresolvable, I believe there is at least one thing it is reasonable to agree on right now, whatever general moral view we adopt: that it is very important to reduce the risk that all intelligent beings on this planet are eliminated by an enormous catastrophe, such as a nuclear war. How we might in fact try to reduce such existential risks is discussed elsewhere. My claim here is only that we – whether we’re consequentialists, deontologists, or virtue ethicists – should all agree that we should try to save the world. According to consequentialism, we should maximize the good, where this is taken to be the goodness, from an impartial perspective, of outcomes. Clearly one thing that makes an outcome good is that the people in it are doing well. There is little disagreement here. If the happiness or well-being of possible future people is just as important as that of people who already exist, and if they would have good lives, it is not hard to see how reducing existential risk is easily the most important thing in the whole world. This is for the familiar reason that there are so many people who could exist in the future – there are trillions upon trillions… upon trillions.There are so many possible future people that reducing existential risk is arguably the most important thing in the world,even if the well-being of these possible people were given only 0.001% as much weight as that of existing people. Even on a wholly person-affecting view – according to which there’s nothing (apart from effects on existing people) to be said in favor of creating happy people – the case for reducing existential risk is very strong. As noted in this seminal paper, this case is strengthened by the fact that there’s a good chance that many existing people will, with the aid of life-extension technology, live very long and very high quality lives. You might think what I have just argued applies to consequentialists only. There is a tendency to assume that, if an argument appeals to consequentialist considerations (the goodness of outcomes), it is irrelevant to non-consequentialists. But that is a huge mistake. Non-consequentialism is the view that there’s more that determines rightness than the goodness of consequences or outcomes; it is not the view that the latter don’t matter. Even John Rawls wrote, “All ethical doctrines worth our attention take consequences into account in judging rightness. One which did not would simply be irrational, crazy.” Minimally plausible versions of deontology and virtue ethics must be concerned in part with promoting the good, from an impartial point of view. They’d thus imply very strong reasons to reduce existential risk, at least when this doesn’t significantly involve doing harm to others or damaging one’s character. What’s even more surprising, perhaps, is that even if our own good (or that of those near and dear to us) has much greater weight than goodness from the impartial “point of view of the universe,” indeed even if the latter is entirely morally irrelevant, we may nonetheless have very strong reasons to reduce existential risk. Even egoism, the view that each agent should maximize her own good, might imply strong reasons to reduce existential risk. It will depend, among other things, on what one’s own good consists in. If well-being consisted in pleasure only, it is somewhat harder to argue that egoism would imply strong reasons to reduce existential risk – perhaps we could argue that one would maximize her expected hedonic well-being by funding life extension technology or by having herself cryogenically frozen at the time of her bodily death as well as giving money to reduce existential risk (so that there is a world for her to live in!). I am not sure, however, how strong the reasons to do this would be. But views which imply that, if I don’t care about other people, I have no or very little reason to help them are not even minimally plausible views (in addition to hedonistic egoism, I here have in mind views that imply that one has no reason to perform an act unless one actually desires to do that act). To be minimally plausible, egoism will need to be paired with a more sophisticated account of well-being. To see this, it is enough to consider, as Plato did, the possibility of a ring of invisibility – suppose that, while wearing it, Ayn could derive some pleasure by helping the poor, but instead could derive just a bit more by severely harming them. Hedonistic egoism would absurdly imply she should do the latter. To avoid this implication, egoists would need to build something like the meaningfulness of a life into well-being, in some robust way, where this would to a significant extent be a function of other-regarding concerns (see chapter 12 of this classic intro to ethics). But once these elements are included, we can (roughly, as above) argue that this sort of egoism will imply strong reasons to reduce existential risk. Add to all of this Samuel Scheffler’s recent intriguing arguments (quick podcast version available here) that most of what makes our lives go well would be undermined if there were no future generations of intelligent persons. On his view, my life would contain vastly less well-being if (say) a year after my death the world came to an end. So obviously if Scheffler were right I’d have very strong reason to reduce existential risk. We should also take into account moral uncertainty. What is it reasonable for one to do, when one is uncertain not (only) about the empirical facts, but also about the moral facts? I’ve just argued that there’s agreement among minimally plausible ethical views that we have strong reason to reduce existential risk – not only consequentialists, but also deontologists, virtue ethicists, and sophisticated egoists should agree. But even those (hedonistic egoists) who disagree should have a significant level of confidence that they are mistaken, and that one of the above views is correct. Even if they were 90% sure that their view is the correct one (and 10% sure that one of these other ones is correct), they would have pretty strong reason, from the standpoint of moral uncertainty, to reduce existential risk. Perhaps most disturbingly still, even if we are only 1% sure that the well-being of possible future people matters, it is at least arguable that, from the standpoint of moral uncertainty, reducing existential risk is the most important thing in the world. Again, this is largely for the reason that there are so many people who could exist in the future – there are trillions upon trillions… upon trillions. (For more on this and other related issues, see this excellent dissertation). Of course, it is uncertain whether these untold trillions would, in general, have good lives. It’s possible they’ll be miserable. It is enough for my claim that there is moral agreement in the relevant sense if, at least given certain empirical claims about what future lives would most likely be like, all minimally plausible moral views would converge on the conclusion that we should try to save the world. While there are some non-crazy views that place significantly greater moral weight on avoiding suffering than on promoting happiness, for reasons others have offered (and for independent reasons I won’t get into here unless requested to), they nonetheless seem to be fairly implausible views. And even if things did not go well for our ancestors, I am optimistic that they will overall go fantastically well for our descendants, if we allow them to. I suspect that most of us alive today – at least those of us not suffering from extreme illness or poverty – have lives that are well worth living, and that things will continue to improve. Derek Parfit, whose work has emphasized future generations as well as agreement in ethics, described our situation clearly and accurately: “We live during the hinge of history. Given the scientific and technological discoveries of the last two centuries, the world has never changed as fast. We shall soon have even greater powers to transform, not only our surroundings, but ourselves and our successors. If we act wisely in the next few centuries, humanity will survive its most dangerous and decisive period.Our descendants could, if necessary, go elsewhere, spreading through this galaxy…. Our descendants might, I believe, make the further future very good. But that good future may also depend in part on us. If our selfish recklessness ends human history, we would be acting very wrongly.” (From chapter 36 of On What Matters)

#### And, it’s a gateway issue – dying ends the morality question so you must prevent extinction to resolve the fw debate

#### Materiality controls their impacts; can’t explain why oppression or capitalism are bad without conceding that pain is bad and pleasure is good

#### Framework is a prior level to the ROB; the reasons why the ROB should be used are based on their issue being important in some lens of framework; in other words framework justifies the ROB

#### ROB is to vote for the better debater; anything else is self serving and arbitrary

## Case

#### Academia isn’t a singular monolith – believing it is makes negative aspects inevitable and makes it impossible to engage in targeted, ethical resistance – turns solvency

Heath et al. 13 – (2013, Mary Heath, Associate Professor at Flinders Law School, and Peter Burdon, Associate Professor at the Adelaide Law School, “Academic Resistance to the Neoliberal University,” 23 Legal Educ. Rev. 379, SSRN)

Academics who identify as activists need a clear conception of who or what they are resisting. Put simply, not everything that occurs in universities is neoliberal or undesirable. The university consists of a complex assemblage of structures, values and practices. Like other social institutions, it has evolved over time with reference to the projects of individuals, political groups and other social institutions. Sometimes these forces are place-specific and sometimes they are national (or even international). Projects can also have lives of their own and are reproduced in unpredictable ways as they come together to constitute a particular institution.86 As the outcomes of our efforts and those of others become apparent, further critique and action may be called for, and our strategies and analyses of resistance may require revision. For these reasons, we suggest that academic activists conceptualise the university as a set of practices that are historically contingent and capable of transformation. This perspective is important, first, because it brings into view the potential for alternatives to the prevailing state of legal education. In contrast, the construction of neoliberalism as ‘necessary and inevitable’ forestalls the possibility of resistance 87 and makes critique appear foolish.88 Second, it means that resistance can also be nuanced and directed at particular structures, practices or values rather than at the university or the tertiary system as a whole. This has obvious implications for the prospects of successful action and for our sense of agency as activists. The flip side to this conceptualisation is also important. Desirable changes in legal education as well as in Australian universities have taken place during the last few decades as neoliberal practices have also become more and more embedded. As academic activists we need to choose forms of resistance that we believe are ethical and meaningful. We are in no way obliged to oppose every form of change. We might instead choose virtuous compliance with changes we think are desirable,89 or support goals we believe are desirable while opposing forms of implementation we believe are not.

#### Cap doesn’t cause extinction; the card they’ve tagged as such makes no warrant / argument for that cliam

#### Capitalism is sustainable and humanity’s only hope against catastrophic climate change

Shi-Ling Hsu 21, D'Alemberte Professor of Law at the Florida State University College of Law, Sept 2021, Capitalism and the Environment, Cambridge University Press, p. 50-52

2.8 CHOOSING CAPITALISM TO SAVE THE ENVIRONMENT: LARGE-SCALE DEPLOYMENT Finally, a third reason that capitalism is suited to the job of environmental restoration and protection is its ability to undertake and complete projects at very large scales. In keeping with a major thesis of this book, construction at very large scales should give us a little pause, because of the propensity of capital to metastasize into a source of political resistance to change. But some global problems, especially climate change, may require very large-scale enterprises. For example, because greenhouse gas emissions may already have passed a threshold for catastrophic climate change, technology is almost certainly needed to chemically capture carbon dioxide from ambient air. But carbon dioxide is only about 0.15% of ambient air by molecular weight, and a tremendous amount of ambient air must be processed just to capture a small amount of carbon dioxide. This technology has often been referred to as "direct air capture," or "carbon removal." Given that inherent limitation, direct air capture technology must be deployed at vast scales in order to make any appreciable difference in greenhouse gas concentrations. There is certainly no guarantee that direct air capture will be a silver bullet. But if it is to be an effectual item on a menu of survival techniques, it will more assuredly be accomplished under the incentives of a capitalist economy. Capitalism might also help with the looming crisis of climate change by helping to ensure the supply of vital life staples such as food, water, and other basic needs in future shortages caused by climate-change. In a climate-changed future, there is the distinct possibility that supplies of vital life staples may run short, possibly for long periods of time. Droughts are projected to last longer, with water supplies and growing conditions increasingly precarious. Capitalist enterprise could, first of all, provide the impetus to finally reform a dizzying multitude of price distortions that plague water supply and agriculture worldwide. Second, capitalist enterprise can undertake scale production of some emergent technologies that might alleviate shortages. Desalination technology can convert salty seawater into drinkable freshwater.54 A number of environmental and economic issues need to be solved to deploy these technologies at large scales, but in a crisis, solutions will be more likely to present themselves. A technology that is already being adopted to produce food is the modernized version of old-fashioned greenhouses. The tiny country of the Netherlands, with its 17 million people crowded onto 13,000 square miles, is the second largest food exporter in the world,55 exporting fully three-quarters that of the United States in 2017.56 The secret to Dutch agriculture is its climate-controlled, low-energy green-houses that project solar panel-powered artificial sunlight around the clock. Dutch greenhouses produce lettuce at ten times the yield57 and tomatoes at fifteen times the yield outdoors in the United States58 while using less than one-thirteenth the amount of water,59 very little in the way of synthetic pesticides and, of course, very little fertilizer given its advanced composting techniques. Sustained shortages in a climate-changed future might require that a capitalist take hold of greenhouse growing and expand production to feed the masses that might otherwise revolt. 2.9 CHOOSE CAPITALISM Clearly, the job in front of humankind is enormous, complex, and many-faceted. The best hope is to be able to identify certain human impacts that are clearly harmful to the global environment, and to disincentivize them. Getting back to notions of institutions in capitalism, what is crucial is aligning the right incentives with profit-making activity. What capitalism does so well — beyond human comprehension — is coordinate activity and send broad signals about scarcity. Information about a wide variety of environmental phenomena is extremely difficult to collect and process. If a set of environmental taxes can help establish a network of environ-mental prices, then an unfathomably large and complex machinery will have been set in motion in the right direction. Also, because of the need for new scientific solutions to this daunting list of problems, new science and technology is desperately needed. Capitalism is tried and true in terms of producing innovation. Again drawing upon the study of institutions, it is not so much that individuals need a profit-motive in order to tinker, but the prospect of profit-making has to be present in order for institutions, including corporations, to devote resources, attention, and energy towards the development of solutions to environmental problems. Corporations can and should demonstrate social responsibility by attempting to mitigate their impacts on the global environment, but a much more conscious push for new knowledge, new techniques, and new solutions are needed. Finally, the scale of needed change is profound. Huge networks of infrastructure centered upon a fossil fuel-centered economy must somehow be replaced or adapted to new ways of generating, transmitting, consuming, and storing energy. A global system of feeding seven billion humans (and counting), unsustainable on its face, must be morphed into something else that can fill that huge role. About a billion and a half cars and trucks in the world must, over time, be swapped out for vehicles that must be dramatically different. This is a daunting to-do list, but look a bit more carefully among the gloomy news. Elon Musk, a freewheeling, pot-smoking entrepreneur shows signs of breaking into not one, but two industries dominated by behemoths with political power. Thanks to California emissions standards, automobile manufacturers have developed cars that emit a fraction of what they did less than a generation ago. Hybrid electric vehicles have thoroughly penetrated an American market that powerful American politicians had tried to cordon off for American manufacturers only. At least two companies have developed meat substitutes that are now widely judged to be indistinguishable from meat, and have established product outposts in the ancient power centers of fast food, McDonald's and Burger King. The tiny country of the Netherlands, about half the size of West Virginia, exports almost as much food as the United States, able to ship fresh produce all the way to Africa. At bottom, all of these accomplishments and thousands more are and were capitalist in nature. While they collectively repre-sent a trifle of what still needs to be accomplished, they were also undertaken without the correct incentives in place, and thus also represent the tremendous promise of capitalism.

#### We’re past tipping points---only tech solves---the Aff causes dictatorship.

Eric Levitz 21. Senior Writer at New York Magazine. MA Johns Hopkins. "We’ll Innovate Our Way Out of the Climate Crisis or Die Trying". Intelligencer. 5-17-2021. https://nymag.com/intelligencer/2021/05/climate-biden-green-tech-innovation.html

Today’s best-case ecological scenario was a horror story just three decades ago. In 1993, Bill Clinton declared that global warming presented such a profound threat to civilization that the U.S. would have to bring its “emissions of greenhouse gases to their 1990 levels by the year 2000.” Instead, we waited until 2020 to do so; in the interim, humanity burned more carbon than it had since the advent of agriculture. Now, it will take a historically unprecedented, worldwide economic transformation to freeze warming at “only” 2 degrees — a level of temperature rise that will turn “once in a century” storms into annual events, drown entire island nations, and render major cities in the Middle East uninhabitable in summertime (at least for those whose lifestyles involve “walking outdoors without dying of heatstroke”). This is what passes for a utopian vision in 2021. If we confine ourselves to mere optimism — and assume that every Paris Agreement signatory meets its current pledged target for decarbonization — then warming will hit 2.4 degrees by century’s end. The reality of our ecological predicament invites denial of our political one. Put simply, it is hard to reconcile the scale of the climate crisis with the limits of contemporary American politics. Delusions rush in to fill the gap. Among these is the fantasy of national autonomy; the notion that the United States can save the planet or destroy it, depending on the precise timeline of its domestic decarbonization. A rapid energy transition in the U.S. is a vital cause, not least for its potential to expedite similar transformations abroad. But the battle for a sustainable planet will be won or lost in the developing world. Although American consumption played a central role in the history of the climate crisis, it is peripheral to the planet’s future: Over the coming century, U.S. emissions are expected to account for only 5 percent of the global total. There is also the delusion of “de-growth’s” viability. The fact that there is no plausible path for global economic expansion that won’t entail climate-induced death and displacement has led some environmentalists to insist on global stagnation. Yet there is neither a mass constituency for this project, nor any reason to believe that there will be any time soon. Freeze the status-quo economy in amber, and you’ll condemn nearly half of humanity to permanent poverty. Divide existing GDP into perfectly even slices, and every person on the planet will live on about $5,500 a year. American voters may express a generalized concern about the climate in surveys, but they don’t seem willing to accept even a modest rise in gas prices — let alone a total collapse in living standards — to address the issue. Meanwhile, any Chinese or Indian leader who attempted to stymy income growth in the name of sustainability would be ousted in short order. It’s conceivable that one could radically reorder advanced economies in a manner that enabled living standards to rise even as GDP fell; Americans might well find themselves happier and more secure in an ultra-low-carbon communal economy in which individual car ownership is heavily restricted, and housing, healthcare, and myriad low-carbon leisure activities are social rights. But nothing short of an absolute dictatorship could affect such a transformation at the necessary speed. And the specter of eco-Bolshevism does not haunt the Global North. Humanity is going to find a way to get rich sustainably, or die trying. Thus, the chasm between the ecologically necessary and the politically possible can only be bridged by technological advance. And on that front, the U.S. actually has the resources to make a decisive contribution to global decarbonization — and some political will to leverage those resources. Unfortunately, due to some combination of fiscal superstitions and misplaced priorities, the Biden administration’s proposed investments in green innovation remain paltry. An American Jobs Plan with much higher funding for green R&D is both imminently winnable and environmentally imperative. U.S. climate hawks should make securing such legislation a top priority. The choice before us is techno-optimism or barbarism. If governments are forced to choose between increasing income growth in the present, and mitigating temperature rise in the future, they are going to pick the former. We’ll get cheap, lab-grown Kobe beef before we get a U.S. Senate willing to tax meat, and steel plants powered by “green hydrogen” before we get anarcho-primitivism with Chinese characteristics. The question is whether we’ll get such breakthroughs before it’s too late. Techno-optimism has its hazards, but the progress we’ve made toward decarbonization has come largely through technological innovation. When India canceled plans to construct 14 gigawatts of new coal-fired power stations in 2019, it did not do so in deference to international pressure or domestic environmental movements, but rather to the cost-competitiveness of solar energy. The same story holds across Asia’s developing countries: Thanks to a ninefold reduction in the cost of solar energy over the past decade, the number of new coal plants slated for construction in the region has fallen by 80 percent. Meanwhile, the road to an electric-car revolution was cleared by a collapse in the cost of lithium batteries, the challenge of powering cities with solar energy on cloudy days was eased by a 70 percent drop in the price of utility-scale batteries, and wind power grew 40 percent cheaper. Our species remains lackluster at solidarity and self-government, but we’ve got a real knack for building cool shit. The technological progress of the past decade was not sufficient to compensate for tepid climate policy. But real techno-utopianism has never been tried: As of 2019, global spending on clean energy R&D totaled $22 billion a year, or 3 percent of the Pentagon’s annual budget. Increasing spending on such research — while expediting cost-reductions in existing technologies by deploying them en masse — should be twin priorities of American climate policy. The preconditions for green industrialization can be made in America. The United States has more fiscal capacity and better-financed research universities than any nation on the planet. And, for all the pathologies of our politics, public investment in green tech inspires far weaker opposition than many less-indispensable climate policies. In fact, late last year, with Republicans controlling the Senate and Donald Trump in the White House, the U.S. increased funding for zero-emission technology R&D by $35 billion. America does not have sovereignty over enough humans to save the planet by slashing our domestic emissions. But we just might have the resources and political economy necessary to help the developing world save us all.

#### Cap solves war---liberal order good and won’t collapse

Michael Mousseau 19, PhD, studies international politics with a particular focus on the link between economic conditions, institutions, and conflict, 7/29/19, “The End of War: How a Robust Marketplace and Liberal Hegemony Are Leading to Perpetual World Peace,” https://www.mitpressjournals.org/doi/full/10.1162/isec\_a\_00352?mobileUi=0

If my argument is correct, the world is on the cusp of tremendous change: across the globe, contractualism is overtaking status-personalism and, in so doing, launching an era of peace and prosperity. This conclusion is reached without any monotonic or teleological assumptions: anything that collapses the contractualist economies for a generation or two would stop or reverse this trend.81 All else being equal, the contractualist hegemony has made the odds of unit-level change from a status to a contractualist economy more likely than the reverse. At the start of the twentieth century, only the United States had a contractualist economy; by the end, at least thirty-five states were contractualist.82 The Westphalian system has never been as conducive to transitions to contractualist economies as it has been under the contractualist hegemony, which prohibits states from starting wars for booty, debt collection, or territory. Nor has the world ever had such widespread access to capital, mobility, and equity in trade as it has had since the contractualist hegemony made it so with the signing of the Atlantic Charter and the implementation of the Bretton Woods agreements. The number of transitions also predictably increased after the Cold War, when the contractualist hegemony emerged as largely unchallenged. In this way, system change toward contractualist hegemony within the anarchic order, rooted in unit-level change, ultimately promotes more unit-level change toward a contractualist world. Reports of the Demise of the Liberal Order Are Greatly Exaggerated I have argued that the liberal global order is on the rise; yet, liberal values around the world seem to be in retreat. In recent years, two contractualist states with populist governments—Hungary and Poland—have begun to embrace anti-immigrant and anti-globalization positions. In the United States, President Donald Trump appears to favor status values such as power, rank, and loyalty over contractualist values such as equity and respect for the rule of law. In foreign policy, Trump does not seem to share contractualists' opposition to Russia's efforts to sow chaos, and he sees trade in terms of winners and losers. Reports of the demise of the liberal order, however, are greatly exaggerated. First, Hungary and Poland are newly contractualist states. The sociological nature of economic norms theory means that contractualist values should be more firmly rooted in older contractualist societies than in newer ones. This is corroborated with the natural experiment of Germany: in 1962 West Germany embraced contractualism (see table 1), but it was only after 1991 that East Germany could have become contractualist, when massive investments from the Federal Republic caused incomes in the marketplace to become higher than incomes obtainable from status relationships. Today, Germany's populist movement is concentrated in the eastern part of the country and is largely nonexistent in the western part,83 which corroborates the expectation that some newly contractualist societies retain some of their status values even after a generation of robust opportunity in the marketplace. Deeper changes in values may not occur until generational cohorts initially socialized into status or axial economies have passed on. Second, the electorates in most of the thirty-five contractualist states listed in table 1 in 2010 have not experienced substantial increases in populist sentiment. Italy's Five Star movement is often called populist but largely because of its anti-immigrant stance. Although an embrace of immigrants would seem consistent with contractualist values, opposition to large numbers of immigrants is arguably a rational response to what is essentially a huge external shock that has intensified in recent years. Britons voted to leave the European Union, but largely because they believed they were being treated unfairly in it. The rejection of unfair terms of trade, whether perceived correctly or not, is consistent with contractualist values. Third, the strength of institutions far exceeds that of any one person, including the president of the United States. Liberal values and institutions are rooted in contractualist economic norms and will not disappear simply because some leaders choose not to abide by them. For instance, although Trump may want the United States to withdraw from the North Atlantic alliance, this is not a view shared by Congress and the American people. Even members of Trump's administration have often restrained him in ways consistent with contractualist values and institutions.84 In economic norms theory, the only way the United States' contractualist values could shift to status or axial values would be through radical economic change. As mentioned above, economics is ultimately at the mercy of politics, as an influential coalition of rent-seekers could potentially collapse a contractualist economy by failing to sustain the highly inclusive marketplace or uphold the state's credibility in enforcing of contracts. In recent years, the U.S. economy has begun tilting toward rent-seekers, given the growing role of private money in electoral campaigns and the increasing sophistication of rent-seekers in masking their activities though the manipulation of public opinion, including through their concentrated ownership of media outlets. Such rentierism could precipitate a change in U.S. values if it results in a retraction of the market substantial enough that newer generations began to obtain higher wages in newfound status networks than in the marketplace. In this way, the Trump phenomenon may reflect a pathology in U.S. governing institutions; but at least so far, it arguably has not extended to the American people. Most of Trump's supporters seem to be drawn to him not for his expressions of status values, but for his pledges to fight a “rigged” system and create well-paying jobs. Whether or not Trump means what he says, many of his supporters saw a vote for him as an act of protest against the increasing corruption occurring in the United States, a clear contractualist expression.85 Although a collapse of the U.S. economy and transition to an axial or a status economy is always possible, the feedback loop of popular insistence on economic growth and a highly inclusive marketplace makes this unlikely. Aside from an external shock (such as nuclear war or climate devastation), such a transition could happen only if the rentiers somehow manage to remain in power long enough to institutionalize a permanently underemployed underclass. Fourth, even if the U.S. economy were to collapse and the United States became an axial or a status power, the combined economic might of all the other contractualist countries in the world is nearly twice that of the United States. The soft power of the United States in world politics lies not in its power to persuade, but in it being the largest of the contractualist states, and in its willingness to provide the public good of global security since the collapse of the pound sterling in late 1946. If the United States withdrew from its leadership role, the remaining contractualist powers would fill the vacuum. None of them has an economy relatively large enough to enable it to act as a natural leader and principal provider of global security, but it is the temperament of these states that they can easily form an international organization to coordinate and act on their shared security interests, even if some may choose to free ride. Fifth, current events need to be viewed within a larger context. Fernand Braudel pinpoints the rise of the modern world economy as starting around the year 1450 in northwestern Europe.86 The first contractualist economy emerged more than two centuries ago. Since then, contractualist states have confronted numerous shocks and threats to their systems, including the American Civil War, the Great Depression, two world wars, and the Cold War. The present populist mini-wave and pathologies in U.S. democracy are mere trifling episodes in a larger historical frame. Conclusion This article has introduced a new liberal theory of global politics and argues that global alignments are rooted in factors internal to states: status states want expansion and disorder wherever they lack control; contractualist states want universal stability and order based on the principle of self-determination for all states. As such, global patterns of war, peace, and cooperation can be explained without recourse to such external factors as trade interdependence, international institutions, interstate images, or intersubjective structure; economic norms theory can explain these patterns from states' internal conditions alone. If this argument is correct, then the relative power of states does determine the perception of threat, as realists have long maintained, but with an essential qualifi- cation: only among status states. In this way, internal conditions can explain why 2,400 years ago Sparta feared the rising power of Athens, and why today the distribution of power seems to be playing an ever reduced role in global politics. My analyses of most states from 1946 to 2010 corroborate the prediction of a liberal global hierarchy managed by a natural alliance of states with contractualist economies. States with contractualist and export-oriented economies tend to agree on issues voted on in the United Nations General Assembly, regardless of their power status or capability, because they have common interests in a global order based on self-determination. Among states with status and insular economies, in contrast, major powers and those with greater capability are more likely to balance the contractualist hegemony, which they fear. Meanwhile, minor powers and those with less capability are more likely to bandwagon with it, which they fear less than they do the status major powers. Additionally, the theory provides an explanation for a large number of observed facts in international politics. It can explain the decline of war. It can explain the United States' enduring soft power, and why its leadership continues utterly unchallenged by other market powers, despite its relative economic decline since the mid-twentieth century. It offers an account for why developing states with weak institutions tend to bandwagon with the Western powers;87 and why land powers tend to provoke counterbalancing coalitions, and sea powers, which tend to be trading powers, do not.88 It can account for the democratic peace; why democracies tend to win theirwars; and why the probability of war among market democracies is practically zero. It can explain how states become prosperous; how democracy consolidates; the tenacity of corruption in developing countries; why Western powers reproach their clients for their corruption;89 and why states fail. It can explain global terrorism and anti-Americanism.90 If the theory is right, war is becoming obsolete, and not for reasons supposed in most international relations theorizing. There is no security dilemma in international politics, as realists contend there is: relative power reliably matters only to leaders of status states, which always consider all other states enemies. Yet, the trajectory of peace is not at all caused by democracy, trade, or international institutions, as liberals maintain. As argued here, democracy, trade, and institutions are epiphenomenal. Contractualist economies are not the only explanation for these factors, but they are a cause of democratic consolidation, foreign policy preferences for equitable trade, and international organization. Leaders of contractualist states assess threats based not on their images of other states' regime types, economic types, or their capabilities, but on their behavior. What economic norms theory cannot explain is the triggering environmental and political origins of economic change. Although the theory predicts systemic effects (contractualist hegemony) on unit-level change (national transitions toward contractualist economies), it cannot predict when and where leaders of status and axial states might seek to support the market; when and where contractualist economies will emerge; or when and where systemic effects will result in changes in the units. The theory treats economic change largely exogenously.91 Thus, the theory cannot predict what China will do in the future, because it is impossible to know whether it will become a contractualist power. The theory can predict, however, that conflict with China is not inevitable, and that it can be avoided if the contractualist powers do not confuse China's mercantilist pursuits with incipient revisionism, and if they grasp that China's leadership increasingly has interests in the global market order. If China transitions to a contractualist economy—and such a prospect is likely if current trends continue—the proportion of people in the contractualist mind-set worldwide will more than double, from 16 percent to 35 percent. This would greatly increase the speed of the trajectory toward peace, as long as the planet can ecologically sustain the contractualist economies' high levels of productivity. Russia, in contrast, is the natural enemy of the contractualist hegemony: its status economy encourages the sowing of chaos anywhere Russia lacks control, putting it in direct opposition to the contractualists' interest in order. Russia has a substantial nuclear arsenal, but this does not diminish the overwhelming might of the contractualist hegemony, because nuclear weapons can be used rationally only to deter attacks. Contractualist states do not attack states to make them contractualist, so Russia's deterrent capability has no effect on the power of this hegemony and the trajectory of peace. Since the defeat of the Axis powers in 1945, an alliance of contractualist states has sought to impose a global order based on the principle of self-determination—a principle that applies to all states, large and small. This global order is increasing the odds of states transitioning from status to contractualist economies and reducing the odds of reverse transitions. In this way, economic norms theory supports the proposition that the world may be nearing half a millennium of change that began with the rise of axial markets in northwestern Europe around 1450. If the theory is correct, the beginning of the end of this change may have been the emergence of the contractualist hegemony in the mid-twentieth century. This article has argued that no status power could ever overtake the combined might of this hegemony. Thus, barring some dark force that brings about a collapse of the global economy, the world is now in the endgame of a five-century-long trajectory toward permanent peace and prosperity.

#### Cap solves war.

Allan Dafoe & Nina Kelsey 14. \*Assistant professor of political science, Yale University. \*\*Research associate in international economics, University of California, Berkeley. “Observing the capitalist peace: Examining market-mediated signaling and other mechanisms”. Journal of Peace Research. 2014. <https://www.jstor.org/stable/24557445>

Countries with liberal political and economic systems rarely use military force against each other. This anomalous peace has been most prominently attributed to the ‘democratic peace’ – the apparent tendency for democratic countries to avoid militarized conflict with each other (Maoz & Russett, 1993; Ray, 1995; Dafoe, Oneal & Russett, 2013). More recently, however, scholars have proposed that the liberal peace could be partly (Russett & Oneal, 2001) or primarily (Gartzke, 2007; but see Dafoe, 2011) attributed to liberal economic factors, such as commercial and financial interdependence. In particular, Erik Gartzke, Quan Li & Charles Boehmer (2001), henceforth referred to as GLB, have demonstrated that measures of capital openness have a substantial and statistically significant association with peaceful dyadic relations. Gartzke (2007) confirms that this association is robust to a large variety of model specifications. To explain this correlation, GLB propose that countries with open capital markets are more able to credibly signal their resolve through the bearing of greater economic costs prior to the outbreak of militarized conflict. This explanation is novel and plausible, and resonates with the rationalist view of asymmetric information as a cause of conflict (Fearon, 1995). Moreover, it implies clear testable predictions on evidential domains different from those examined by GLB. In this article we exploit this opportunity by constructing a confirmatory test of GLB’s theory of market-mediated signaling. We first develop an innovative quantitative case selection technique to identify crucial cases where the mechanism of market-mediated signaling should be most easily observed. Specifically, we employ quantitative data and the statistical models used to support the theory we are probing to create an impartial and transparentmeans of selecting cases in which the theory – as specified by the theory’s creators –makes its most confident predictions. We implement three different case selection rules to select cases that optimize on two criteria: (1) maximizing the inferential leverage of our cases, and (2) minimizing selection bias. We examine these cases for a necessary implication of market-mediated signaling: that key participants drew a connection between conflictual events and adverse market movements. Such an inference is a necessary step in the process by which market-mediated costs can signal resolve. For evidence of this we examine news media, government documents, memoirs, historical works, and other sources. We additionally examine other sources, such as market data, for evidence that economic costs were caused by escalatory events. Based on this analysis, we assess the evidence for GLB’s theory of market mediated costly signaling. Our article then considers a more complex heterogeneous effects version of market-mediated signaling in which unspecified scope conditions are required for the mechanism to operate. Our design has the feature of selecting cases in which scope conditions are most likely to be absent. This allows us to perform an exploratory analysis of these cases, looking for possible scope conditions. We also consider alternative potential mechanisms. Our cases are reviewed in more detail in the online appendix.1 To summarize our results, our confirmatory test finds that while market-mediated signaling may be operative in the most serious disputes, it was largely absent in the less serious disputes that characterize most of the sample of militarized interstate disputes (MIDs). This suggests either that other mechanisms account for the correlation between capital openness and peace, or that the scope conditions for market-mediated signaling are restrictive. Of the signals that we observed, strategic market-mediated signals were relatively more important than automatic market-mediated signals in the most serious conflicts. We identify a number of potential scope conditions, such as that (1) the conflict must be driven by bargaining failure arising from uncertainty and (2) the economic costs need to escalate gradually and need to be substantial, but less than the expected military costs of conflict. Finally, there were a number of other explanations that seemed present in the cases we examined and could account for the capitalist peace: capital openness is associated with greater anticipated economic costs of conflict; capital openness leads third parties to have a greater stake in the conflict and therefore be more willing to intervene; a dyadic acceptance of the status quo could promote both peace and capital openness; and countries seeking to institutionalize a regional peace might instrumentally harness the pacifying effects of liberal markets. The correlation: Open capital markets and peace The empirical puzzle at the core of this article is the significant and robust correlation noted by GLB between high levels of capital openness in both members of a dyad and the infrequent incidence of militarized interstate disputes (MIDs) and wars between the members of this dyad (Gartzke, Li & Boehmer, 2001). The index of capital openness (CAPOPEN) is intended to capture the ‘difficulty states face in seeking to impose restrictions on capital flows (the degree of lost policy autonomy due to globalization)’ (Gartzke & Li, 2003: 575). CAPOPEN is constructed from data drawn from the widely used IMF’s Annual Reports on Exchange Arrangements and Exchange Controls; it is a combination of eight binary variables that measure different types of government restrictions on capital and currency flow (Gartzke, Li & Boehmer, 2001: 407). The measure of CAPOPEN starts in 1966 and is defined for many countries (increasingly more over time). Most of the countries that do not have a measure of CAPOPEN are communist.2 GLB implement this variable in a dyadic framework by creating a new variable, CAPOPENL, which is the smaller of the two dyadic values of CAPOPEN. This operationalization is sometimes referred to as the ‘weak-link’ specification since the functional form is consonant with a model of war in which the ‘weakest link’ in a dyad determines the probability of war. CAPOPENL has a negative monotonic association with the incidence of MIDs, fatal MIDs, and wars (see Figure 1).3 The strength of the estimated empirical association between peace and CAPOPENL, using a modified version of the dataset and model from Gartzke (2007), is comparable to that between peace and, respectively, joint democracy, log of distance, or the GDP of a contiguous dyad (Gartzke, 2007: 179; Gartzke, Li & Boehmer, 2001: 412). In summary, CAPOPENL seems to be an important and robust correlate of peace. The question of why specifically this correlation exists, however, remains to be answered. The mechanism: Market-mediated signaling? Gartzke, Li & Boehmer (2001) argue that the classic liberal account for the pacific effect of economic interdependence – that interdependence increases the expected costs of war – is not consistent with the bargaining theory of war (see also Morrow, 1999). GLB argue that ‘conventional descriptions of interdependence see war as less likely because states face additional opportunity costs for fighting. The problem with such an account is that it ignores incentives to capitalize on an opponent’s reticence to fight’ (Gartzke, Li & Boehmer, 2001: 400.)4 Instead, GLB (see also Gartzke, 2003; Gartzke & Li, 2003) argue that financial interdependence could promote peace by facilitating the sending of costly signals. As the probability of militarized conflict increases, states incur a variety of automatic and strategically imposed economic costs as a consequence of escalation toward conflict. Those states that persist in a dispute despite these costs will reveal their willingness to tolerate them, and hence signal resolve. The greater the degree of economic interdependence, the more a resolved country could demonstrate its willingness to suffer costs ex ante to militarized conflict. Gartzke, Li & Boehmer’s mechanism implies a commonly perceived costly signal before militarized conflict breaks out or escalates: if market-mediated signaling is to account for the correlation between CAPOPENL and the absence of MIDs, then visible market-mediated costs should occur prior to or during periods of real or potential conflict (Gartzke, Li & Boehmer, 2001). Thus, the proposed mechanism should leave many visible footprints in the historical record. This theory predicts that these visible signals must arise in any escalating conflict, involving countries with high capital openness, in which this mechanism is operative Clarifying the signaling mechanism Gartzke, Li & Boehmer’s signaling mechanism is mostly conceptualized on an abstract, game-theoretic level (Gartzke, Li & Boehmer, 2001). In order to elucidate the types of observations that could inform this theory’s validity, we discuss with greater specificity the possible ways in which such signaling might occur. A conceptual classification of costly signals The term signaling connotes an intentional communicative act by one party directed towards another. Because the term signaling thus suggests a willful act, and a signal of resolve is only credible if it is costly, scholars have sometimes concluded that states involved in bargaining under incomplete information could advance their interests by imposing costs on themselves and thereby signaling their resolve (e.g. Lektzian & Sprecher, 2007). However, the game-theoretic concept of signaling refers more generally to any situation in which an actor’s behavior reveals information about her private information. In fact, states frequently adopt sanctions with low costs to themselves and high costs to their rivals because doing so is often a rational bargaining tactic on other grounds: they are trying to coerce their rival to concede the issue. Bargaining encounters of this type can be conceptualized as a type of war-of-attrition game in which each actor attempts to coerce the other through the imposition of escalating costs. Such encounters also provide the opportunity for signaling: when states resist the costs imposed by their rivals, they ‘signal’ their resolve. If at some point one party perceives the conflict to have become too costly and steps back, that party ‘signals’ a lack of resolve. Thus, this kind of signaling arises as a by-product of another’s coercive attempts. In other words, costly signals come in two forms: self-inflicted (information about a leader arising from a leader’s intentional or incidental infliction of costs on himself) or imposed (information about a leader that arises from a leader’s response to a rival’s imposition of costs). Additionally, costs may arise as an automatic byproduct of escalation towards military conflict or may be a tool of statecraft that is strategically employed during a conflict. The automatic mechanism stipulates that as the probability of conflict increases, various economic assets will lose value due to the risk of conflict and investor flight. However, the occurrence of these costs may also be intentional outcomes of specific escalatory decisions of the states, as in the case of deliberate sanctions; in this case they are strategic. Finally, at a practical level, we identify three different potential kinds of economic costs of militarized conflict that may be mediated by open capital markets: capital costs from political risk, monetary coercion, and business sanctions. The most prominent mechanism proposed by Gartzke, Li & Boehmer (2001) to account for the correlation between capital openness and peace is that of capital costs. They note that 'since conflict threatens investments among disputing states, it makes such investments less desirable and capital becomes relatively scarce' (Gartzke, Li & Boehmer, 2001: 407) and hence more costly. Increased capital openness may increase the capital costs of escalation by increasing both the ease of capital flight (Abadie & Gardeazabal, 2003, 2007) and the expected harm of escalatory events to the national economy. This mechanism will be more effective in countries with more open capital markets; countries where the value of investments are more publicly observable (such as arises with a public stock exchange); and countries where leaders are more sensitive to the costs of capital.5

#### Profit and growth are key to space colonization---extinction.

Kovic '19 [Marko; March 2019; co-founder president of the Zurich Institute of Public Affairs Research; "The future of energy," https://osf.io/preprints/socarxiv/aswz9/download]

Ideally, the mitigation of climate risks will coincide with and contribute to the development of improved or even entirely novel sources of energy that will increase the long-term chances of humankind’s survival by means of space colonization. This is not an unrealistic expectation, given that the mitigation of climate risks consists, to a large degree, of replacing fossil fuels with other, less harmful sources of energy. However, some climate change mitigation strategies might actually harm the long-term prospects of humankind.

First, it is possible that dominant climate change mitigation strategies will actively exclude any form of nuclear energy from the repertoire of climate-friendly energy sources. Existing and experimental (molten salt) fission reactors could play a significant role in replacing carbon-heavy energy sources, but pro-environmental attitudes often overlap with anti-nuclear sentiments [65]. As a result, and in combination with other problems such as large-scale market failures of existing fission reactors (one of the reasons being that generating electricity from fossil fuels is cheaper) [66], nuclear fission does not currently have significant standing as a “cleantech” contribution to climate change mitigation. From a long-term perspective, an unfavorable view of nuclear energy in the context of climate change might mean that technological progress in the areas of nuclear fission and fusion might come to a halt (for example, due to explicit bans or implicit disincentives). If such a scenario came to be, our attempts at colonizing space would almost certainly fail: There are currently no alternatives to fission and fusion, and it is highly improbable that Solar power alone could suffice for sustaining extraterrestrial habitats.

Second, there is some probability that climate change mitigation strategies will change the social order towards a degrowth philosophy. Degrowth is a vague socio-economic concept and social movement that, in general, calls for a contraction of the global and national economies by means of lower production and consumption rates, and, to some degree, to more profound changes to the “capitalist” system of economic production [67]. Degrowth or degrowth-like approaches are being actively considered as climate risk mitigation strategies [68, 69], and degrowth would almost certainly be a highly effective measure for mitigating climate change. After all, if we were to drastically reduce or even completely eliminate the (industrial) sources of greenhouse gases, the amount of greenhouse gases that are being emitted would accordingly drastically sink. From the long-term perspective of humankind’s survival, degrowth is problematic in at least two ways. First, there is a risk that the general contraction of economic activity would also slow or eliminate progress in the domain of energy, which would, in turn, reduce the probability of successful space colonization due to an absence of suitable energy sources. Second, and more fundamental: If degrowth were to become a dominant societal paradigm, it is uncertain whether the long-term survival of humankind by means of space colonization would be regarded a desirable goal. In a literal sense, establishing extraterrestrial colonies would mean growth; the size of the total human population would grow, and the area of space-time that humans occupy would grow.

In a more philosophical sense, degrowth might even be antithetical to space colonization. Even though both degrowth and space colonization have a similar moral goal – increasing wellbeing – , the ends to that goal are very different. Within degrowth philosophy, the goal is, metaphorically speaking, not to “live beyond our means”: We should strive for “ecological balance”, and such a state should increase the average wellbeing. But the frame of reference is the status quo; Earth and humankind as we know it today. Space colonization, on the other hand, operates with a much larger frame of reference: All the future generations of humans (and other sentient beings) who could enjoy wellbeing if we succeed in colonizing space – and who will categorically be denied that wellbeing if we fail to colonize space [70]. The goal of space colonization as a moral project is not to live beyond our means, but to actively redefine and expand what our means are through scientific and technological progress.

#### Obviously turns the role of the ballot; training debaters to be anticapitalist is bad because capitalism is good

#### Inequality drives growth

Conard and Levine August 25, 2013 Ed Conrad is a former Bain Capital executive. “YALE’S THE POLITIC: AN INTERVIEW WITH EDWARD CONARD” The Politic - The Yale Undergraduate Journal of Politics “An Interview with Edward Conard” By Adira Levine http://www.edwardconard.com/yales-the-politic-an-interview-with-edward-conard/

The Politic: In your book, you write that the increase in the income disparity is beneficial. What positive effects can be seen from the income disparity in the U.S.?¶ High payoffs for successful risk-taking indicate a shortage of risk-taking that produces innovation relative to the value of innovative discoveries. Those discoveries have produced faster growth, higher employment, and higher median wages. Since 1980, U.S. employment has increased almost 45 percent, from about 100 million to 145 million workers. Since 1991, the U.S. economy has grown over 60 percent. Against these same measures, France and Germany grew less than half as much, and Japan about half as much as France and Germany. U.S. median wages are 25 to 30 percent higher on a comparable basis. Without the success of the U.S. economy, the European and Japanese economies would have produced even slower growth.¶ The Politic: Some argue that the income disparity mostly benefits people at the top.¶ Let’s split the population by income into the top, the middle, and the bottom. What’s occurring in those three groups is very different. Let’s start with the middle. The U.S. has created 44 million jobs since 1980. Half of those jobs were created at the highest end of the wage scale. That growth also pulled 10 million immigrants into the U.S. workforce since 1996, when the Census Department started publishing statistics. Those immigrants received better jobs, health care, and education for their children. The U.S. economy also put tens of millions of people to work offshore. No other high wage economy has done more for the middle class and working poor.¶ Arguments to the contrary focus on the tepid growth of median incomes. Nevertheless, the total amount of middle class income has increased substantially because the number of jobs has increased substantially. There is an economic tradeoff between higher pay and fewer jobs or lower pay and more jobs.¶ Also, when you hear that median incomes haven’t grown, keep in mind that measure doesn’t include not-taxable benefits, healthcare principally, as well as pensions and government entitlements, which have grown significantly.¶ At the top of the pay scale, the income of the “one percent” is accelerating because of a shortage of risk taking that produces innovation relative to the growing value of the unrealized opportunities.¶ One constraint to harvesting that value is the supply of smart, talented people. The second is getting them properly trained. And the third is getting them to take entrepreneurial risks that commercialize innovation.¶ It’s ironic that my critics pigeonhole me as the defender of the one percent. I believe the talents of mankind are owned by mankind and not by the lucky recipients of that talent, and that the unrealized investment opportunities that lie before us are owned by mankind.¶ If everybody with talent was trained properly and taking risks that produced innovation, I would say it’s morally wrong that the lucky recipients of talent should benefit merely from these circumstances. But I see many talented people that won’t get the proper training. They want to be psychology majors, for example, even though there’s a surplus of psychology majors. They see business and technology as tedious and boring. We can’t pay them enough to get the training and take the career risks needed to produce innovation. It’s their reluctance that sets the wage. We shouldn’t pay individuals one dollar more than necessary to motivate them to get the training and take the risks. It’s our talent and investment opportunity; not theirs.¶ At the other end of the income scale, I don’t think economics alone causes poverty. We’re currently in a recession, but even at full employment, we still had plenty of poverty. I do not believe the poor are lazy. I believe there are sociological issues — e.g. high rates of dropouts, teenage and unwed pregnancies, crime, and childhood neglect — that make it difficult for people to become as successful as they could be. Economics on its own won’t solve these problems.¶ The Politic: Is it not possible to increase the number of jobs without increasing the income disparity?¶ Theoretically, it might be possible, but empirically, we don’t see it. The other high-wage economies — Europe and Japan — have less income disparity but they have produced much less innovation, slower growth, and less employment than the United States. Our median incomes are 25 to 30 percent higher than theirs. Our hours of work per working age adult are in the range of 35 or 40 percent higher than theirs. It’s hard to look at that and say that we ought to mess with the U.S. model. I think the European and Japanese models show you how difficult it has been over the past two or three decades to grow income and employment in high wage economies. They’ve all fallen back to about 75 to 80 percent of our GDP per capita as we’ve spurted ahead over these last couple of decades.¶ The Politic: Many students are not sure if Social Security and Medicare as we know it will be solvent by the time we reach the age to qualify. What is the fix for entitlement programs?¶ Let’s not kid ourselves. Ultimately, economic growth determines the level of entitlements we will be able to afford in the future. The more growth we generate between now and then, the more we will be able to afford. The more we invest, namely to produce innovation, the faster we will grow. The more we consume today, the less we have to invest for tomorrow.¶ If I were a young person, I’d be for investment because I’d be for a better future. I’d ask older people to reduce their consumption and increase investment so the future would be better for our children.¶ I think politics is split between the party that represents consumers and the party that represents investors. The vast majority of voters are consumers. A small minority are investors. I believe the natural course of democracy, unfortunately, is to tax investors for the sake of increased consumption.¶ Republicans are really a coalition of two minority parties — pro-investors and the Christian Right — fused together out of necessity to create a near-majority. Pro-investors tend to be fiscally conservative and socially liberal. The Christian Right tends to be socially conservative and fiscally liberal.¶ Unfortunately, I think many idealistic young people are reluctant to join with the pro-investors because of their pragmatic coalition with the Christian Right. They end up supporting consumption over investment even though they are for investment. Ironically, that only strengthens the Christian Right’s negotiating leverage within the collation.¶ The Politic: Do you see value in a liberal arts education, as opposed to a more strictly pre-professional education?¶ Economically, the only thing I care about is what’s good for the poor and the middle class. All the rest of this stuff is a means to the end. The question is whether the poor are better served by humanities majors or technical majors.¶ The best way to help the poor is to grow the economy. If you look at the income per capita versus the income for the poorest 20 percent, there’s a very tight correlation between the two. America’s poor are much better off than China’s poor or Africa’s poor.¶ Over the past 20 years, we have differentiated ourselves through the commercialization of innovation, not through humanities. We need more people to find and commercialize innovative ideas that are likely 20 times more valuable than they cost. That’s what’s pulling the poor out of poverty. I think business and technology majors are more likely to do that than liberal arts majors.¶ That’s not say we don’t need any humanities majors. My wife is a novelist. Critical thinking is valuable in all of its forms. There are plenty of things we can learn from humanities and use to create value that’s truly valuable for the poor. Ultimately, we need a balance.¶ But in the end, commerce has proven to be the salvation of the poor, not charity. Talented people have a moral obligation to put their talent to work on behalf of mankind in the most productive way. There is hardly perfect alignment, but by and large people pay for what they want and need. For the most part, we serve our fellow man by serving customers as best we can.

#### Econ decline causes world war – there’s no buffer now

* 08 recovery isn’t possible anymore
* Econ crisis + populism and threats cause miscalc and wars
* International system already fragile, draws in major powers
* Similar nationalism to the 30s
* All escalates even if unintended

Sundaram and Popov 2/12**/19** [Jomo Kwame Sundaram, a former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007. Vladimir Popov, a former senior economics researcher in the Soviet Union, Russia and the United Nations Secretariat, is now Research Director at the Dialogue of Civilizations Research Institute in Berlin. Economic Crisis Can Trigger World War. February 12, 2019. www.ipsnews.net/2019/02/economic-crisis-can-trigger-world-war/]

KUALA LUMPUR and BERLIN, Feb 12 2019 (IPS) - Economic recovery efforts since the 2008-2009 global financial crisis have mainly depended on unconventional monetary policies. As fears rise of yet another international financial crisis, there are growing concerns about the increased possibility of large-scale military conflict. More worryingly, in the current political landscape, prolonged economic crisis, combined with rising economic inequality, chauvinistic ethno-populism as well as aggressive jingoist rhetoric, including threats, could easily spin out of control and ‘morph’ into military conflict, and worse, world war. Crisis responses limited The 2008-2009 global financial crisis almost ‘bankrupted’ governments and caused systemic collapse. Policymakers managed to pull the world economy from the brink, but soon switched from counter-cyclical fiscal efforts to unconventional monetary measures, primarily ‘quantitative easing’ and very low, if not negative real interest rates. But while these monetary interventions averted realization of the worst fears at the time by turning the US economy around, they did little to address underlying economic weaknesses, largely due to the ascendance of finance in recent decades at the expense of the real economy. Since then, despite promising to do so, policymakers have not seriously pursued, let alone achieved, such needed reforms. Instead, ostensible structural reformers have taken advantage of the crisis to pursue largely irrelevant efforts to further ‘casualize’ labour markets. This lack of structural reform has meant that the unprecedented liquidity central banks injected into economies has not been well allocated to stimulate resurgence of the real economy. From bust to bubble Instead, easy credit raised asset prices to levels even higher than those prevailing before 2008. US house prices are now 8% more than at the peak of the property bubble in 2006, while its price-to-earnings ratio in late 2018 was even higher than in 2008 and in 1929, when the Wall Street Crash precipitated the Great Depression. As monetary tightening checks asset price bubbles, another economic crisis — possibly more severe than the last, as the economy has become less responsive to such blunt monetary interventions — is considered likely. A decade of such unconventional monetary policies, with very low interest rates, has greatly depleted their ability to revive the economy. The implications beyond the economy of such developments and policy responses are already being seen. Prolonged economic distress has worsened public antipathy towards the culturally alien — not only abroad, but also within. Thus, another round of economic stress is deemed likely to foment unrest, conflict, even war as it is blamed on the foreign. International trade shrank by two-thirds within half a decade after the US passed the Smoot-Hawley Tariff Act in 1930, at the start of the Great Depression, ostensibly to protect American workers and farmers from foreign competition! Liberalization’s discontents Rising economic insecurity, inequalities and deprivation are expected to strengthen ethno-populist and jingoistic nationalist sentiments, and increase social tensions and turmoil, especially among the growing precariat and others who feel vulnerable or threatened. Thus, ethno-populist inspired chauvinistic nationalism may exacerbate tensions, leading to conflicts and tensions among countries, as in the 1930s. Opportunistic leaders have been blaming such misfortunes on outsiders and may seek to reverse policies associated with the perceived causes, such as ‘globalist’ economic liberalization. Policies which successfully check such problems may reduce social tensions, as well as the likelihood of social turmoil and conflict, including among countries. However, these may also inadvertently exacerbate problems. The recent spread of anti-globalization sentiment appears correlated to slow, if not negative per capita income growth and increased economic inequality. To be sure, globalization and liberalization are statistically associated with growing economic inequality and rising ethno-populism. Declining real incomes and growing economic insecurity have apparently strengthened ethno-populism and nationalistic chauvinism, threatening economic liberalization itself, both within and among countries. Insecurity, populism, conflict Thomas Piketty has argued that a sudden increase in income inequality is often followed by a great crisis. Although causality is difficult to prove, with wealth and income inequality now at historical highs, this should give cause for concern. Of course, other factors also contribute to or exacerbate civil and international tensions, with some due to policies intended for other purposes. Nevertheless, even if unintended, such developments could inadvertently catalyse future crises and conflicts. Publics often have good reason to be restless, if not angry, but the emotional appeals of ethno-populism and jingoistic nationalism are leading to chauvinistic policy measures which only make things worse. At the international level, despite the world’s unprecedented and still growing interconnectedness, multilateralism is increasingly being eschewed as the US increasingly resorts to unilateral, sovereigntist policies without bothering to even build coalitions with its usual allies. Avoiding Thucydides’ iceberg Thus, protracted economic distress, economic conflicts or another financial crisis could lead to military confrontation by the protagonists, even if unintended. Less than a decade after the Great Depression started, the Second World War had begun as the Axis powers challenged the earlier entrenched colonial powers.

#### Reasonability; good is good enough n key to avoid substance crowdout.

# 2

#### Rates hikes are coming but gradual

Beckworth & Horan 10/12/21 (David Beckworth is a Senior Research Fellow at the Mercatus Center at George Mason University and a former international economist at the US Department of the Treasury. He is the author of Boom and Bust Banking: The Causes and Cures of the Great Recession. His research focuses on monetary policy, and his work has been cited by the Wall Street Journal, the Financial Times, the New York Times, Bloomberg Businessweek, and the Economist. He has advised congressional staffers on monetary policy and has written for Barron’s, Investor’s Business Daily, the New Republic, the Atlantic, and National Review. David is the author of the Macro Musings blog and also hosts the weekly Macro Musings podcast., Patrick Horan is the Program Manager for Monetary Policy at the Mercatus Center at George Mason University. Patrick received an MA in economics from George Mason University and a BA in economics and political science from the College of the Holy Cross. Previously, he worked as a researcher for the political news website, RealClearPolitics., “Inflation Is Painful, But the Fed Shouldn’t Overreact”, https://www.discoursemagazine.com/economics/2021/10/12/inflation-is-painful-but-the-fed-shouldnt-overreact/)

But if the present inflation is due to transitory supply shocks rather than Fed policy, then the Fed should be careful not to tighten prematurely, which could choke economic recovery. This is not a purely theoretical concern: In the summer of 2008, the Fed was hesitant to cut its target interest rate—which would have made it easier to borrow money and stimulated economic growth—out of a mistaken concern for higher inflation. But the greater threat at that time was financial instability and a contracting economy, which could have been mitigated had the Fed cut its rate sooner. Even more egregiously, the European Central Bank, fearing inflation, raised its target interest rate in 2008 and then again in 2010 and 2011 as it drove the Eurozone into crisis. In both cases, the central banks were misled by inflation caused by supply shocks and responded inappropriately.

Checking the Forecasts

When in doubt over whether inflation is driven by Fed policy or external forces, it is helpful to look at medium-term forecasts for inflation. The figure below shows one popular example: the five-year, five-year-forward inflation forecast that comes from the Survey of Professional Forecasters. This is a five-year forecast of the average inflation rate, beginning five years in the future. For example, the current forecast is for the average inflation rate from 2026 to 2031.

This horizon is useful since it allows us to see beyond the near term, where supply chain disruptions due to the pandemic are affecting inflation. Inflation forecasts this far out, in other words, should be largely reflecting the stance of monetary policy without interference from short-term changes. The figure below shows that the professional forecasters’ outlook for inflation is very close to 2%. They see the Fed keeping inflation anchored over the medium to long term.

The next figure shows another five-year, five-year-forward inflation rate. This measure comes from the bond market and is based on Treasury bonds indexed for inflation. This forecast, unlike the previous one, comes from the interaction of all bond traders around the world. These individuals have skin in the game since they are trying to be profitable in their trades. Consequently, this forecast provides a nice cross-check on the one from the Survey of Professional Forecasters. The figure below demonstrates that here too the forecast is now close to 2%, indicating that bond traders also believe the Fed is committed to keeping inflation near its target over the medium term.

Forecasts over the medium term, then, show that the Fed’s current performance is about right, but that could change depending on how events play out over the next year. If the economic recovery continues to be strong and puts additional upward pressure on inflation, then it might make sense for the Fed to pump the brakes on inflation by tightening its monetary policy. However, if other factors such as the pandemic and supply chain bottlenecks continue to stymie economic activity, then the Fed shouldn’t be too quick to raise interest rates.

For now, the Fed has signaled it will begin slowly reducing bond purchases near the end of this year. The Fed has also indicated it is likely to start incrementally raising interest rates next year if the economic recovery continues. This gradual approach to tightening monetary policy is sensible given the current state of recovery. Therefore, if lawmakers want to address the high prices caused by inflation, rather than blaming the Fed, they should work on ameliorating bottlenecks and shortages.

#### Expanding organized labor’s bargaining power creates upward pressure on interest rates

da Costa 17 [Pedro Nicolaci da Costa was a senior correspondent at Business Insider. He wrote commentary and analysis on economics, the Federal Reserve and financial markets, and is based in Washington, DC. "The shrinking role of unions helps shed light on an economic trend that is puzzling Fed officials." https://www.businessinsider.com/decline-of-unions-helps-fed-solve-low-inflation-puzzle-2017-12]

Weak wage growth has been part and parcel of the low inflation trend, with average hourly earnings gaining just 2.5% annually at latest blush.

For Andrew Kenningham, chief global economist at Capital Economics, there’s an important story behind the subdued price and wage increases that policymakers are largely ignoring.

Technological change and globalization have "reduced the demand for unskilled labor in advanced economies" and caused "trade union membership and the frequency of strikes to fall steeply and has contributed to a surge in part-time, contract and casual work, which has further reduced the bargaining power of labor," he writes in a research note.

The official data bear him out. US union membership peaked at a third of the private sector workforce around 1960, and has declined steadily since to just 6.4%.

Research suggests the prevalence of unions has a positive effect not just on the wages of union workers but also spills over to non-union counterparts, which must raise pay to compete. The opposite is true when unionization declines.

In 2015, there were 7.6 million union members in the private sector, 4.4 million fewer than in 1983, according to the Bureau of Labor Statistics. The number slipped further to an all-time low in 2016.

The low inflation phenomenon is prevalent not just in the United States but across rich economies, suggesting the loss of bargaining power has crossed borders.

"Since the global financial crisis, inflation has been below target in most advanced economies most of the time. The core inflation rate since January 2009 has averaged around 0%, 1% and 1½% in Japan, the euro-zone and the US respectively,"Kenningham said. "And the Fed’s preferred measure of core inflation has been below 2% for 100 of the 104 months since the crisis!"

Fed Chair Janet Yellen conceded in recent testimony "this year’s low inflation could reflect something more persistent" rather than the transitory factors many central bank officials have cited.

Against that backdrop, it’s little wonder markets are questioning the Fed’s own estimates for three interest rate hikes in 2018 and further increases in 2019. The Fed has raised interest rates four times since December 2015 to a 1% to 1.25% range, and looks set to raise interest rates again this week. It has also began shrinking its $4.5 trillion balance sheet, expanded during the Great Recession in an effort to keep long-term rates low while the federal funds rate was already at zero.

#### Over-aggressive monetary policy causes a global debt crisis.

Shang Lin Wei, Professor of Finance @ Columbia, Chief Economist @ ADB, 7-9-21, “The Global Dangers of Rising US Inflation” Project Syndicate. https://www.project-syndicate.org/bigpicture/stagflation-ahead

To anticipate the international consequences of higher US inflation, we need to recognize the risk that the Fed may tighten monetary policy more suddenly and dramatically than its current 3.4% inflation forecast might suggest. For now, a majority of US households, firms, and investors still believe that the Fed will adjust the money-supply spigot in a timely, measured way to prevent inflation from getting out of hand.

But such “inflation anchoring” could prove fragile if Americans see more evidence of the Fed failing to keep inflation near its desired 2% target. Should that happen, both employees’ wage demands and firms’ price-setting will start to reflect the possibility that inflation could shoot up to 5% or more unless the Fed applies the brakes by raising interest rates aggressively.

If US rates rise sharply, history tells us that two types of countries may experience serious financial and economic difficulties. The first group comprises economies that finance a significant part of their investment or consumption with foreign-currency debt, by borrowing either from foreign banks or on international bond markets. Countries with large short-term foreign-currency debts (with less than one year to maturity) and relatively low foreign-exchange reserves are particularly vulnerable to a severe debt or banking crisis.

The second group consists of countries with an overvalued fixed exchange rate, which makes them vulnerable to a run on their currencies and an exchange-rate crisis. So, if the Fed tightens policy significantly, we can expect to see a number of debt and currency crises in Central and South America, Africa, and Asia in the next 2-5 years. Because significant foreign-currency debt and overvalued fixed exchange rates are not mutually exclusive, some countries may suffer several types of crises.

This is why US inflation and interest-rate policy is so important to so many. When the United States sneezes, the rest of the world may catch a cold. But other countries should not expect America to conduct its monetary policy any differently as a result, and nor should they count on the International Monetary Fund or the G7 to be able to direct the US to be more globally minded in managing interest-rate movements.

Even countries not in either of the risk categories will need to address the challenge of imported inflation. China, for example, is deeply concerned about this, even though it currently has relatively modest foreign-currency debts and retains a high level of foreign-exchange reserves.

To prevent imported inflation from fueling domestic inflation, the People’s Bank of China would need to tighten its own supply of liquidity to the economy. For such a policy to be effective, China must either introduce more exchange-rate flexibility or tighten its capital controls, with the former approach promising to be much better for the economy in the long run.

#### Post-covid debt crisis causes nuclear war through hotspot escalation and collapses multilateral governance.

Strategic Partners Marsh McLennan SK Group Zurich Insurance Group, Academic Advisers National University of Singapore Oxford Martin School, University of Oxford Wharton Risk Management and Decision Processes Center, University of Pennsylvania, ’21, “The Global Risks Report 2021 16th Edition” “http://www3.weforum.org/docs/WEF\_The\_Global\_Risks\_Report\_2021.pdf

Forced to choose sides, governments may face economic or diplomatic consequences, as proxy disputes play out in control over economic or geographic resources. The deepening of geopolitical fault lines and the lack of viable middle power alternatives make it harder for countries to cultivate connective tissue with a diverse set of partner countries based on mutual values and maximizing efficiencies. Instead, networks will become thick in some directions and non-existent in others. The COVID-19 crisis has amplified this dynamic, as digital interactions represent a “huge loss in efficiency for diplomacy” compared with face-to-face discussions.23 With some alliances weakening, diplomatic relationships will become more unstable at points where superpower tectonic plates meet or withdraw.

At the same time, without superpower referees or middle power enforcement, global norms may no longer govern state behaviour. Some governments will thus see the solidification of rival blocs as an opportunity to engage in regional posturing, which will have destabilizing effects.24 Across societies, domestic discord and economic crises will increase the risk of autocracy, with corresponding censorship, surveillance, restriction of movement and abrogation of rights.25 Economic crises will also amplify the challenges for middle powers as they navigate geopolitical competition. ASEAN countries, for example, had offered a potential new manufacturing base as the United States and China decouple, but the pandemic has left these countries strapped for cash to invest in the necessary infrastructure and productive capacity.26 Economic fallout is pushing many countries to debt distress (see Chapter 1, Global Risks 2021). While G20 countries are supporting debt restructure for poorer nations,27 larger economies too may be at risk of default in the longer term;28 this would leave them further stranded—and unable to exercise leadership—on the global stage.

Multilateral meltdown Middle power weaknesses will be reinforced in weakened institutions, which may translate to more uncertainty and lagging progress on shared global challenges such as climate change, health, poverty reduction and technology governance. In the absence of strong regulating institutions, the Arctic and space represent new realms for potential conflict as the superpowers and middle powers alike compete to extract resources and secure strategic advantage.29 If the global superpowers continue to accumulate economic, military and technological power in a zero-sum playing field, some middle powers could increasingly fall behind. Without cooperation nor access to important innovations, middle powers will struggle to define solutions to the world’s problems. In the long term, GRPS respondents forecasted “weapons of mass destruction” and “state collapse” as the two top critical threats: in the absence of strong institutions or clear rules, clashes— such as those in Nagorno-Karabakh or the Galwan Valley—may more frequently flare into full-fledged interstate conflicts,30 which is particularly worrisome where unresolved tensions among nuclear powers are concerned. These conflicts may lead to state collapse, with weakened middle powers less willing or less able to step in to find a peaceful solution.