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#### Plan: A just government ought to recognize a right for workers to strike.

#### Wage stagnant now – empirical studies prove labor market power overwhelms competition

Naidu et al., 4-6-2018 (Suresh Naidu is associate professor of economics and public affairs at Columbia University, and a contributor to the CORE project www.core-econ.org. Eric Posner is a professor at the University of Chicago Law School. Glen Weyl is a principal researcher at Microsoft Research New England, a visiting senior research scholar at Yale's economics department and law school, More and more companies have monopoly power over workers’ wages. That’s killing the economy, Vox, <https://www.vox.com/the-big-idea/2018/4/6/17204808/wages-employers-workers-monopsony-growth-stagnation-inequality>) – RK

Unions and regulation once kept employers’ labor market power in check While employers have taken advantage of labor market power throughout modern economic history, a worldwide social movement at the end of the 19th century moderated the worst excesses. Workers organized labor unions, which enabled them to oppose employers’ market power with the threat to shut down plants. A powerful legal regime was put in place that supported unions and protected workers with health, safety, minimum wage, and maximum-hour regulations. Such laws, along with union rules, helped standardize work requirements, which made jobs more interchangeable and thereby allowed workers to more easily quit a workplace if the employer abused its power. These reforms helped spur broadly shared wage growth during the 30 years following World War II. But the good times ended in the 1970s. Globalization, changes in workplace technology, and the rise of a more heterogeneous workforce put strains on unions. A conservative reaction to technocratic liberalism, led by Ronald Reagan and Margaret Thatcher, eroded support for labor and employment law. A wave of mergers produced larger corporations with even greater labor market power. For a time, economists believed that labor markets were nonetheless competitive. But that conventional wisdom was vaporized by a series of empirical studies that suggest that labor market power is real and significant. A number of studies, summarized here, have found, for example, that when wages fall by 1 percent, only about 2 to 3 percent of workers leave, at most. If labor markets were really competitive, we might expect the figure to be closer to 9 or 10 percent. Other studies have found that employer concentration has been increasing over time and that this concentration is associated with lower wages across labor markets.

#### Collective Bargaining is key to reducing income inequality and wages. The link is reversal causal.

Bivens et al, 17 (Josh, director of research at the Economic Policy Institute (EPI), “How today’s unions help working people,” 8/24/17, Economic Policy Institute, https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/)

As union coverage has declined and the voice of workers has correspondingly diminished, many of the key workplace standards past generations counted on have been eroded. For instance, there has been an erosion of overtime pay protection, slashing of workers’ compensation programs, and a decline in the real value of the minimum wage, which is lower now than it was in 1968.

Unions reduce inequality and are essential for low- and middle-wage workers’ ability to obtain a fair share of economic growth

The spread of collective bargaining that followed the passage of the National Labor Relations Act in 1935 led to decades of faster and fairer economic growth that persisted until the late 1970s. But since the 1970s, declining unionization has fueled rising inequality and stalled economic progress for the broad American middle class. Figures A and B show that when unions are weak, the highest incomes go up even more, but when unions are strong, middle incomes go up.

Research by EPI and other institutions shows this correlation is no accident. First, unions have strong positive effects not only on the wages of union workers but also on the wages of comparable nonunion workers, as unions set standards for entire industries and occupations (these union and nonunion wage boosts are explored in detail in the next section of this report). Second, unions make wages among occupations more equal because they give a larger wage boost to low- and middle-wage occupations than to high-wage occupations. Third, unions make wages of workers with similar characteristics more equal because of the standards unions set. Fourth, unions have historically been more likely to organize middle-wage than high-wage workers, which lowers inequality by closing gaps between, say, blue-collar and white-collar workers. Finally, the union wage boost is largest for low-wage workers and larger at the middle than at the highest wage levels, larger for black and Hispanic workers than for white workers, and larger for those with lower levels of education—wage increases for these groups help narrow wage inequalities.[16](https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/#_note16)

We know how big a force for equality unions are by looking at how much their decline has contributed to inequality between middle- and high-wage workers: union decline can explain one-third of the rise in wage inequality among men and one-fifth of the rise in wage inequality among women from 1973 to 2007. Among men, the erosion of collective bargaining has been the largest single factor driving a wedge between middle- and high-wage workers.[17](https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/#_note17)

#### Reducing income inequality is key to recover from the current recession and prevent future ones.

Boushey and Park 19 [Heather Boushey and Somin Park, 5-15-2019, "Fighting inequality is key to preparing for the next recession," Economic Policy Institute, https://www.epi.org/blog/fighting-inequality-is-key-to-preparing-for-the-next-recession/

The failure to make a serious dent in high levels of economic inequality in recent years will make responding effectively to the next inevitable recession more difficult, both economically and politically. Rising income and wealth inequality, combined with financial deregulation and the expanding financialization of the U.S. economy, led to the credit boom and crash that substantially deepened the resulting economic crisis in 2008. Fiscal stimulus during the Great Recession prevented the economy from collapsing completely but was still insufficient and phased out too soon. What’s more, instead of taking lessons from our experiences a decade ago and strengthening our recession-fighting tools, recent policies passed by Congress have focused on cutting taxes, reduced the perceived space we have to increase spending in a downturn and exacerbated income and wealth disparities in the United States. First, let’s zoom out. Recessions aren’t just one-offs. They are part of the economic cycle. Aggregate demand in the economy expands and contracts over time and recessions occur during prolonged contractions, which are more likely when economic inequality distorts consumption and savings. Inequality also affects the time it takes to recover from recessions because it subverts our institutions and makes our political system ineffective. Lifting the economy out of a downturn requires decisive government action to boost spending and aggregate demand, which often runs counter to the primary interests of those with economic and political power. As entrenched interests continually hamstring the government’s capacity to respond to a recession, policymakers should act now to prepare for the next one by addressing inequality in the United States. Inequality makes recessions more likely The U.S. economy is amid what will be the longest recovery in history if it lasts past June 2019. While no one can predict the next recession, it will happen. And, evidence from around the world indicates that our high inequality makes that even more likely. Economists are examining how higher inequality is associated with slower income gains among those lower down the income and wealth ladder.1 The question has been most prominently explored by Jonathan Ostry and a group of his colleagues at the International Monetary Fund. In a book released early in 2019, Ostry and fellow IMF economists Prakash Loungani and Andrew Berg showed that inequality was associated with more frequent economic downturns.2 Growth may happen, but if inequality is high then the economic gains are more likely to be destroyed by the recession—or depression—that follows, with the economic pain all-too-often compounded for those at the lower end of the income spectrum. These findings represent a radical shift for researchers at the IMF and their longstanding view on a trade-off between growth and equity. While many economists had asked the question about the role of inequality in the last global economic crisis, the IMF’s research team provided the answer first seen widely to be credible. They conclude: “[Looking at a] diversity of experiences and empirical analysis suggest that there is no systematic adverse trade-off between increasing growth and decreasing inequality.”3 They aren’t the only ones. When Moody’s Analytics’ chief economist Mark Zandi integrated inequality into the Moodys.com macroeconomic forecasting model for the United States, he found that adding inequality to the traditional models—ones that do not take into account economic inequality at all—did not change the short-term forecasts very much. But when he looked at the long-term picture or considered the potential for the system to spin out of control, he concluded that higher inequality increases the likelihood of instability in the financial system.4 One pathway through which inequality contributes to economic fragility consists in the way it increases the supply of credit. There’s strong evidence that the financial deregulation of the early 2000s led to a rise in the availability of credit. Lenders became less risk-adverse as the consequences of debt were passed on to others—investors and families—and lending standards fell sharply. Many people left out of the gains from economic growth turned to borrowing more to make up for that lost income. As the 2008 crisis demonstrated, a rise in the credit supply makes economic crises more likely, especially when combined with looser regulations and political power conferred on the financial industry.5 In the United States, inequality fuels long-term stagnation Recessions are bad—and so is long-term economic stagnation. Inequality distorts and reduces total consumption while at the same time increasing the stock of savings. The combination of lots of savings but too few attractive opportunities for profitable investments creates a long-term trajectory of slow growth. This is not a short-term problem; it’s a medium- to long-term one tied to a well-documented decades-long lack of income growth for the bottom half of the income distribution. The term economists use to describe this combination of trends is “secular stagnation,” an especially fragile state when not in a recession. On the consumption side, we know from research that as income and wealth inequality rise, less money makes its way through the economy as income that turns into consumption, which implies that there’s less overall consumer demand. A 2004 paper by economists Karen Dynan at Harvard University, Jonathan Skinner at Dartmouth University, and Stephen P. Zeldes at the Columbia Business School shows that while Americans on average spend about 80 cents of every dollar they earn and save about 20 cents, this varies widely depending on age and whether a household is rich or poor. The very richest households—the top 1 percent—spend only 51 percent of their income, while those in the bottom 20 percent spend 99 percent.

#### Higher wages boost economic growth- research consensus- multiple reasons

Wolfers 15 (Justin is professor of economics and professor of public policy at University of Michigan. “Higher Wages for Low-Income Workers Lead to Higher Productivity.” January 13, 2015. Peterson Institute for International Economics. https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity)

Economists have long argued that increases in worker pay can lead to improvements in productivity—indeed, that it can actually be profitable to pay workers higher wages. As Alfred Marshall, the father of modern economics, argued almost 125 years ago, "any change in the distribution of wealth which gives more to the wage receivers and less to the capitalists is likely, other things being equal, to hasten the increase of material production." Since then, economists have compiled rich data validating Marshall's hypothesis that paying higher wages generates savings: Higher wages motivate employees to work harder. Janet Yellen (1984) [pdf] suggested that higher wages create the conditions for workers to be more productive, pointing to "reduced shirking by employees due to a higher cost of job loss; lower turnover; an improvement in the average quality of job applicants and improved morale." Among the studies documenting this point are Levine (1992), [pdf] which analyzed a sample of large (mostly Fortune 500) manufacturing companies, and Holzer (1990), [pdf] which used data from a national sample of firms finding that "high-wage firms can sometimes offset more than half of their higher wage costs through improved productivity and lower hiring and turnover cost." Reich et al. (2003) [pdf] surveyed employers at the San Francisco airport after a broad-based increase in wages and found that the employers of the majority of affected workers reported that their overall performance had improved. Mas (2006) [pdf] analyzed the case of New Jersey police officers who were granted a wage increase of 17 percent, and who were 12 percent more productive in clearing cases than those who were refused the increase. Higher wages attract more capable and productive workers. The evidence that higher wages attract more high quality applicants for new jobs is voluminous. Dal Bó et al. (2013) show that offering higher salaries yielded an applicant pool with a higher IQ and with personality scores and motivation that made them a better fit for the advertised jobs. Moreover, the first firm to offer higher wages is more likely to attract and retain more productive workers. Higher wages lead to lower turnover, reducing the costs of hiring and training new workers. Reich et al (2003) [pdf] calculated that typical turnover costs exceed $4,000 for each worker and that an increase in wages at the San Francisco airport led to a decline in turnover of 34 percent, yielding turnover-related savings of $6.6 million per year. Dube et al. (2007) [pdf] found that when a San Francisco living wage ordinance raised wages among low-paid workers, those workers were more likely to stay with their employers. Reich and his coauthors also documented a stunning turnover rate of nearly 95 percent per year among security screeners in mid-2000, which fell to 18.7 percent when pay improved. Fairris et al. (2005) [pdf] examined evidence from Los Angeles, finding that when employers were directed to offer higher wages, the decline in worker turnover yielded savings equal to around one-sixth of the cost incurred. Higher wages enhance quality and customer service. The Reich et al. (2003) [pdf] study also found that almost half of employers reported improvements in customer service following a wage rise for low-wage workers, and indeed, higher wages at the San Francisco airport led to shorter airport lines. Cowherd and Levine (1992) found that an increase in the pay of lower-level employees relative to management increased the quality of production. Using data from more than 500 retail stores, Fisher et al. (2006) [pdf] found a positive relationship between customer satisfaction and the payroll level of associates and managers in the store. Higher wages were also associated with employers having more knowledge about the inventory. Higher wages reduce disciplinary problems and absenteeism. Cappelli and Chauvin (1991) [pdf] documented that in plants where pay was higher relative to the local labor market, fewer disciplinary actions were required. Likewise, nearly half of those employers surveyed by Reich et al. (2003) [pdf] reported a decrease in disciplinary issues following a wage rise. Zhang et al. [pdf] (2013) showed in a survey of Canadian firms that absenteeism was less likely when wages were higher. Pfeifer (2010) found a similar result in a large German survey. Firms with higher wages need to devote fewer resources to monitoring. High-paying firms have been found to create a culture of hard work in which employees monitor their coworkers, reducing the need to hire supervisors. Rebitzer (1995) found that low-wage maintenance workers needed more supervision in the petrochemical industry. Groshen and Krueger (1990) showed that more highly paid nurses were also supervised less. Georgiadis (2008) found that in residential care homes in the United Kingdom "higher wage costs were more than offset by lower monitoring costs." Workers excessively concerned about income security perform less well at work. A variety of recent experiments have demonstrated this proposition. Mani et al. (2013) recruited buyers in a shopping mall and asked them to think about their finances. Researchers observed that the performance of poor subjects on a cognitive test deteriorated if they were asked to imagine a large emergency expenditure (a $1,500 car repair), but no such deterioration was observed for well-off subjects. Mullainathan and Shafir (2013) assessed a range of related experiments, finding that mental tasks that simulate the constant stress of poverty led people to act in compulsive and improper ways. Indeed, the World Bank Development Report (2015), [pdf] citing numerous field studies, recognizes that poverty taxes people's mental capacities and self-control. Other mechanisms by which higher wages can yield offsetting benefits include: Higher wages are associated with better health—less illness and more stamina, which enhance worker productivity. Greater job satisfaction can result in less conflict between employers and labor groups. Enhanced reputation with consumers (compare the reputations of Costco and Walmart). All of these positive effects may interact to yield even larger aggregate effects, as the productivity of one worker often raises the productivity of their coworkers. Mas and Moretti (2009) [pdf] offer persuasive data on this point, showing that productive cashiers motivate their coworkers to work faster.

#### Slow economic growth erodes international institutions – causes conflict

Haass 17 — Richard Haass (Ph.D. and M.A. from Oxford University, B.A. from Oberlin College, president of the Council on Foreign Relations, former vice president and director of foreign policy studies at the Brookings Institution, the Sol M. Linowitz visiting professor of international studies at Hamilton College, a senior associate at the Carnegie Endowment for International Peace, a lecturer in public policy at the Harvard Kennedy School, research associate at the International Institute for Strategic Studies, and State Department aide; Project Syndicate),“A World in Disarray: American Foreign Policy and the Crisis of the Old Order” published January 10, 2017, (Print) - MZhu

A large portion of the burden of creating and maintaining order at the regional or global level will fall on the United States. This is inevitable for several reasons, only one of which is that the United States is and will likely remain the most powerful country in the world for decades to come. The corollary to this point is that no other country or group of countries has either the capacity or the mind-set to build a global order. Nor can order ever be expected to emerge automatically; there is no invisible hand in the geopolitical marketplace. Again, a large part of the burden (or, more positively, opportunity) falls on the principal power of the day. There is more than a little self-interest at stake. The United States cannot remain aloof, much less unaffected by a world in disarray. Globalization is more reality than choice. At the regional level, the United States actually faces the opposite problem, namely, that certain actors do have the mind-set and means to shape an order. The problem is that their views of order are in part or in whole incompatible with U.S. interests. Examples would include Iran and ISIS in the Middle East, China in Asia, and Russia in Europe. It will not be an easy time for the United States. The sheer number and range of challenges is daunting. There are a large number of actors and forces to contend with. Alliances, normally created in opposition to some country or countries, may not be as useful a vehicle in a world in which not all foes are always foes and not all friends are always friendly. Diplomacy will count for a great deal; there will be a premium on dexterity. Consultations that aim to affect the actions of other governments and their leaders are likely to matter more than negotiations that aim to solve problems. Another reality is that the United States for all its power cannot impose order. Partially this reflects what might be called structural realities, namely, that no country can contend with global challenges on its own given the very nature of these challenges. The United States could reduce its carbon footprint dramatically, but the effect on global climate would be modest if India and China failed to follow suit. Similarly, on its own the United States cannot maintain a world trading system or successfully combat terrorism or disease. Adding to these realities are resource limits. The United States cannot provide all the troops or dollars to maintain order in the Middle East and Europe and Asia and South Asia. There is simply too much capability in too many hands. Unilateralism is rarely a serious foreign policy option. Partners are essential. That is one of the reasons why sovereign obligation is a desirable compass for U.S. foreign policy. Earlier I made the case that it represents realism for an era of globalization. It also is a natural successor to containment, the doctrine that guided the United States for the four decades of the Cold War. There are basic differences, however. Containment was about holding back more than bringing in and was designed for an era when rivals were almost always adversaries and in which the challenges were mostly related to classical geopolitical competition.1 Sovereign obligation, by contrast, is designed for a world in which sometime rivals are sometime partners and in which collective efforts are required to meet common challenges. Up to this point, we have focused on what the United States needs to do in the world to promote order. That is what one would expect from a book about international relations and American foreign policy. But a focus on foreign policy is not enough. National security is a coin with two sides, and what the United States does at home, what is normally thought of as belonging to the domestic realm, is every bit as much a part of national security as foreign policy. It is best to understand the issue as guns and butter rather than guns versus butter. When it comes to the domestic side, the argument is straightforward. In order to lead and compete and act effectively in the world, the United States needs to put its house in order. I have written on what this entails in a book titled Foreign Policy Begins at Home.2 This was sometimes interpreted as suggesting a turn away from foreign policy. It was nothing of the sort. Foreign policy begins at home, but it ends there only at the country’s peril.3 Earlier I mentioned that the United States has few unilateral options, that there are few if any things it can do better alone than with others. The counterpart to this claim is that the world cannot come up with the elements of a working order absent the United States. The United States is not sufficient, but it is necessary. It is also true that the United States cannot lead or act effectively in the world if it does not have a strong domestic foundation. National security inevitably requires significant amounts of human, physical, and financial resources to draw on. The better the United States is doing economically, the more it will have available in the way of resources to devote to what it wants and needs to do abroad without igniting a divisive and distracting domestic debate as to priorities. An additional benefit is that respect for the United States and for the American political, social, and economic model (along with a desire to emulate it) will increase only if it is seen as successful. The most basic test of the success of the model will be economic growth. U.S. growth levels may appear all right when compared with what a good many other countries are experiencing, but they are below what is needed and fall short of what is possible. There is no reason why the United States is not growing in the range of 3 percent or even higher other than what it is doing and, more important, not doing.4