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#### The stock market is trending upwards but it’s uncertain – blips aren’t enough to disprove the general trend and recent developments prove.

Miao and Macheel 10/21 [Tanaya and Hannah; 10/21/21; Reporter at CNBC, Associate Markets Reporter, graduated summa cum laude from Duke University with a degree in public policy; “S&P 500 slips from record, but heads for winning week on strong earnings,” CNBC, <https://www.cnbc.com/2021/10/21/stock-market-futures-open-to-close-news.html>]

The S&P 500 edged lower a day after the benchmark closed at a record. The broad market index fell 0.3% while the Dow Jones Industrial Average added 12 points, or 0.03%, helped by a 4% rise in shares of American Express, which reported strong quarterly earnings Thursday. Meanwhile, the Nasdaq Composite shed 1% after poor results from two technology companies. Shares of Intel retreated more than 10% following a weaker-than-expected sales report. The semiconductor company blamed an industry-wide chip shortage for its revenue miss. Social media stocks also dropped after Snap said its advertising business declined due to Apple’s privacy changes. Snap shares sunk more than 23%. Facebook and Twitter pulled back 4% and 3%, respectively. However, several tech stocks rose to all-time highs. Tesla shares extended their rally, rising 1% after hitting a new intraday high earlier in the morning. The stock closed 3% higher Thursday after posting record profit and revenue, along with strong margins. Netflix, Ebay and Microsoft also climbed to new all-time highs. Despite the blips in the tech sector, overall earnings season has been terrific so far, boosting the broader market back to an all-time high following a two-month lull. So far for the third quarter earnings season, 84% of the 117 companies that have reported have beat analysts’ earnings estimates, according to Refinitiv. Profits are on pace in the quarter to increase 34.8%, according to Refinitiv. “After a 5% rally on seven green days in a row for the S&P it makes some sense for the market to consolidate,” said Cliff Hodge, Cornerstone Wealth’s chief investment officer, adding that disappointing results from Intel and IBM and hawkish comments from Federal Reserve chair Jerome Powell on inflation and policy tightening “are adding some jitters.” “The setup into year-end looks great given the liquidity dynamics on corporate buybacks,” Hodge said, “but longer term there are still the unresolved headwinds of valuation, the transition to mid-cycle in the economy, and a tightening Fed that may prove challenging now that we’re back at all-time highs.” S&P 500 posts new record Stephen Kolano, CIO for BNY Mellon Investor Solutions, added that although the S&P 500 is up 20% for the year, things may still seem a little uncertain for investors looking toward the end of the year due to cost pressures, labor shortages and commentary from company management on earnings calls and comments from Fed chair Jerome Powell and other policymakers. “You’re starting to see some profit taking as a result of that,” Kolano told CNBC. “Where investors are going first and foremost is the companies that have run the fastest, which is a lot of the tech.” In Thursday’s regular session, the S&P 500 notched both a fresh intraday high and new record close. The broad index rose 0.3% for its seventh consecutive positive session. The Nasdaq Composite rose 0.6%, while the Dow shed 6.26 points, or 0.02%. All three major averages are on track to close the week higher for three straight weeks of gains. The Dow touched an intraday record earlier in the week. On the month, the Dow and S&P are up 5% while the Nasdaq is up 4%. “In a quarter where we thought things would slow down and there was concern about what profit margins were going to look like, these companies are still doing well,” said Victoria Fernandez, chief market strategist at Crossmark Global Investments. Strong jobs data also added to the positive market sentiment on Thursday. Initial jobless claims fell to a new pandemic low of 290,000 last week, the Labor Department reported Thursday — down 6,000 from the previous week and lower than the 300,000 expected from economists surveyed by Dow Jones. One of investors’ fears during the market’s recent struggles was a China property crisis. However, investors got good news on that front overnight with China’s Evergrande reportedly paying a key interest payment that was due to foreign bondholders, staving off a default for the property developer.

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#### Best data proves union strike victories statistically cause stock market crash.

Lee and Mas 12 [David; Princeton University and National Bureau of Economic Research; Alexandre; Princeton University and National Bureau of Economic Research; “Long-Run Impacts of Unions on Firms: New Evidence from Financial Markets, 1961–1999,” The Quarterly Journal Of Economics; February 2012; <https://academic.oup.com/qje/article-abstract/127/1/333/1834007?redirectedFrom=fulltext>]

We begin analyzing the stock market reaction to union victories using event-study methodologies. The most distinctive feature of our data—crucial for our research design—is the long panel (up to 48 months before and after the election) of high frequency data on stock market returns for each firm. This feature allows us to use the pre-event data to test the adequacy of the benchmarks used to predict the counterfactual returns in the postevent period. The long panel also allows us to examine returns several months beyond the event, so as to capture the long-run expected effects of new unions, without having to rely heavily on the assumption that the stock price immediately and instantaneously adjusts to capture the expected presence of the unions.9

Our event-study analysis reveals substantial losses in market value following a union election victory—about a 10% decline in market value, equivalent to about $40,500 per unionized worker. According to our calculations, if unionization represented a one-to-one transfer from investors to workers through higher wages, this magnitude would be in line with a union wage premium of 10%. Because the total loss of market value represents the sum of transfers to workers and any other productivity impacts of unionization this implies, for example, that if the true union compensation premium were greater than 10%, there would be positive productivity effects of unions. The evidence supporting our event-study estimates is compelling: we find that these firms’ average returns are quite close to the benchmark returns every month leading up to the election, but precisely at the time of the election, the actual and benchmark returns diverge. The results for these firms are robust to a number of different specifications. In the sample of firms where we know that the union is a small fraction of the workforce, we donot find a similar divergence of returns from the benchmark.

Importantly, we find that the effect takes 15 to 18 months to fully materialize, a somewhat slow market reaction. As we discuss, this short-run mispricing can persist if exploiting the slow reaction is not sufficiently profitable to arbitrageurs. Indeed, our own analysis shows that strategies designed to exploit the mispricing entail a significant degree of fundamental risk. The fact that union victories are sufficiently rare and spread throughout time prevents the necessary diversification that could generate an attractive arbitrage opportunity. For example, our analysis suggests that attempts to exploit the short-lived mispricing would lead to a portfolio that would be dominated by simple buy-and hold strategies

The event-study estimate appears to average a great deal of heterogeneity in the effects. We additionally employ a regression discontinuity (RD) design, implicitly comparing close union victories to close union losses, and consistent with DiNardo and Lee (2004), we find little evidence of a significant discontinuous relationship between the vote share and market returns. If anything, the RD point estimates show a 4% positive (though statistically insignificant) effect of union certification (vis-`a-vis union defeat). The event-study estimates vary systematically by the observed vote share, with the largest negative abnormal returns for cases where the union won the election by a large margin.

#### Stock market collapse leads to full recession.

Miao et al. 12 (Jianjun Miao† , Pengfei Wang‡ , and Lifang Xu§. †Department of Economics, Boston University ‡Department of Economics, Hong Kong University of Science and Technology, §Department of Economics, Hong Kong University of Science and Technology, “Stock Market Bubbles and Unemployment”, https://pdfs.semanticscholar.org/51ee/14529d89b630638b0ca428e929f56d7f3b48.pdf)

This paper provides a theoretical study that links unemployment to the stock market bubbles and crashes. Our theory is based on three observations from the U.S. labor, credit, and stock markets. First, the U.S. stock market has experienced booms and busts and these large swings may not be explained entirely by fundamentals. Shiller (2005) documents extensive evidence on the U.S. stock market behavior and argues that many episodes of stock market booms are attributed to speculative bubbles. Second, the stock market booms and busts are often accompanied by the credit market booms and busts. A boom is often driven by a rapid expansion of credit to the private sector accompanied by rising asset prices. Following the boom phase, asset prices collapse and a credit crunch arises. This leads to a large fall in investment and consumption and an economic recession may follow.1 Third, the stock market and unemployment are highly correlated.2 Figure 1. plots the post-war U.S. monthly data of the price-earnings ratio (the real Standard and Poor’s Composite Stock Price Index divided by the ten-year moving average real earnings on the index) constructed by Robert Shiller and the unemployment rate downloaded from the Bureau of Labor Statistics (BLS).3 This figure shows that, during recessions, the stock price fell and the unemployment rate rose. In particular, during the recent Great Recession, the unemployment rate rose from 5.0 percent at the onset of the recession to a peak of 10.1 percent in October 2009, while the stock market fell by more than 50 percent from October 2007 to March 2009. [Insert Figure 1 Here.] Motivated by the preceding observations, we build a search model with credit constraints, based on Blanchard and Gali (2010). The Blanchard and Gali model is isomorphic to the Diamond-Mortensen-Pissarides (DMP) search and matching model of unemployment (Diamond (1982), Mortensen (1982), and Pissarides (1985)). Our key contribution is to introduce credit constraints in a way similar to Miao and Wang (2011a,b,c, 2012a,b).4 The presence of this type of credit constraints can generate a stock market bubble through a positive feedback loop mechanism. The intuition is the following: When investors have optimistic beliefs about the stock market value of a firm’s assets, the firm wants to borrow more using its assets as collateral. Lenders are willing to lend more in the hope that they can recover more if the firm defaults. Then the firm can finance more investment and hiring spending. This generates higher firm value and justifies investors’ initial optimistic beliefs. Thus, a high stock market value of the firm can be sustained in equilibrium. There is another equilibrium in which no one believes that firm assets have a high value. In this case, the firm cannot borrow more to finance investment and hiring spending. This makes firm value indeed low, justifying initial pessimistic beliefs. We refer to the first type of equilibrium as the bubbly equilibrium and to the second type as the bubbleless equilibrium. Both types can coexist due to self-fulfilling beliefs. In the bubbly equilibrium, firms can hire more workers and hence the market tightness is higher, compared to the bubbleless equilibrium. In addition, in the bubbly equilibrium, an unemployed worker can find a job more easily (i.e., the job-finding rate is higher) and hence the unemployment rate is lower. [Insert Figure 2 Here.] After analyzing these two types of equilibria, we follow Weil (1987), Kocherlakota (2009) and Miao and Wang (2011a,b,c, 2012a,b) and introduce a third type of equilibrium with stochastic bubbles. Agents believe that there is a small probability that the stock market bubble may burst. After the burst of the bubble, it cannot re-emerge by rational expectations. We show that this shift of beliefs can also be self-fulfilling. After the burst of the bubble, the economy enters a recession with a persistent high unemployment rate. The intuition is the following. After the burst of the bubble, the credit constraints tighten, causing firms to reduce investment and hiring. An unemployed worker is then harder to find a job, generating high unemployment. Our model can help explain the high unemployment during the Great Recession. Figures 2 and 3 plot the hires rate and the job-finding rate from the first month of 2001 to the last month of 2011 using the Job Openings and Labor Turnover Survey (JOLTS) data set.5 These figures reveal that both the job-finding rate and the hires rate fell sharply following the stock market crash during the Great Recession. In particular, the hires rate and the job-finding rate fell from 4.4 percent and 0.7, respectively, at the onset of the recession to about 3.1 percent and 0.25, respectively, in the end of the recession.

#### Prolonged downturn causes nuclear war

Sundaram and Popov 2019 [Jomo Kwame, 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, and Vladimir, 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”, Inter Press Service, February, <http://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. They patently ignored Thucydides’ warning, in chronicling the Peloponnesian wars over two millennia before, when the rise of Athens threatened the established dominance of Sparta! Anticipating and addressing such possibilities may well serve to help avoid otherwise imminent disasters by undertaking pre-emptive collective action, as difficult as that may be. The international community has no excuse for being like the owners and captain of the Titanic, conceitedly convinced that no iceberg could possibly sink the great ship.

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Conditions CP

#### CP: A Just United States ought to recognize teachers’ conditional right to strike with conditions outlined in Calitz and Conradie 13.

Calitz and Conradie 13 [Calitz, K. & Conradie, R. 2013. Should teachers have the right to strike? The expedience of declaring the education sector an essential service. Stellenbosch Law Review = Stellenbosch Regstydskrif 24(1):124-145] srey

Proposals for balancing the right of teachers to strike and the right of children to basic education The right to strike is undeniably of great importance to any worker, including teachers, when all other methods to resolve a dispute have failed.131 The ideal would be to balance the right to strike with a right to basic education. If teachers strike responsibly, that is not for prolonged periods or during critical times, there would be some impact, but the damage to education would be limited. Responsible striking could be brought about by self-regulation in the form of a collective agreement between the Department of Education and trade unions in the Education Labour Relations Council. Essential services, or at least the time of the year in which certain specified services are regarded as essential, could be identified in this agreement. The LRA provides that if a strike is prohibited by a collective agreement, no person bound by that collective agreement may participate in a strike.132 But what would persuade an influential trade union such as SADTU – based on the principles of “unionism” with a focus on the worker – to conclude an agreement which limits its powers? There are several possible ways in which this could be done, some of which will be discussed below. Public hearings on the subject of strikes by teachers scheduled by the National Portfolio Committee on Basic Education as well as the Provincial Portfolio Committees on Education133 could provide an opportunity for stakeholders to systematically and publicly raise their concerns about and spell out the impact of strikes by teachers, prior to any contemplated strike action. The Portfolio Committees could ensure an equal-opportunity platform for interest groups by also calling on bodies such as the South African Council of Educators (“SACE”), trade unions involved in education, other stakeholders such as the civil rights organisation Section27, the Federation of Governing Bodies of South African Schools (“FEDSAS”), and academics in education to testify before the Portfolio Committees.134 The extent to which trade unions and teachers would compromise the education of pupils by strikes could be investigated and could by way of media coverage of portfolio committee meetings be brought to the public’s attention. The Portfolio Committee could be requested to release a report on the hearings so as to disclose the views of different interest groups and the way in which they conveyed their understanding of their accountability. A similar process could take place in the Development Chamber of NEDLAC where stakeholders in education could voice their concerns through community representatives.135

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Worker Rights CP

#### CP Text: A just government should:

#### - affirm in statutory language that labor law’s purpose is to encourage organization and collective bargaining

#### - expand ability to discuss unionization at the workplace

#### - allow workers to determine bargaining unit and structure

#### - protect the right to refuse hazardous work and ensure benefits for workers who do so

McNicholas et. al. 20 [Celine McNicholas is EPI’s director of government affairs and labor counsel. Lynn Rhinehart is a senior fellow at EPI, where she works on labor and employment policy, with a focus on collective bargaining. Margaret Poydock joined EPI in 2016. As the policy analyst, she assists the policy team in managing EPI’s legislative and policy initiatives to build a more just economy. Heidi Shierholz leads EPI’s policy team, which monitors wage and employment policies coming out of Congress and the administration and advances a worker-first policy agenda. Daniel Perez is a research assistant at the Economic Policy Institute. “Why unions are good for workers—especially in a crisis like COVID-19.” August 25, 2020. https://www.epi.org/publication/why-unions-are-good-for-workers-especially-in-a-crisis-like-covid-19-12-policies-that-would-boost-worker-rights-safety-and-wages/]

3. Reaffirm in statutory language that the purpose of labor law is to promote and encourage organizing and collective bargaining Reaffirm in statutory language that the purpose of labor law is to promote and encourage organizing and collective bargaining and that the NLRB’s actions must further this goal. Promoting and encouraging organizing and collective bargaining was the purpose and goal of the original Wagner Act (the NLRA). However, after the passage of the Taft-Hartley Act, employers have argued that the law is not pro-union but is neutral. The statutory language must be strengthened to provide that NLRB actions that do not meet the statutory standard of promoting organizing and collective bargaining could be invalidated by a reviewing court as contrary to the governing law under the Administrative Procedures Act. This approach is similar to that taken under the Occupational Safety and Health Act, which states that health standards must provide the maximum level of protection to workers that is technologically feasible, and standards that fall short of this level of protection can be invalidated by the courts.21 4. Amend the NLRA to expand access for workers and union organizers to discuss unionization at the workplace Workers need a fair chance to hear from union representatives about the benefits of unionization, including the ways in which unions help strengthen health and safety protections at the workplace. Currently, employers are able to deliver their anti-union messages at the workplace and on work time, because the employer controls the workplace and directs how work time is spent. Employers use this advantage to bombard workers with anti-union messages in their paychecks, in one-on-one meetings with their supervisors, and in employer anti-union “captive-audience” meetings that workers are required to attend or face discipline or discharge. Nine out of 10 employers require workers to attend captive-audience meetings during organizing campaigns (Bronfenbrenner 2009). Workers have only a limited ability to hear from union supporters at the workplace, and their access has been further curtailed by the Trump NLRB, which has restricted the ability of workers and organizers to organize at their workplace (McNicholas et al. 2019; Fawaz 2020). This imbalance undermines the ability of workers to organize together. The law should be amended to require employers to grant reasonable access to union organizers, off-duty employees, and off-duty contractor employees to nonworking areas to talk with workers on their nonworking time. The law should also make clear that workers may use their employer’s internal e-mail system for union-related messages. In addition, workers who have not yet organized a union should be able to designate a union representative as their representative during an OSHA inspection and related proceedings. The COVID-19 crisis shows that workers with union representation have fared better than nonunion workers in terms of advocating for safety equipment and protocols. Workers should not have to go through the formal NLRB election process to gain the benefit of union advocacy and expertise when it comes to their health and safety on the job. 6. Amend the NLRA to let workers determine the bargaining unit and bargaining structure When workers organize, they determine the group of workers—called the “bargaining unit”—that will be the group covered by the organizing and collective bargaining agreement, and they describe the bargaining unit in their petition to the NLRB. Employers try to gerrymander the bargaining unit by adding workers they think will vote against the union or removing those who support representation. Here again, it should be workers’ choice, and not up to the employer, to determine the group that is organizing and bargaining. As EPI has previously recommended, the law should make clear that the petitioning union’s description of the bargaining unit is determinative, unless the employer can make a compelling case as to why the proposed unit is unworkable (Rhinehart and McNicholas 2020). Similarly, workers should be able to designate a multi-employer bargaining arrangement, and their proposed arrangement should be certified unless the employer can make a compelling case as to why its participation in a multi-employer bargaining unit is unworkable (Rhinehart and McNicholas 2020). 7. Enact federal and state measures that strengthen the right to refuse hazardous work and continue eligibility for UI benefits for workers refusing unsafe work At the beginning of the COVID-19 pandemic, essential workers in health care, food service, warehouses, grocery stores, meatpacking plants, and other settings raised concerns about the risk of workplace exposure to COVID-19 and the lack of personal protective equipment and other safety protections. Too often, these workers were fired or faced other retaliation for raising these concerns (Hiltzik 2020; Kruzel 2020; Davenport, Bhattarai, and McGregor 2020). In other places, workers were called back to work at workplaces that did not have sufficient health and safety protections and were faced with the prospect of working at an unsafe job and risking contracting a deadly disease, or refusing to work and risking losing their unemployment benefits. Workers should not be faced with choosing between their health and their livelihood. The law must be strengthened to explicitly protect workers who refuse to perform hazardous work from being fired or retaliated against. These protections exist to some extent now under the Occupational Safety and Health Act and the NLRA, but the protections are weak and the enforcement is up to the government agency. Also, workers who refuse to work because of unsafe working conditions that the employer fails to address should not be disqualified from receiving unemployment benefits: States should be required to consider the refusal to perform unsafe work as “good cause” to not work, so that unemployment benefits continue (Berkowitz and Sonn 2020). And because strikes have shown themselves to be effective and often necessary to force action on safety and health, states should be required to provide unemployment insurance for strikers (Block and Sachs 2020).22