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#### Reconciliation passes now without further cuts – Holdouts tentatively say yes and our ev assumes every aff non-uq warrant

Reklaitis 12/02 [Victor, MarketWatch's Money & Politics reporter and is based in Washington, D.C. Prior to joining MarketWatch, he served as an assistant editor and reporter at Investor's Business Daily, “Biden’s big social-spending bill probably will pass Senate this month without many cuts to it, analysts say”, 12-02-2021, https://www.marketwatch.com/story/bidens-big-social-spending-bill-probably-will-pass-senate-this-month-without-many-cuts-to-it-analysts-say-11638466738]//pranav

Will President Joe Biden’s $2 trillion social-spending and climate package actually get the Senate’s OK this month, as that chamber’s leader has promised? Two analysts from opposite ends of the political spectrum said that looks likely, as they spoke on Wednesday with MarketWatch for a Barron’s Live episode. “I think the chances are very, very good that this bill will pass, and I wouldn’t bet the mortgage on it, but I would predict that it’s going to happen by this month,” said Seth Hanlon, a senior fellow at the liberal Center for American Progress. Kyle Pomerleau, a senior fellow at the conservative American Enterprise Institute, concurred with Hanlon, as the analysts assessed Senate Majority Leader Chuck Schumer’s stated goal of passage by Christmas. The legislation already got the House’s approval last month, so Biden can sign it into law if the Senate acts and the two chambers reconcile their versions of the measure. “I think that the Build Back Better Act ultimately passes. I think before Christmas seems like a reasonable timeline,” Pomerleau said. “There are other political challenges involved, if this bleeds over into next year, and I think that the Democrats want to avoid that.” Democrats also could be motivated by not wanting a lapse in monthly child tax credit payments, according to Hanlon. Those payouts, which began over the summer and provide up to $300 per child to families, would get extended for another year in the current version of the Build Back Better Act. “The child tax credit payments — the last one would be done on Dec. 15, and so I think the Democrats are going to want to continue those into January and not have them cut off suddenly,” the Center for American Progress expert said. Hanlon and Pomerleau said they don’t expect huge changes to the Build Back Better Act’s overall price tag, even as moderate Democratic Sen. Joe Manchin of West Virginia has expressed opposition to some items in the House version of the bill, including a plan for paid leave and a $4,500 tax credit for electric vehicles made in unionized U.S. factories. Another issue that’s dividing Democratic lawmakers is a proposed lift to the SALT cap, which refers to a limit on deductions from federal income tax for state and local taxes. “I think that $2 trillion in spending, including the tax credits, is a reasonable place that they will end up,” Pomerleau said, referring to what’s a likely final price tag. Meanwhile, Hanlon noted that a lot of negotiating has happened this year to get to the current state of affairs, after Sen. Bernie Sanders, the Vermont independent who usually votes with Democrats and chairs his chamber’s budget committee, proposed a much larger spending package. “If you back up to where we started with President Biden’s agenda and Sen. Sanders’s budget, we’re down to a relatively narrow, limited set of issues and a pretty narrow band of a total price tag,” he said. “I might expect that to shrink somewhat because of Sen. Manchin, but not that much. I think 90% of the bill will stay the same.” Democrats can’t afford to lose the support of any senator who typically votes with them, as they advance the bill through a process known as budget reconciliation. That’s because the Senate is split 50-50, with the party in control only because Vice President Kamala Harris can break ties.

#### Biden PC is key to getting democratic skeptics on board, but it’s tentative

Cochrane & Weisman 11/05 [Emily Cochrane - correspondent based in Washington. She has covered Congress since late 2018, focusing on the annual debate over government funding and economic legislation, ranging from emergency pandemic relief to infrastructure, Jonathan Weisman - congressional correspondent, veteran Washington journalist and author of the novel “No. 4 Imperial Lane” and the nonfiction book “(((Semitism))): Being Jewish in America in the Age of Trump.” His career in journalism stretches back 30 years, “Live Updates: House Democrats Push Toward Votes on Biden’s Agenda”, 11-05-2021, https://www.nytimes.com/live/2021/11/05/us/biden-spending-infrastructure-bill]//pranav

At the White House, Mr. Biden called on lawmakers to pass the legislation. “I’m asking every House member, member of the House of Representatives, to vote yes on both these bills right now,” the president said. Spooked by Tuesday’s electoral drubbing, Democrats labored to overcome concerns among moderates about the cost and details of a rapidly evolving, $1.85 trillion social safety net and climate plan and push it through over unified Republican opposition. They also hoped to clear a Senate-passed $1 trillion bipartisan infrastructure bill — the largest investment in the nation’s aging public works in a decade — for Mr. Biden’s signature. Top Democratic officials said they were confident they could complete both measures by day’s end, but Speaker Nancy Pelosi of California and her team continued to haggle with holdouts. Several moderates were pushing for more information about the cost of the sprawling plan, including a nonpartisan analysis from the Congressional Budget Office, the official scorekeeper responsible for calculating the fiscal impact of the 2,135-page legislation. “I think everyone’s waiting for the C.B.O. to do their job,” said Representative Jared Golden, Democrat of Maine, speaking to reporters on Friday morning as he left Ms. Pelosi’s office, where White House officials were also meeting on next steps. But Representative Steny H. Hoyer of Maryland, the majority leader, said the cost estimate would not be ready by the end of the day, and a person familiar with the discussions said a score from the budget office was weeks away from completion. “We’re working on it,” Mr. Hoyer said. Ms. Pelosi spent much of the day on Thursday buttonholing lawmakers on the House floor to try to corral support for the social policy bill, which includes monthly payments to families with children, universal prekindergarten, a four-week paid family and medical leave program, health care subsidies and a broad array of climate change initiatives. Mr. Biden and members of his cabinet worked the phones to win over Democratic skeptics. With Republicans united in opposition, Democrats could afford to lose as few as three votes from their side. As Democrats labored to unite their members behind the bill, Republicans sought to wreak procedural havoc on the House floor, forcing a vote to adjourn the chamber that leaders held open for hours to buy time for their negotiations. While the Senate approved the $1 trillion infrastructure bill in August, the measure has stalled as progressives have repeatedly refused to supply their votes for it until there is agreement on the other bill.

#### Business lobbying backlash ensures Sinema flips – empirics prove she doesn’t like similar bills

Duda ’21 [Jeremy, Prior to joining the Arizona Mirror, he worked at the Arizona Capitol Times, where he spent eight years covering the Governor's Office and two years as editor of the Yellow Sheet Report, “Business groups urge Kelly, Sinema to oppose pro-union PRO Act”, 08-30-2021, https://www.azmirror.com/2021/08/30/business-groups-urge-kelly-sinema-to-oppose-pro-union-pro-act/]//pranav

Business groups publicly called on Democratic U.S. Sens. Mark Kelly and Kyrsten Sinema to oppose a sweeping piece of pro-organized labor legislation that would wipe out Arizona’s “right-to-work” law that prohibits mandatory union membership. At a press conference at the office of the Arizona chapter of the Associated General Contractors near the state Capitol on Monday, leaders of several business groups warned that the Protecting the Right to Organize Act — or PRO Act, as it’s more commonly known — would undermine Arizona’s recovery from the economic slump it faced last year due to the COVID-19 pandemic, undermine the “gig economy,” jeopardize secret ballots in union organization votes, give unions access to confidential employee information and strip Arizonans of their right not to join a union. The bill would allow unions to override right-to-work laws and collect union dues from non-members who still benefit from collective bargaining. It would also prohibit company-sponsored meetings to urge employees against unionizing, define most independent contractors as employees, protect employees who are attempting to unionize from being fired and allow unions to engage in secondary strikes in support of other striking workers, among other provisions. “We want to thank and tell Senator Sinema and Senator Kelly that we appreciate them for not signing on as co-sponsors to the PRO Act, because if they were to change their opinions, New York Sen. Chuck Schumer will put this up for a vote,” said Danny Seiden, president and CEO of the Arizona Chamber of Commerce and Industry. Kelly and Sinema are two of only three Senate Democrats, along with Virginia’s Mark Warner, who haven’t co-sponsored the bill or thrown their public support behind it. Kelly last month told the Huffington Post that he opposes the independent contractor provision, but that he supports the “overall goals” of the legislation. Sinema is widely known as a holdout on the Democratic side and hasn’t supported the PRO Act, but spokesman Pablo Sierra-Carmona indicated that she hasn’t made up her mind, and that she won’t do so unless and until it comes up for a vote in the Senate.

#### They lash out against Reconciliation – it will includes similar provisions

FURCHTGOTT-ROTH 10/09 [Diana, former acting assistant secretary for economic policy at the U.S. Department of the Treasury, is adjunct professor of economics at George Washington University, “Democrats can't pass the PRO Act, so it's buried in the reconciliation bill”, 10-09-2021, https://thehill.com/opinion/white-house/575992-dems-cant-pass-the-pro-act-so-its-buried-in-the-reconciliation-bill]//pranav

Union membership has been declining for decades as workers find better uses than union dues for their hard-earned dollars. But union bosses and their supporters are trying to change the law to force hard-working Americans into unions. How? Through the Protecting the Right to Organize Act (PRO Act), a bill that would expand the power of union leaders at the expense of workers. After sailing through the House, the PRO Act now appears stalled in the Senate and Democrats are trying to slip some PRO Act provisions into a massive reconciliation bill. American workers are wise to turn down union membership. Union pension plans are in trouble. In 2020, the Labor Department listed 121 union plans in critical status, defined as less than 65 percent funded, and 61 in endangered status, with less than 80 percent funded. Unions desperately need new workers to join, because they pay contributions for many years without withdrawing money. Most recently, Amazon workers in Alabama resoundingly rejected efforts by the Retail, Wholesale and Department Store International Union to organize their plant, with more than 70 percent of workers voting against the union. The union’s plan was in critical status between 2015 and 2019, and the Labor Department informed the plan’s administrators that it had to be reorganized by reducing benefits and increasing contributions. Union leaders and their allies on Capitol Hill believe the way to increase membership after decades of decline is to pass elements of the PRO Act through reconciliation. Unlike the PRO Act, which needs 60 votes in the Senate to enable it to move to President Biden’s desk for signature, the reconciliation bill, which deals with taxes and spending, needs only a simple majority. So via a massive reconciliation bill, congressional Democrats are trying to move some labor union provisions of the PRO Act by arguing they are actually revenue raisers.

#### Reconciliation is k2 stopping existential climate change – warming is incremental and every change in temperature is vital

Higgins 8/16 [Trevor, Senior Director, Domestic Climate and Energy, “Budget Reconciliation Is the Key to Stopping Climate Change”, 08-16-2021, https://www.americanprogress.org/issues/green/news/2021/08/16/502681/budget-reconciliation-key-stopping-climate-change/]//pranav

The United States is suffering acutely from the chaotic changes in climate that scientists now directly attribute to the burning of fossil fuels and other human activity. The drought, fires, extreme heat, and floods that have already killed hundreds this summer across the continent and around the world are a tragedy—and a warning of worsening instability yet to come. However, this week, the Senate initiated an extraordinary legislative response that would set the world on a different path. Enacting the full scope of President Joe Biden’s Build Back Better agenda would put the American economy to work leading a global transition to clean energy and stabilizing the climate. A look at what’s coming next through the budget reconciliation process reveals a ray of hope that is easy to miss amid the fitful negotiations of recent months: At long last, Congress is on the verge of major legislation that would build a more equitable, just, and inclusive clean energy economy. This is our shot to stop climate change. Building a clean energy future must start now Until the global economy stops polluting the air and instead starts to draw down the emissions of years past, the world will continue to heat up, blundering past perilous tipping points that threaten irreversible and catastrophic consequences. Stemming the extent of warming at 1.5 degrees Celsius rather 2 degrees or worse will reduce the risk of crossing such tipping points or otherwise exceeding the adaptive capacity of human society. Every degree matters. Stabilizing global warming at 1.5 degrees Celsius starts with cutting annual greenhouse gas emissions in the United States to half of peak levels by 2030. This isn’t about temporary offsets or incremental gains in efficiency—it’s about the rapid adoption of scalable solutions that will work throughout the world to eliminate global net emissions by 2050 and sustain net-negative emissions thereafter. Building this better future will tackle climate change, deliver on environmental justice, and create good jobs. It will give us a shot to stop the planet from continuously warming. It will alleviate the concentrated burdens of fossil fuel pollution, which are concentrated in systemically disadvantaged, often majority Black and brown communities. It will empower American workers to compete in the global clean energy economy of the 21st century. There is no time to lose in the work of building a clean energy future.

## 2

#### Oil prices stabilizing – they’re finally decreasing from increased output but there’s uncertainty

Rick Newman 21 [Rick Newman is a columnist for Yahoo Finance, offering insightful, provocative takes on many of the biggest stories of our time. He was previously Chief Business Correspondent, and before that Pentagon correspondent, for U.S. News & World Report. He's also the author of four books, including Rebounders: How Winners Pivot from Setback to Success. "Biden gets a break on oil and gas prices," Yahoo News, (December 2, 2021) https://news.yahoo.com/biden-gets-a-break-on-oil-and-gas-prices-202739833.html?guccounter=1&guce\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvbS8&guce\_referrer\_sig=AQAAAEo857ljM7DZX4nS6jonAGxDmHNqdIT-uB5gPGsfsf3KfyxrmoI2tUzKB17p83FB0iV4eSKlHOMmasgDh9k2CMGXWyaJmV5S4rA08ZO1PhqgpRblcTRZXRaDqtTYRkoSLh\_Ht3F-kG5vEjCVo2eHceO2HURYGEpcjjGz73mCr-\_C, accessed 12-3-2021]//anop

One month ago, gas prices—up 50% during the last year—were looking like the bane of Joe Biden’s presidency. Then three things happened: On Nov. 23, Biden announced a plan to release 50 million barrels of oil from the US national reserve, with five allied nations releasing oil from their own reserves. On Nov. 26, financial markets sold off on news of the Omicron variant tearing through South Africa. On Dec. 2, the oil cartel known as OPEC+ decided to boost its own production. Combined, these developments have shaved oil prices by more than 20% since late October. Gas prices haven’t yet fallen by the same amount, but they most likely will. Gas prices lag oil prices whether going up or down, but only by a few weeks, as the following chart shows. So gas prices should be dropping by the end of the year. There's already been a drop in wholesale gasoline prices, which Moody's Analytics thinks could send retail prices down to nearly $3 soon. A month ago, these price declines seemed unlikely. The 50 million barrels coming into the market from the U.S. reserve during the next couple of months actually isn’t much. Daily global consumption is nearly 100 million barrels per day, so the new U.S. supply is barely one-half of one day’s consumption. The allied nations providing oil from their own reserves have far less to contribute. [Click here to get Rick Newman’s stories by email.] Over the summer, Biden asked the OPEC+ nations to significantly boost production. They declined, agreeing only to a marginal increase of 400,000 per day—a supply boost of less than one-half of 1%. Biden’s oil release was an affront to those oil-producing nations, which want to keep prices elevated after the Covid pandemic sent oil prices plunging. Some analysts though OPEC+ would announce a cut in production at its next monthly meeting on Dec. 2, as a kind of retaliation against the US action. Instead, OPEC+ said it still plans to increase output by 400,000 barrels per day. “The decision comes as as big surprise,” Eurasia Group analysts reported on Dec. 2. “The move goes against the interests of OPEC+, which has spent the last 18 months trying to draw down global fuel inventories, which rose to record levels amid global lockdowns early in the pandemic.” Eurasia Group speculates that pressure from the Biden administration and from China—the world’s biggest energy importer—played a role in the OPEC+ decision. Whatever the motivation, global oil reserves now seem likely to rise into 2022, with prices falling. The rest of next year is highly uncertain. Omicron concerns have had the biggest impact on oil prices, with investors now betting on several months more of suppressed economic activity and the usual declines in commodity prices. If current vaccines are considerably weaker against Omicron, that could portend an open-ended whack-a-mole scenario in which the virus constantly mutates to evade vaccines, while vaccine makers develop their own new recipes to attack the mutations.

#### Increased strikes block trade chokepoints – Brazil proves it’s drastic impacts

Rob Bailey and Laura Wellesley 17 [Robert Bailey Partner; Insurance & Asset Management; Climate & Sustainability Laura Wellesley Senior Research Fellow, Environment and Society Programme , 3. Hazards to Chokepoint Operation. Chatham House – International Affairs Think Tank (27 JUNE 2017) https://www.chathamhouse.org/2017/06/chokepoints-and-vulnerabilities-global-food-trade-0/3-hazards-chokepoint-operation]//anop

The uninterrupted operations of transport infrastructure depend as much upon the political and regulatory context, and on the efficiency and quality of infrastructure management, as on the integrity of physical components. Bureaucratic inefficiencies, corruption and worker strikes at chokepoints all increase costs, and can restrict the movement of goods across borders or block them completely. Potentially most severe are trade restrictions imposed at chokepoints. 3.1.3.1 Bureaucratic inefficiencies and corruption Sluggish border checks and inefficient trans-shipment operations delay trade through chokepoints. In Russia and Ukraine, for example, logistics and documentation procedures at the point of intake from rail and roads slow trans-shipment, constrain throughput capacity and soak up more time than the actual loading of ships.201 The World Economic Forum ranks Russia and Ukraine 83rd and 130th respectively out of 138 economies for efficiency of customs procedures, and 103rd and 74th for freedom from excessively burdensome government regulation.202 Inefficiencies such as these may be compounded by corruption. The Ukrainian transport system has faced corruption issues for a number of years.203 The United States Agency for International Development (USAID) recently pulled out of a customs reform project in Ukraine after a government drive to tackle bribe-taking at the port of Odessa lost momentum.204 In Brazil corruption has been a considerable barrier to infrastructure improvement in recent years. At least 11 major infrastructure projects, including road and rail improvements across Brazil, have been held up by the unfolding corruption scandal around Odebrecht SA, a major Brazilian construction firm, and Braskem SA, a petrochemical company.205 3.1.3.2 Worker strikes Worker strikes, while seemingly parochial disturbances, have the potential to reverberate through national and even global markets. In 2015, for example, anger in Brazil over high government diesel prices and the financial burden of taxes and tolls along export routes prompted strikes in which truckers blockaded major roads linking the soybean-growing regions to the southern ports.206 More than 100 locations across 10 different states were subject to roadblocks, some of which remained in place for up to a week.207 The impact on export volumes was significant: with inventories held at ports sufficient for only a few days,208 total soybean exports in February 2015 were down 69 per cent on the same month in the previous year.209 3.1.3.3 Trade restrictions Chokepoints also provide a locus for trade policies and political interference to impede the passage of commodities, such as through import or export restrictions and non-tariff barriers. Such measures, when imposed by a major exporter, can have a big impact on global prices: in 2008, phosphate prices rose by 800 per cent when China, one of the world’s largest producers,210 imposed a tariff of 135 per cent on its phosphate exports.211 The imposition of export controls by over 40 countries during the 2007–08 food price crisis amplified price rises, particularly for rice.212 In highly concentrated fertilizer markets, export restrictions by one producer can be enough to trigger dramatic price increases (see Box 7).

#### We got lucky with Ever Given – even small Suez Canal blockages has global consequences: inflation, oil prices, demand shifts

Turak 21 (Natasha Turak, CNBC, Suez Canal blockage could cause problems for the globe: Here’s what you need to know

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The behemoth cargo ship stuck in the Suez Canal and blocking traffic in one of the world’s most important maritime trade chokepoints isn’t set to break free just yet. The Ever Given, a 220,000-ton mega ship nearly a quarter-mile long with a 20,000 container capacity, ran aground after being blown by strong winds while entering Egypt’s Suez Canal from the Red Sea. It’s completely blocked the passageway that is home to as much as 12% of the world’s seaborne trade and through which 50 container ships normally transit per day. Tugboats and dredgers are currently working to dislodge the ship, which has been stuck since Tuesday evening. But the operation could take weeks, one of the executives involved has warned. “While we believe and hope the situation will get resolved shortly, there are some risks of the ship breaking,” JPMorgan strategist Marko Kolanovic wrote in a note Thursday. “In this scenario, the canal would be blocked for an extended period of time, which could result in significant disruptions to global trade, skyrocketing shipping rates, further increase of energy commodities, and an uptick in global inflation.” The crisis is another blow to the global supply chain after a brutal year ridden with delays, shortages and price squeezes on the back of the coronavirus pandemic. What does this mean for global trade? The shipping delays could impact everything from the clothes and shoes you ordered online to gym equipment, electronics, food, and energy supplies — meaning gas prices could get higher, too. “Suez Canal container blockage to further rattle global supply chains, to drive pricing higher given pent-up demand,” analysts at JPMorgan said in a research note Thursday. The man-made Suez, at 120 miles long, is a key transit point connecting East to West. And the 20,000 ships that pass through it yearly transport everything from oil and gas to machine parts and consumer goods. While it’s still early to say what the full impact of the tanker crisis will be, the bank expects that in the near term, “the blockage is likely to add to industry supply strains, which are already hampered by ongoing supply chain bottlenecks″ in the form of port congestion and shortages of both vessels and containers due to Covid-19. Ships are going to have to shift to entirely different routes, “will result in longer voyage times and causing further delays,” JPMorgan wrote. And those delays could be more than 15 days for many ships, whose alternative is sailing around the Cape of Good Hope at the southern tip of Africa, which analysts say would increase shipping times by up to 30%. “The immediate impact of delays in the canal will centre on European – Asian trade, adding delays to already disrupted supply chains affecting oil and refined products’ supplies,” ING senior economist Joanna Konings wrote in a client note Wednesday. Impact on crude prices The Ever Given’s misfortune has already impacted oil prices. News of the Suez blockage drew in buyers, and along with other economic data contributed to international benchmark Brent crude’s one-month futures contract gaining “its biggest one-day gain in nearly a year to close at $64.41” on Wednesday, according to Arctic Securities, though it lost some of those gains by Thursday. In the meantime, between 5% and 10% of all seaborne oil is transported through the Suez, meaning that for each day that the ship remains stuck, it delays the shipment of another 3 million to 5 million barrels of oil per day. Several tankers carrying jet fuel and gasoil are also held up on the Persian Gulf-Europe route, as well as empty tankers crossing to pick up North Sea oil, S&P Platts reported Thursday. The canal is also a transit point for around 8% of global liquefied natural gas (LNG), and a prolonged disruption could impact flows to primarily the European market. Any price effect will likely be brief, however, says Peter Sutherland, president of Houston-based energy investment firm Henrietta Resources. “It won’t have a lasting impact on prices, but it will help lend support in the run-up to the OPEC+ meeting,” Sutherland told CNBC. “The risk premium in oil markets will likely be short-lived, but the canal back-up still managed to shift the market narrative.” The winners The canal blockage is certainly not bad news for everyone — spot freight rates are set to jump even higher on pent-up demand, making money for the operators, market watchers say. “A more prolonged closure of the Suez Canal would see container shipping as the biggest beneficiary, while tanker, dry bulk and air cargo might also see some higher rates,” wrote JPMorgan, describing the tightening of shipping rates “as a upside risk.” Who is set to benefit most? JPMorgan highlights Asian liners, saying that despite higher bunker costs due to longer rerouted journeys and increased congestion, they expect higher spot freight rates. “This instead of hurting profitability is expected to be positive for bottom-line for Asia liners, in our view,” the bank wrote. Bank of America’s analysts agree. “A Suez closure of a few weeks would be very positive for spot freight rates — by effectively removing supply by adding 20-30% to sailing distance via Cape of Good Hope,” it wrote in its note Thursday. Risks and vulnerabilities grow In the meantime, the Suez Canal’s blockage “will add to an already rising Middle East risk premium for oil and refined products,” Torbjorn Soltvedt, principal MENA analyst at Verisk Maplecroft, said, highlighting increased risk of attacks on oil facilities amid regional tensions. The uncertainty over the blockage’s duration “creates a window of opportunity for state and non-state actors seeking to maximize the impact of attacks against tankers and energy infrastructure in the Persian Gulf and Red Sea,” he warned. Most analysts expect the situation to be cleared within the week. But “the disruption could be prolonged if there are complications or hull damage,” Bank of America wrote Thursday. When the traffic eventually gets cleared, ships will be arriving at their ports behind schedule, creating yet more congestion. Still, the bank writes, “a blockage of a few days would be broadly manageable to the container shipping industry — perhaps involving additional fuel cost as shipping companies speed up their services to make up lost time.” The whole fiasco underscores just how fragile the trading network that the world relies on really is, says Sutherland. “Paired with the recent attacks on Saudi installations, it’s a reminder of the many vulnerabilities in the global oil and gas supply chain.”

#### Two impacts to high prices

#### [2] High Oil prices cause Global Conflict.

Bunzel 18 Theodore Bunzel 5-3-2018 “Do High Oil Prices Mean More International Conflict?” https://www.the-american-interest.com/2018/05/30/do-high-oil-prices-mean-more-international-conflict/ (Worked in the political section of the U.S. Embassy in Moscow and in international economics at the U.S. Treasury)//Elmer

As oil prices reach three-year highs, history tells us that we should expect more interstate aggression. When asked in a recent interview about his famously sympathetic gaze into Russian President Vladimir Putin’s soul in 2001, former President George W. Bush argued that rising oil prices had fundamentally changed his interlocutor: “When I looked into his eyes and saw his soul, Russia was broke . . . [t]he price of oil goes up and Putin changed.” Does the relationship between oil prices and Russian behavior to which Bush alluded hold true? The higher the price of oil, the more aggressive Russia becomes? And what about other petrostates? Might it be true for those as well? We may soon have more evidence for the proposition. Oil prices are brushing off 2016 lows and hitting three-year highs. Brent crude has been hovering above $70 a barrel since April, up from lows of around $30 in early 2016, fueled by OPEC production cuts and rising geopolitical tensions (over issues like the Iran deal). Though nuances, complications, and exceptions abound, the academic and historical evidence on balance tells us that, as we transition from a lower to a higher oil price regime, we can generally expect a darker geopolitical outlook. As rising oil revenues gives Russia, Saudi, Iran, and other oil-exporters an added sense of confidence, it may at least selectively inflame interstate tensions and lead to more aggressive behavior. That possibility, alongside an increasingly hawkish U.S. national security team and a President who appears to feel rather “unchained” of late, points to a potentially combustible mix just ahead. It is generally taken for granted that aspects of geopolitics can function as a key input into oil prices. Trump’s mere threat of a U.S. strike in Syria, for example, caused oil to spike by 2 percent on April 11. In addition to short-term effects, geopolitical competition can influence prices in other ways. To give just one general example, as Soviet power spread into parts of the Third World after the independence era, some states felt safer nationalizing their oil industries to escape Western company control (Iraq in 1961, for example), and prices rose as a consequence. But the relationship may also work the other way around: Oil prices can also be a key input into geopolitics. Many studies have demonstrated that oil prices have a direct effect on the domestic stability of petrostates. This makes ample intuitive sense: Higher prices fill public coffers, allowing governments to palliate needy populations and potential elite opposition groups by dispensing more largesse. Some regime elites may reason that a firmer grip on power may free them to carry out more assertive foreign policies without fear of being undermined at home. There are, however, several complications to this general intuition. Some states already have sufficiently buoyant revenues relative to their small populations to satisfy their publics and feed clientelistic networks. Providing largesse can also backfire if prices drop; taking away something valuable that people have grown used to is a dangerous game, especially when elites aren’t ready to play it. And then of course there is the famed “oil curse”: For all sorts of reasons, from “Dutch disease” economic distortions to the derangement of normal citizen-state relationships, oil riches can in time undermine regimes, weakening and even destroying them. That said, a more recent body of research has empirically demonstrated the intuitive twin of this conclusion: Higher prices cause greater interstate aggression by oil-producing countries. Why would this be the case? Greater oil revenue flushes petrostates with confidence and also cash that they can put toward military spending or foreign adventures. To take one obvious example, we need only look to Iran’s using its oil revenue to fund proxy groups such as Hamas and Hezbollah. Furthermore, military spending by one regional oil producer can beget spending by others, fueling regional arms races that can make aggression and conflict by miscalculation more likely. The onset of the Iran-Iraq War in September 1980 may be a prime example of that dynamic. Most prominent among the empirical studies is Cullen S. Hendrix’s 2014 paper, which shows a statistically significant relationship between higher oil prices and “dispute behavior” (military actions short of actual war) by oil-exporters. (Hendrix also summed it up nicely in this Washington Post piece.) He found that “all things being equal, a one standard deviation ($18.60) increase in the price per barrel of oil from the sample mean ($33.81) is associated with a 13 percent increase in the frequency of [dispute behavior]” in oil-exporting states. He also found that, above $77 a barrel, oil-exporters are significantly more dispute prone than non-oil exporters. Hendrix also explores the potential complication of reverse causality: Could dispute behavior by oil-exporting countries be driving prices higher, rather than the other way around? A key analytical consideration here is timing. We can all agree that geopolitical activity affects prices in the short-term (such as the Syria example mentioned above), but is this reverse causality true on a sustained basis? Parsing out long-term signal from short-term noise, Hendrix examines whether elevated aggregate dispute behavior affects oil prices at the yearly—rather than daily or weekly—level, and finds that this relationship does not hold. His explanation here is that other players typically step in to redress markets: “While dispute behavior may drive prices changes in the short term . . . the strategic significance of oil prices and oil-exporting states encourages major powers to act in ways that stabilize markets, either through market intervention . . . or direct, armed intervention.” Jeff Colgan of Brown University has also touched on this topic, finding through his research that oil has fueled—in some way—one quarter to one half of interstate wars since 1973**.** He also notes that oil-producers are 50 percent more likely to engage in conflict than non-oil producers. Colgan identifies eight, non-mutually exclusive causal mechanisms for how oil fuels international conflict, most of which are implicitly exacerbated by higher prices. They are: “(1) resource wars, in which states try to acquire oil reserves by force; (2) petro-aggression, whereby oil insulates aggressive leaders such as Saddam Hussein or Ayatollah Ruhollah Khomeini from domestic opposition and therefore makes them more willing to engage in risky foreign policy adventurism; (3) the externalization of civil wars in oil-producing states (“petrostates”); (4) financing for insurgencies—for instance, Iran funneling oil money to Hezbollah; (5) conflicts triggered by the prospect of oil-market domination, such as the U.S. war with Iraq over Kuwait in 1991; (6) clashes over control of oil transit routes, such as shipping lanes and pipelines; (7) oil-related grievances, whereby the presence of foreign workers in petrostates helps extremist groups such as al-Qaeda recruit locals; and (8) oil-related obstacles to multilateral cooperation, such as when an importer’s attempt to curry favor with a petrostate prevents multilateral cooperation on security issues.” Though he doesn’t substantiate statistically that higher prices lead to more conflict through these channels, he implies it heavily. For example, he writes that, “the low oil prices of the 1990s have given way to higher and more volatile prices, increasing the magnitude of the consequences one can expect from oil-conflict linkages.” While the emerging academic evidence may validate the claim that higher oil prices lead to more aggression, the historical and anecdotal evidence is somewhat mixed, and understandably so. Oil price is clearly only one of many inputs into foreign policy decision-making, and an indirect one at that. No leader thinks, “Now that oil is at $X, I’m going to invade my neighbor.” Context obviously matters, too: No one imagines that Ecuador or Norway is going to invade or try to blackmail a neighbor just because spot prices rise 15 or 30 percent in a given six-month period. Price levels seep into decision-making more subtly, affecting interlocking beliefs about strategic behavior generally and specific cases more particularly; they may fuel self-confidence by shoring up budget outlooks and funding the tools of more aggressive behavior in contexts where such behavior could conceivably make sense. Moreover, there are many contravening (and occasionally countervailing) complications. Prominent among these is the fact that low oil prices can incentivize states to “wave the flag” in order to distract from domestic difficulties—so the impact of low oil prices might lead to more aggressive behavior in some cases. That suggests that neither high nor low prices per se may be the trigger affecting behavior, but rather notable changes in price that become politically salient in one way or another. And there’s also the tricky issue of timing: Over what timeframe does increased oil revenue fuel aggression? Is it in anticipation of higher prices, in direct response to the current pricing levels, or is there more of a lag in effect as oil revenue slowly shores up—or is expected to shore up—budgets and military spending over time? The answer might depend on specific cases and leadership cadres. There is also a scaling problem. If a 20 percent rise in oil prices makes a more assertive foreign policy more likely in a given country, does a 40 percent rise make it twice as likely? Or put differently, how much of a difference in price, and presumably in expected revenues, does it take to cross a threshold where it might have an impact on decision-making? Are there multiple thresholds? Russia exemplifies these issues. Taking the same long view as George W. Bush in his interview, it seems self-evident that rising oil prices and higher government revenues over the course of the 2000s gave Putin confidence, funded military expansion and modernization, and helped enable Russia’s most revanchist tendencies. Between 2003 and 2013, Russian military expenditure doubled as the price of Brent crude rose from a low of around $20 a barrel in 2001 to a high of more than $140 a barrel in 2008. Russia, as the saying goes, is a gas station with nuclear weapons; a higher pump price thus means more weapons, nuclear and otherwise. But when you cross reference this conclusion with specific acts of Russian aggression over the past roughly twenty years, the picture gets much more complicated. When Russia invaded Georgia in August 2008, oil was above $100 a barrel. Same with Russia’s invasion of Crimea in 2014. But Russia also dramatically intervened in Syria in September 2015, when oil had dropped to around $50 a barrel and the economy was sputtering due to both low energy prices and Western sanctions. Here, many analysts plausibly described these interventions as a way of rallying Russians to the flag and distracting them from domestic hardship. More likely, Putin saw an emergency in Syria that simply had to be dealt with, no matter the cost or risk; the Assad regime was in danger of collapsing, and Syria is Russia’s only ally offering ports and bases in the Mediterranean basin. So Russia is a bit of a mixed bag, but on balance its behavior—especially over a long timeframe—appears to support the thesis. Saudi Arabia’s role in the 1973 Yom Kippur war also illustrates the tricky question of timing. Saudi funding of the effort was enabled by a financial buffer created by a rise in revenues from the late 1960s, and was likely justified by an expected rise in revenues due to an oil price increase that was anticipated, in part, because of the very war it was in the process of financing. Its reserves had already grown so large that, for the first time, Saudi Arabia could ride out a supply (and revenue) disruption and still finance a war. But the Saudis helped finance a war that they themselves did not participate in. So if rising oil prices led to greater interstate aggression, it did so in this case in a particularly indirect way. These are all interesting and important nuances that attenuate any direct causal connection one might be tempted to draw between oil prices and conflict. So it would be nice to know if historical studies have shown any significant statistical relationship between fluctuations in key sources of government revenue (and what memoirs and archives tell us about how those situations were perceived) and interstate behavior. It would be even nicer to drill down into such studies to find cases where specific lucrative commodities—for example, European colonial profits such as from British opium sales in China, or cotton grown in Egypt—made any difference in the behavior of the relevant governments. Alas, such studies do not exist. But regardless of the timeframe and mechanism, academic and historical studies alike do suggest that higher oil prices have generally lead to more aggressive, or at least riskier, behavior in recent decades—whether in anticipation of higher prices, immediately in their wake, or only after sufficient revenue stores are built up. So are we at a point in the energy price cycle where, all else equal, we should expect greater interstate conflict? We’re close to Hendrix’s $77 a barrel threshold, above which oil-exporters are significantly more dispute-prone than non-oil exporters. But given the nuances just described, this specific price threshold is probably too cute. The more realistic argument to make is about the effect of a higher-price vs. lower-price paradigm over a multi-year horizon (particularly in light of the timing issue and potential lag). And if the period of the past two years (when Brent largely hovered between $40 and $60) was a lower-price paradigm, 2018-19 is potentially gearing up to be a higher-price paradigm driven by continued supply cuts by OPEC, tight global inventories, and—in a coincidental way—heightened geopolitical risks. We’ll see how these factors play out, but if oil prices remain elevated we may begin to subtly feel their effects on behavior by Iran, Saudi Arabia, Russia, and perhaps others. None of this is to say that oil prices are the most important factor in the geopolitical outlook over the near, medium, or long-term. The reputed hawkishness of Mike Pompeo and John Bolton, the effect of the upcoming mid-term elections on Trump’s decision-making, and reactions to potential exogenous shocks (for example, a major clash in Syria between U.S. or Israeli and Iranian or Russian forces) will play a much more direct and important role in shaping the geopolitical landscape. But a higher oil price regime (if it holds) could well make petrostates like Iran, Saudi, and Russia more aggressive—either in challenging the United States and Europe in the case of Russia, or by exacerbating ongoing proxy conflicts in and around the Middle East in the cases of Iran and Saudi Arabia. Given these and other dynamics, we should expect a bumpy ride ahead.

## Case

### Framing

#### Extinction o/w and turns structural violence

#### [1] infinite pain since it kills everyone and future generations

#### [2] forecloses future improve since we’re all dead we can’t solve inequality – prefer it since squo trends show income inequality can improve

#### [3] moral uncertainity means preserve extinction to preserve the debate – that’s a tiebreaker

#### [4] impacts turn the adv – [a] econ crisis means wages go down due to downward pressure on AD and AS [b] warming increases inequality since people with the most resources get it

### Top Level Solvency

#### [1] No mention about a right to strike – workers can strike now and form unions but why an UNCONDITIONAL right to strike matters isn’t mentioned – control f unconditional *IT DOESN’T SHOW UP*

### Inequality

#### Unions fail and hurt the econ—

#### [1] Inflation – kills productivity and causes artificial wage growth. They don’t get to leverage wage raises – union demands lead to inflation so real wages remain the same

Reisman 14, George. [George Reisman, Ph.D., is Pepperdine University Professor Emeritus of Economics and the author of Capitalism: A Treatise on Economics (Ottawa, Illinois: Jameson Books, 1996; Kindle Edition, 2012). More articles like these can be found at his blog. "How Labor Unions Hurt Workers." The Free Market 32, no. 6 (June 2014): 1–2, 6.]//anop

Many Americans, perhaps a substantial majority, still believe that, irrespective of any problems they may have caused, labor unions are fundamentally an institution that exists in the vital self-interest of wage earners. Indeed, many believe that it is labor unions that stand between the average wage earner and a life of subsistence wages, exhausting hours of work, and horrific working conditions. Labor unions and the general public almost totally ignore the essential role played by falling prices in achieving rising real wages. They see only the rise in money wages as worthy of consideration. Indeed, in our environment of chronic inflation, prices that actually do fall are relatively rare. Nevertheless, the only thing that can explain a rise in real wages throughout the economic system is a fall in prices relative to wages. And the only thing that achieves this is an increase in production per worker. More production per worker — a higher productivity of labor — serves to increase the supply of goods and services produced relative to the supply of labor that produces them. In this way, it reduces prices relative to wages and thereby raises real wages and the general standard of living. What raises money wages throughout the economic system is not what is responsible for the rise in real wages. Increases in money wages are essentially the result just of the increase in the quantity of money and resulting increase in the overall volume of spending in the economic system. In the absence of a rising productivity of labor, the increase in money and spending would operate to raise prices by as much or more than it raised wages. This outcome is prevented only by the fact that at the same time that the quantity of money and volume of spending are increasing, the output per worker is also increasing, with the result that prices rise by less than wages. A fall in prices is still present in the form of prices being lower than they would have been had only an increase in the quantity of money and volume of spending been operative. With relatively minor exceptions, real wages throughout the economic system simply do not rise from the side of higher money wages. Essentially, they rise only from the side of a greater supply of goods and services relative to the supply of labor and thus from prices being lower relative to wages. The truth is that the means by which the standard of living of the individual wage earner and the individual businessman and capitalist is increased, and the means by which that of the average wage earner in the economic system is increased, are very different. For the individual, it is the earning of more money. For the average wage earner in the economic system, it is the payment of lower prices. What this discussion shows is that the increase in money wages that labor unions seek is not at all the source of rising real wages and that the source of rising real wages is in fact a rising productivity of labor, which always operates from the side of falling prices, not rising money wages. Indeed, the efforts of labor unions to raise money wages are profoundly opposed to the goal of raising real wages and the standard of living. When the unions seek to raise the standard of living of their members by means of raising their money wages, their policy inevitably comes down to an attempt to make the labor of their members artificially scarce. That is their only means of raising the wages of their members. The unions do not have much actual power over the demand for labor. But they often achieve considerable power over the supply of labor. And their actual technique for raising wages is to make the supply of labor, at least in the particular industry or occupation that a given union is concerned with, as scarce as possible. Thus, whenever they can, unions attempt to gain control over entry into the labor market. They seek to impose apprenticeship programs, or to have licensing requirements imposed by the government. Such measures are for the purpose of holding down the supply of labor in the field and thereby enabling those fortunate enough to be admitted to it, to earn higher incomes. Even when the unions do not succeed in directly reducing the supply of labor, the imposition of their above-market wage demands still has the effect of reducing the number of jobs offered in the field and thus the supply of labor in the field that is able to find work. The artificial wage increases imposed by the labor unions result in unemployment when above-market wages are imposed throughout the economic system. This situation exists when it is possible for unions to be formed easily. If, as in the present-day United States, all that is required is for a majority of workers in an establishment to decide that they wish to be represented by a union, then the wages imposed by the unions will be effective even in the nonunion fields. Employers in the nonunion fields will feel compelled to offer their workers wages comparable to what the union workers are receiving — indeed, possibly even still higher wages — in order to ensure that they do not unionize. Widespread wage increases closing large numbers of workers out of numerous occupations put extreme pressure on the wage rates of whatever areas of the economic system may still remain open. These limited areas could absorb the overflow of workers from other lines at low enough wage rates. But minimum-wage laws prevent wage rates in these remaining lines from going low enough to absorb these workers. From the perspective of most of those lucky enough to keep their jobs, the most serious consequence of the unions is the holding down or outright reduction of the productivity of labor. With few exceptions, the labor unions openly combat the rise in the productivity of labor. They do so virtually as a matter of principle. They oppose the introduction of labor-saving machinery on the grounds that it causes unemployment. They oppose competition among workers. As Henry Hazlitt pointed out, they force employers to tolerate featherbedding practices, such as the classic requirement that firemen, whose function was to shovel coal on steam locomotives, be retained on diesel locomotives. They impose make-work schemes, such as requiring that pipe delivered to construction sites with screw thread already on it, have its ends cut off and new screw thread cut on the site. They impose narrow work classifications, and require that specialists be employed at a day’s pay to perform work that others could easily do — for example, requiring the employment of a plasterer to repair the incidental damage done to a wall by an electrician, which the electrician himself could easily repair. To anyone who understands the role of the productivity of labor in raising real wages, it should be obvious that the unions’ policy of combating the rise in the productivity of labor renders them in fact a leading enemy of the rise in real wages. However radical this conclusion may seem, however much at odds it is with the prevailing view of the unions as the leading source of the rise in real wages over the last hundred and fifty years or more, the fact is that in combating the rise in the productivity of labor, the unions actively combat the rise in real wages! Far from being responsible for improvements in the standard of living of the average worker, labor unions operate in more or less total ignorance of what actually raises the average worker’s standard of living. In consequence of their ignorance, they are responsible for artificial inequalities in wage rates, for unemployment, and for holding down real wages and the average worker’s standard of living. All of these destructive, antisocial consequences derive from the fact that while individuals increase the money they earn through increasing production and the overall supply of goods and services, thereby reducing prices and raising real wages throughout the economic system, labor unions increase the money paid to their members by exactly the opposite means. They reduce the supply and productivity of labor and so reduce the supply and raise the prices of the goods and services their members help to produce, thereby reducing real wages throughout the economic system.

#### [3] Politics – unions are weak not because of laws against big labor, but because of disapproval of unions involved in politics – aff doesn’t solve

Oren Cass 21 [Oren Cass is the executive director of American Compass and author of The Once and Future Worker: A Vision for the Renewal of Work in America. "American labour unions should stop playing politics," Financial tIMES, https://www.ft.com/content/cf6d837f-4605-4060-8513-38f396bddc7e, accessed 11-30-2021]//anop

This Labor Day, American labour stands not at a crossroads but a dead end. Only 6 per cent of private sector workers in the US are union members, and a high-profile organising push at Amazon failed miserably. The death last month of longtime AFL-CIO president Richard Trumka has rekindled the debate within the labour movement about its priorities. Should the focus be on organising more workers into unions or on political activism that might elect labour-aligned politicians in order to achieve through legislation what unions can no longer secure at the bargaining table? The correct answer is none of the above. The US labour movement’s big problem is that it no longer serves the interests of working-class Americans. Political activism is not an alternative if organising is proving too difficult. Rather, the emphasis on political activism is why organising has become so difficult in the first place. A new survey of workers to be released on Monday by American Compass in partnership with YouGov demonstrates just how badly unions have missed their mark with their focus on partisan politics. Given a list of tasks that a labour organisation could perform, workers ranked politics and social activism last and second to last in importance, giving them together about a tenth of the weight they gave to collective bargaining, benefits and training, and workplace collaboration. Among those who would vote against a union in their own workplace, union involvement in politics was the top concern. One striking consequence of this gap between what workers want and what unions do is that the working class, who should in theory be the target of the labour movement’s efforts, are in practice mostly alienated from it. It is middle and upper-class Democrats who have the most favourable opinions about unions and are enthusiastic about hearing politicians support them, not lower and working-class Americans of any political allegiance. While doubling down on politics runs directly counter to workers’ stated preferences, a strategy of pouring resources into organising in the workplace, or changing the law to make organising easier, is unlikely to fare much better. Just look at the Protecting the Right to Organise Act (known as the PRO Act) which was passed by the House of Representatives in March. Trumka’s successor as AFL-CIO president, Liz Shuler, said the act “is how we reform our woefully outdated labour laws [and] build a better future by empowering workers to organise and bargain”. The PRO Act imposes harsher penalties on employers who threaten and retaliate against employees for supporting a union. The reform itself has merit: employers should be sanctioned if they retaliate against efforts at organising. But the idea that bad employer behaviour is what’s really standing in the way of unions is belied by the evidence. More than two-thirds of workers say they’re not sure why they’re not unionised or have never thought about it; just 2 per cent cite a threat of retaliation by their employer. Likewise, while union involvement in politics was the top reason given for voting against a union, retaliation was the least commonly chosen. Rather than pointing fingers elsewhere, labour reformers need to focus on reforming labour. Opportunities for better bargains abound. For instance, workers express a strong preference for a positive relationship with management, and even for organisations run cooperatively by the two sides, rather than adversarial ones. A better bargain would allow such options, but also require that companies using them allow workers to elect a representative to the company board. Unions could become vital providers of benefits and training for members, as they are in many European countries, even channelling funds from government programmes and employers. But to do this they would need to get out of politics, like other not-for-profit groups. That’s a bargain popular with Americans by enormous margins. And with political spending out of the picture, labour law could also move towards a model known as “sectoral bargaining”, where representatives for workers and employers across an industry work together to establish rules that will govern them, instead of federal regulation. Giving workers more power in the labour market and voice in the workplace would improve their economic outcomes and job satisfaction, improve the competitiveness of companies and enhance civil society. But it requires union leaders and policymakers to listen to them.

#### [4] Productivity – unions kill productivity because it increases input costs which causes unemployment. They don’t resolve inequality – 1945-2000 unemployment and unionization prove and their sources are sketchy.

Richard A. Epstein 20 [Richard A. Epstein, the Peter and Kirsten Bedford Senior Fellow at the Hoover Institution, is the Laurence A. Tisch Professor of Law, New York University Law School, and a senior lecturer at the University of Chicago.. "The Decline Of Unions Is Good News," Hoover Institution, https://www.hoover.org/research/decline-unions-good-news, accessed 11-30-2021]//anop

The United States Department of Labor released a report last week that chronicled the continued decline of the American labor movement in 2019. In our boom economy, more than 2.1 million new jobs were added to the market last year, but the number of unionized workers fell by 170,000. The percentage of union workers, both public and private, fell from 10.5 percent to 10.3 percent, or roughly 14.6 million workers out of 141.7 million. The percentage of unionized workers dipped even lower in the private sector, from about 20 percent in 1983 to 6.2 percent of workers in 2019, a far cry from the 35 percent union membership high mark last seen in 1954. Decline was lower in the public sector, where just over one-third of workers are union members, as a modest increase in state government employees partially offset somewhat larger declines in federal and local unionized workers. This continued trend has elicited howls of protest from union supporters who, of course, want to see an increase in union membership. It has also led several Democratic presidential candidates to make calls to reconfigure labor law. Bernie Sanders wants to double union membership and give federal workers the right to strike, as well as ban at-will contracts of employment, so that any dismissal could be subject to litigation under a “for cause” standard. Not to be outdone, Elizabeth Warren wants to make it illegal for firms to hire permanent replacements for striking workers. They are joined by Pete Buttigieg in demanding a change in federal labor law so that states may no longer pass right-to-work laws that insulate workers from the requirement to pay union dues in unionized firms. All of these new devices are proven job killers. The arguments in favor of unions are also coming from some unexpected sources in academia, where a conservative case has been put forward on the ground that an increase in union membership is needed to combat job insecurity and economic inequality. All of these pro-union critiques miss the basic point that the decline of union power is good news, not bad. That conclusion is driven not by some insidious effort to stifle the welfare of workers, but by the simple and profound point that the greatest protection for workers lies in a competitive economy that opens up more doors than it closes. The only way to achieve that result is by slashing the various restrictions that prevent job formation, as Justin Haskins of the Heartland Institute notes in a recent article at The Hill. The central economic insight is that jobs get created only when there is the prospect of gains from trade. Those gains in turn are maximized by cutting the multitude of regulations and taxes that do nothing more than shrink overall wealth by directing social resources to less productive ends. President Trump is no master of transaction-cost economics, and he has erred in using tariffs as an impediment to foreign trade. But give the devil his due, for on the domestic front he has repealed more regulations than he has imposed and lowered overall tax rates, especially at the corporate level. During the 2016 election, President Obama chided Trump by saying: “He just says, ‘Well, I’m going to negotiate a better deal.’ Well, what, how exactly are you going to negotiate that? What magic wand do you have? And usually the answer is, he doesn’t have an answer.” This snarky remark reveals Obama’s own economic blindness. The gains in question don’t come from any “negotiations.” And they don’t require any “magic wand.” They come from unilateral government decisions that allow for private parties on both sides of a transaction to negotiate better deals for themselves. True to standard classical liberal principles, the market has responded to lower transaction costs with improvements that Obama, as President, could only have dreamed of creating. Overall job growth was 5.53 million jobs between 2007 and 2017. But new job creation has exceeded 7 million in the first three years of the Trump administration. In addition, the sharp decline in manufacturing jobs that started in the late Clinton years and which continued throughout the Obama years has also been reversed. Over 480,000 manufacturing jobs have been added to the economy since Trump took office, compared to the 300,000 manufacturing jobs lost in the eight years under Obama. Happily, the distribution of these jobs has been widespread, causing drops in Hispanic and African unemployment levels to 3.9 percent and 5.5. percent respectively, both new lows. Basic neoclassical theory predicts that regulatory burdens hit lowest paid workers the hardest. Hence, the removal of those burdens gives added pop to their opportunities and to the economy at large. Trump’s domestic labor performance is even better than these numbers suggest. Too many state-level initiatives hurt employment, like raising the minimum wage or imposing foolish legislation such as California’s Assembly Bill 5, which takes aim at the gig economy. The surest way to improve the situation is to repeal these regulations en masse. But progressive prescriptions to strengthen unions cut in exactly the wrong direction. Unions are monopoly institutions that raise wages through collective bargaining, not productivity improvements. The ensuing higher labor costs, higher costs of negotiating collective bargaining agreements, and higher labor market uncertainty all undercut the gains to union workers just as they magnify losses to nonunion employers, as well as to the shareholders, suppliers, and customers of these unionized firms. They also increase the risk of market disruption from strikes, lockouts, or firm bankruptcies whenever unions or employers overplay their hands in negotiation. These net losses in capital values reduce the pension fund values of unionized and nonunionized workers alike. Employers are right to oppose unionization by any means within the law, because any gains for union workers come at the expense of everyone else. Of course, the best way for employers to proceed would be to seek efficiency gains by encouraging employee input into workplace operations—firms are quite willing to pay for good suggestions that lower cost or raise output. But such direct communications between workers and management are blocked by Section 8(a)(2) the National Labor Relations Act (NLRA), which mandates strict separation between workers and firms. This lowers overall productivity and often prevents entry-level employees from rising through the ranks. So what then could justify this inefficient provision? One common argument is that unions help reduce the level of income inequality by offering union members a high living wage, as seen in the golden age of the 1950s. But that argument misfires on several fronts. Those high union wages could not survive in the face of foreign competition or new nonunionized firms. The only way a union can provide gains for its members is to extract some fraction of the profits that firms enjoy when they hold monopoly positions. When tariff barriers are lowered and domestic markets are deregulated, as with the airlines and telecommunications industries, the size of union gains go down. Thus the sharp decline in union membership from 35 percent in both 1945 and 1954 to about 15 percent in 1985 led to no substantial increase in the fraction of wealth earned by the top 10 percent of the economy during that period. However, the income share of the top ten percent rose to about 40 percent over the next 15 years as union membership fell to below 10 percent by 2000. But don’t be fooled—that 5 percent change in union membership cannot drive widespread inequality for the entire population, which is also affected by a rise in the knowledge economy as well as a general aging of the population. The far more powerful distributive effects are likely to be those from nonunion workers whose job prospects within a given firm have been compromised by higher wages to union workers. It is even less clear that the proposals of progressives like Sanders, Warren, and Buttigieg to revamp the labor rules would reverse the decline of unions. Not only is the American labor market more competitive, but the work place is no longer dominated by large industrial assembly lines where workers remain in their same position for years. Today, workforces are far more heterogeneous and labor turnover is far higher. It is therefore much more difficult for a union to organize a common front among workers with divergent interests. Employers, too, have become much more adept at resisting unionization in ways that no set of labor laws can capture. It is no accident that plants are built in states like Tennessee and Mississippi, and that facilities are designed in ways to make it more difficult to picket or shut down. None of these defensive maneuvers would be necessary if, as I have long advocated, firms could post notices announcing that they will not hire union members, as they could do before the passage of the NLRA. Such changes to further weaken unions won’t happen all at once. But turning the clock back to increase union power is not the answer. It will only cripple the very workers whom those actions are intended to help.

nationwide.

### Democracy

#### Government unions turn advantage: they dictate and fuel anti-democratic politics

Sheffield 15 (Carrie Sheffield Contributor Sep 29, 2015, Government Unions Hurt Upward Mobility: What We Can Do About It?, Forbes, <https://www.forbes.com/sites/carriesheffield/2015/09/29/government-unions-hurt-upward-mobility-what-we-can-do-about-it/?sh=10cdcd631b0b)//ww> pbj

We all want to help society’s most disadvantaged. Yet there’s a persistent myth in America that today’s labor unions just fight for the little guy, the lunch pail-toting everyman. However true that may have been a generation ago, today’s face of organized labor is drastically different. Unions of yesteryear were predominantly in the private sector. But since 2009, government union membership surpassed private membership, and their membership looks very different from when it comprised Joe Sixpack and his pals. Government unions, on average, represent skilled, white-collar workers who enjoy generous benefits, sans accountability, courtesy of the hardworking taxpayer. This has profound implications for the upward mobility and fiscal solvency of future generations. It also presents troubling challenges to democracy and sovereignty at all levels of government. My new paper released by the Competitive Enterprise Institute, How Government Unions Undermine Upward Mobility, And What Can Be Done about It, highlights this problem. Today’s government sector workers are generally materially better off and have higher levels of formal education than private sector union members of years past. For example, in 1960, more than 35 percent of all union members had not finished high school and only 2 percent had college degrees. Flash forward to 2013, when 53.6 percent of public sector workers had a bachelor’s, advanced, or professional degree, compared to 34.9 percent of private sector workers, according to the nonpartisan Congressional Research Service (CRS). Blue-collar union guys? Among government employees, think again. A larger share of government workers are employed in “management, professional, and related occupations,” some 56.2 percent in 2013. Compare that to just 37.8 percent of private sector workers, CRS also reports. And even at the same education levels, the Congressional Budget Office found that government workers at high school, bachelor and master's degree levels have higher compensation packages than private sector workers. More talented workers deserve better pay and perks, certainly. But the problem is that government unions wield power over elected officials and the public through collective bargaining and the threat of strikes. This can cripple government services, from schools to transportation to garbage collection. Such a setup ensures that staffing decisions are based on tenure and connections rather than merit, discouraging innovative, aspiring young public servants and, sadly, too often protecting ineffective teachers at the expense of students from the most disadvantaged socioeconomic backgrounds. Even old-school liberals like New York Mayor Fiorello LaGuardia and AFL-CIO President George Meany opposed public sector unions, while strongly supporting unionization in the private sector. That sentiment was shared by President Franklin Delano Roosevelt, the famously liberal president who ushered in massive government expansion. “Meticulous attention should be paid to the special relations and obligations of public servants to the public itself and to the Government,” he cautioned. “The process of collective bargaining, as usually understood, cannot be transplanted into the public service.” Yet unfortunately for taxpayers, government unions donate huge amounts to elected officials who then vote on those expanding benefit packages – much to the detriment of cities like Detroit and Stockton, California, and states like Illinois and New Jersey that are on the brink of fiscal insolvency. This negative feedback loop, along with threat of strikes, undermines the foundations of democracy: how can a sovereign government imperil its own functioning? How can unelected union bosses dictate outcomes to publicly-elected officials? While union political payments skew heavily toward one political party, we have seen some courageous action from both sides of the aisle to tackle these troubling trends, including by Democrats Gina Raimondo in Rhode Island and Rahm Emanuel in Chicago as well as Republicans Scott Walker in Wisconsin and Carl DeMaio in San Diego. Fortunately, there are solutions to help mitigate the power asymmetry between the public and the people hired to serve them. This includes removing pensions, health care benefits, and raises from the collective bargaining table and instead indexing them to inflation. Other reforms include increasing the retirement age for public sector benefits and restricting use of government-collected union dues for collective bargaining only, not politics. With inequality a topic du jour among influential figures, from Janet Yellen to Hillary Clinton and Jeb Bush, government unions play their part in widening the wealth gap between well-connected government workers and the rest of America. As the percentage of government union members increased between 1971 and 2004, the fraction of government union members in the top third of the nation’s income distribution increased by 24 percent, while the proportion of unionists in the bottom third of the distribution declined by 45 percent, according to political scientists Jan Leighley and Jonathan Nagle. Well-meaning thought leaders can no longer ignore the true nature of a unionized government workforce. They can stand up to ensure that students, young public servants, and taxpayers are protected for generations to come.

#### Unions alone aren’t enough – too many confounding variables

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But strikes and union alliances are almost never sufficient to induce a regime transition on their own. Unions, even if successful at mobilizing workers under authoritarian systems or as voters, are not always prodemocratic elements (Valenzuela 1989, Levitsky & Mainwaring 2006). Unions deeply incorporated into populist or Marxist parties can end up inhibiting democratization, even when independent labor organizations are pushing in the opposite direction (Levitsky 2001). Union leaders, when insulated from rank-and-file pressure, can become co-opted by parties or even criminal elements. Whether unions are part of pro- or antidemocratic coalitions can vary across cases and across unions within a country, depending on the instrumental benefits offered to union leaders and members as well as the expected outcomes under different regime types.

#### They say unions decrease right wing populism – turn – conservatives have hijacked pro-union sentiments to promote right-wing populism within unions

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Could it be that conservative and right-wing populist appeals to the working class are more than just vulgar opportunism? This past Labour Day, Conservative Party Leader Erin O’Toole released a video blaming “big government,” “corporate elites” and “bad trade deals” for Canada’s ailing manufacturing and resource sectors, pitching his “Canada First” economic strategy as an alternative. This justifiably worried some on the left. O’Toole, like Premier Doug Ford in Ontario before him, is of course partly cribbing from the Donald Trump playbook, perhaps looking to peel off some votes from disgruntled and displaced workers in Ontario’s growing rustbelt. While union leadership will work to defeat right-populist politicians at the polls, the appeals of Trump, O’Toole and other such politicians should be seen as attempts to by-pass union leadership and speak directly to disgruntled workers. *It’s tempting to write this type of right-wing, supposedly ‘pro-worker’ messaging off as nothing more than electoral opportunism.* We can easily point to the list of harmful policies that Conservatives have implemented or pursued across Canada — free trade, corporate tax cuts, attacks on unions, opposition to minimum wage increases, etc. However, poking holes in the new conservative, pro-worker narrative won’t be enough. Insofar as right-wing politicians who are courting workers’ votes are at least speaking to working-class concerns, the left needs a coherent response. There’s also growing evidence that right-wing overtures to the working class are more than just words. Outfits such as American Compass in the United States are pushing their own brand of pro-worker, ‘family-friendly’ conservative policy agenda. The American populist right is seemingly in the process of shedding the buffoonery and boorishness associated with Trump and attempting to cohere a nominally pro-worker platform. To counter this, we need to clearly differentiate left-wing responses to pressing social and economic issues from those offered by the right. Conservatives can only offer reactionary (and ultimately unworkable) answers to the real problems facing workers. Pro-worker and pro-union conservatives seem oxymoronic, but there’s a growing number of right-wingers who claim they’re supportive of unions and collective bargaining. The average union member today is a woman working in the public sector. However, these workers aren’t who right-wingers target with their rhetoric; conservatives remain fundamentally opposed to public sector unions. Instead, their pro-worker message is tailored to current or former private sector union members, in manufacturing, resources and building trades in particular. These industries and the unions in them have historically been dominated by men and are largely white (though less so now). And although we often associate deindustrialization and manufacturing job loss with white workers, these have also been economically harmful to racialized workers in many regions. For the most part, right populist ‘pro-union’ posturing is directed at ‘free trade,’ accompanied by a heavy dose of China bashing. Of course, China isn’t the only target, as Mexico gets its fair share of vitriol as well. On this front, sections of the labour movement haven’t helped matters. Calling for ‘buy American’ campaigns or to ‘boycott’ Mexican-made vehicles only feeds racism and xenophobia. Such nationalist anti-free trade rhetoric misdiagnoses the problem and offers no credible solution. Chinese workers — or any other workers in the Global South, for that matter — didn’t ‘steal’ Canadian jobs; Canadian and American corporate elites wanted access to cheap labour to solve their profitability crises, and their allies in government delivered. Moreover, the pro-worker right imagines that we can turn back the clock on corporate globalization

and return outsourced or redundant manufacturing jobs. Whether they genuinely believe this or not is anyone’s guess. They are, however, wrong. So long as profit remains the sole criteria for determining what gets produced and where, there will be no ‘re-shoring’ of lost manufacturing jobs. Only public investment in well-paying jobs can solve the growing crisis of a lack of secure employment. There also seems to be a bit of a disconnect between right populist politicians and the new brand of conservative, pro-worker policy wonk. The Trumpist appeal, while directed broadly at workers harmed by corporate globalization, was also calibrated to capitalize on and stoke racist and sexist resentment. Proponents of this right-wing strategy sought to speak to the visceral pain caused by corporate globalization, while separating themselves from the bipartisan forces behind this neoliberal political project. How this brand of politics would relate to unions in practice was always fraught. On the other hand, conservative thinkers, such as Oren Cass and others associated with American Compass, cast their net more broadly. They imagine trade unions as quintessentially conservative institutions of direct democracy, able to replace many functions of the welfare state. Collective bargaining, for such conservatives, potentially offers a way to achieve a fairer economic distribution for private sector workers with less social spending and public intervention. They want to see more benefits attached to employment and a smaller welfare state. (Loss of employer-provided health insurance during the pandemic should be enough to demonstrate the awfulness of this idea.) How pro-union conservatives plan to convince recalcitrant employers of the virtues of collective bargaining is unclear. The social functions that pro-worker conservatives do propose for the welfare state, however, are also revealing. Recently, Cass was involved in debates around the design and rollout of child benefits in the U.S. His proposal — which writer Matt Bruenig provocatively characterized as intentionally designed to starve the poorest kids — would “only go to working households.” This is the same sexist policy design pushed by conservative and neoliberal thinkers for decades. Raising children, according to this logic, isn’t work — or at least not work deserving of income. Only labour market attachment makes people deserving of benefits, apparently. Exclusionary benefit design fits together with American Compass’ broader ‘pro-worker’ agenda: they’re pushing a conservative nostalgia for the old “gender contract” of an economic system made up of male breadwinners with dependent wives and children. Conservatives want to use social policy to push recipients into marriage through work requirements which punish single parents (mostly women). Or, if they can’t do that, they’ll settle for coercing single mothers into low-wage work. Pro-worker, pro-union conservatism is a mirage. Whether they feign concern for displaced manufacturing workers or offer wonkish (and sexist) policy, the right offers no real solutions. Instead, conservatives push a nationalist, patriarchal, anti-public sector fantasy centred on an impossible return to the past to address the pressing needs of the present. The left should know that right-populist conservatives are selling snake oil. But insofar as right-wing fool’s gold might appeal to sections of the working class, we need to confront it head on. Where conservatives care only about select workers in the private sector, the labour movement and the left must represent all workers against the neoliberal policies of free trade, deregulation and austerity. When the right deploys nationalism to distract from the damage done by corporate globalization, the left’s position should be one of unequivocal international solidarity which resists any attempt to frame workers around the world as in competition with one another. The right would starve the poor through slashing at an already threadbare social safety net. The left’s program must be centred on building the welfare state to provide a solid foundation of universal public services and cash transfer programs for all. We need to offer a credible and visionary alternative to both the false promises of conservatives and the expired consensus of neoliberal capitalism and corporate globalization.