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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

#### Inflation is self-correcting and checks back against COVID variant panic – FED inflation policies solve

Hamilton et al. 12/2 [Jesse Hamilton - American journalist working as a reporter at Bloomberg, Olivia Rockeman - Reporter - Economics at Bloomberg News, Steve Matthews – Reporter at Bloomberg, “Fed Trio Echoes Powell on Faster Taper Amid Quickening Inflation”, 12-02-2021, https://www.bloomberg.com/news/articles/2021-12-02/fed-officials-backing-faster-taper-mount-amid-high-inflation?s=09]//pranav

More Federal Reserve officials laid out the case for speeding up the removal of policy support amid higher inflation, adding their voices to the message delivered by Chair Jerome Powell earlier this week.

“I certainly would be supportive of a committee decision to move the end of the taper forward from where people had been expecting it in June,” Governor Randal Quarles, who steps down from the Fed later this month, said Thursday in response to a moderator’s questions after a farewell speech.

Powell told lawmakers this week that officials should consider speeding up the taper of bond buying at their upcoming meeting to wrap it up a few months earlier than initially planned. He cautioned that a new variant of Covid-19 was a threat to the outlook for both employment and inflation, while noting that the risks of elevated price pressures have clearly risen.

Not Fade Away?

The Fed's preferred measure of inflation has stayed elevated for longer than policy makers had expected, though it's forecast to cool next year

The chair’s obvious signal on a potential policy move was unusual just two weeks before a meeting of the Federal Open Market Committee -- he’d usually avoid front-running any decision -- but his colleagues are already lining up in public support.

Quarles’ remarks chimed with comments by Atlanta Fed President Raphael Bostic and and San Francisco’s Mary Daly, who reiterated their view it might be appropriate to scale back Fed asset purchases at a faster pace. Cleveland Fed President Loretta Mester made a similar case during an interview on Bloomberg Television on Wednesday evening.

Central bankers will get an important update on the health of the labor market on Friday at 8:30 a.m. with the November payroll report. Economists polled by Bloomberg forecast unemployment fell to 4.5% and employers added 548,000 new jobs.

Policy makers will weigh that data and a fresh read on consumer prices when they meet Dec. 14-15, when they will debate speeding up the taper. They decided in early November to wind down bond buying by $15 billion a month, which put them on track to wrap up the process around mid-2022.

Mester said she would support ending it in the first quarter or early in the second. Bostic said it could serve the Fed well to complete the taper before the end of the first quarter.

At their meeting, officials will also update quarterly forecasts for the economy as well as their projections for interest rates.

Bostic said that if inflation continued to remain elevated longer than expected next year, the central bank may need to bring forward the date it lifts interest rates from near zero. Forecasts in September showed central bankers evenly split between the need to lift rates next year or in 2023.

“I just saw an OECD projection this morning that suggested that inflation in the U.S. could be above 4% for the year of 2022,” he said, referring to the Organization for Economic Cooperation and Development. “If it is at that kind of level, I think there is going to be a good case to be made that we should be pulling forward more interest-rate increases and perhaps do even more than the one I have penciled in.” He said that he favored a “slow and steady” pace of increases.

#### **Best studies conclude inflation is expected to level out and is transitory – err neg other predictions are based off intuitions and have bad track records.**

Mark Hulbert 10/26 [, Why These Economists Aren't Worried About Inflation. Barrons (10-26-2021) https://www.barrons.com/articles/inflation-economists-51635264860?tesla=y]//anop

The consumer price index is likely to rise next year by about 3%—and perhaps even less. If so, of course, inflation in 2022 could be much less the 5.4% rate at which the CPI has risen over the past 12 months. This rosy projection comes from the inflation models that have the best historical track records, according to a new study. Focusing on the models with the best track records would seem to be an obvious approach to the debate over whether inflation’s recent spike is transitory. But surprisingly few commentators have done so. Many appear to have instead based their projections on little more than intuitions and hunches, picking and choosing among the myriad pieces of available economic data and anecdotal evidence to find what supports their prior beliefs. Their approach, in effect, is: “Here’s the conclusion on which I will base my facts.” The new study that instead focuses on historical track records is written by two economists at the Cleveland Federal Reserve Bank, Randal Verbrugge and Saeed Zaman. Their study is entitled “Whose Inflation Expectations Best Predict Inflation”? (Note that the conclusions of their study are theirs, they write, “and not necessarily those of the Federal Reserve Bank of Cleveland or the Board of Governors of the Federal Reserve System.”) After studying a number of competing models, the economists found that the models based on the forecasts of “professional economists and businesses have tended to provide more accurate predictions of future inflation than the [models based on] expectations of households and of financial market participants.” That’s good news because households are among those who currently believe that inflation’s recent spike will be more than transitory. Consider the University of Michigan’s Survey of Consumers, which finds that consumers on average expect the CPI to rise 4.7% over the coming year. That’s only slightly below the 5.4% rate at which the CPI has risen over the trailing year. In contrast, consider the much lower projections of three models that are based on the forecasts of professional economists and businesses: The quarterly survey of 36 professional economic forecasters conducted by the Philadelphia Fed. Their latest median forecast for the CPI’s increase in 2022 is 2.4%—barely half that of consumers’ expectations. Wolters Kluwer Blue Chip. The median of their 2022 CPI forecasts is for an increase of 3.3%. That’s higher than in the Philadelphia Fed’s survey, but still a lot lower than the CPI’s trailing 12-month increase. The Atlanta Fed each month surveys approximately 300 businesses in the Southeast U.S., asking for their inflation expectations for the subsequent year. The consensus expectation in the latest such survey is an increase of 3.1%. The average of these three projections is below 3%. In an email, Dr. Zaman mentioned another inflation model whose record in their study was almost as good. This additional model, which was devised a number of years ago by the Cleveland Fed, has a number of inputs, including Treasury yields, surveys of professional forecasters, and inflation swaps (derivatives in which one party to the transaction agrees to swap fixed payments in return for payments tied to the inflation rate). This model is currently forecasting that the CPI over the next 12 months will rise 1.8%. There’s no guarantee that any of these models’ projections will be accurate, needless to say. But if you believe that inflation will be much higher, the burden of proof is on you to both codify the model on which your belief is based and document that it has a superior historical record*. It’s not good enough simply to refer to potentially inflationary factors like supply-chain bottlenecks , higher energy prices, increased government borrowing, or the (hopefully) imminent end of pandemic-induced dampers on economic activity*. Those factors are also being taken into account by the professional economists, forecasters, and businesses whose median projections came out ahead in this new study’s performance ranking. And yet they, on balance, are still in the “inflation is transitory” camp. What about the “break-even inflation rate“—the inflation model that is referred to most often in the financial press? It measures the difference between the yields on nominal Treasuries and those of Treasury inflation-protected securities, or TIPS, of similar maturities. It’s referred to as the break-even rate because it is the future inflation rate that would mean the total return from investing in TIPS today would be identical to that from buying nominal Treasuries. But, as Dr. Verbrugge said in an email, “Breakevens are notoriously poor predictors [of inflation], compared to these other measures” that their study found to have decent track records.

#### The plan spurs persistent inflation – unions realize they are disenfranchised but have a unique opportunity to rebuild into disruptive strikes.

Liz Peek 21 [Liz Peek is a former partner of major bracket Wall Street firm Wertheim & Company, Biden's Big Labor policies will create next round of inflation. The Hill. (10-22-2021) https://thehill.com/opinion/finance/577933-bidens-big-labor-policies-will-create-next-round-of-inflation]//anop

Americans blame President Biden for rising inflation; it could get worse. The administration’s big-spending policies and inability to cure our supply chain woes have driven prices higher. In addition, Biden’s generous handouts and vaccine mandates have pushed workers to the sidelines, making it difficult to fill jobs and raising costs even further. But it is Biden’s enthusiasm for Big Labor that is going to make matters worse. We are now entering a new phase of inflation pressures. A rising cost of living is pushing workers to demand higher wages, which in turn prompts companies to raise prices even more, igniting an unholy cycle that penalizes everyone. ADVERTISEMENT Unions, cheered on by Biden’s White House, have decided to take advantage of this moment. Labor strikes are on the increase, which will lead to higher wages, take workers offline and make it even harder to get goods to customers. Those bare shelves popping up around the country may just be a teaser for what comes next. A wage-price spiral is the phenomenon that causes inflation to become “*persistent” and not “transitory*.” This is what Democrats will bring to the 2022 midterm elections. A recent Morning Consult/Politico poll found that 62 percent of registered voters, including 61 percent of independents and even 41 percent of Democrats, blame Biden’s policies for soaring inflation. With prices rising at the fastest rate in 13 years, less than half of those surveyed attribute the increase to Americans returning to pre-pandemic behavior. Though the policies that contributed to price hikes on everything from rents to gasoline to chicken were not specified in this poll, other surveys have found voters pinning rising inflation on Democrats’ big spending programs, such as the $1.9 trillion American Rescue Plan. That is one reason (along with a healthy survival instinct) that moderate Democrats are now slow-walking Biden’s $3.5 trillion “social infrastructure” bill. Transportation Secretary Pete Buttigieg acknowledged the connection the other day, when he shirked responsibility for port delays and trucker shortages by arguing that we don’t have just a supply problem but also a demand problem. Buttigieg is correct. With Congress authorizing an unprecedented $5 trillion in “relief” spending over the past two years and with the Federal Reserve pumping trillions into the money supply, the country is awash with money. Put most simply, there is too much money chasing too few goods. As a consequence, prices in September rose 5.4 percent from the year before, faster that the growth in wages, which increased 4.6 percent. Over the past year, real average hourly wages are down almost one percent. Workers are falling behind, and they know it. Unions have taken notice and decided that this is the time to begin rebuilding their ranks among private companies. Only 6.3 percent of private-sector workers today belong to unions, a massive drop from 12 percent in 1990. Clearly, labor leaders would like to reverse that trend. With the nation short of workers, this may be the perfect time to do so. Just recently, 10,000 United Auto Workers at tractor manufacturer John Deere went out on strike for the first time in three decades, while 31,000 employees at Kaiser Permanente are also staging a walkout. Some 1,400 workers at cereal-maker Kellogg are striking. All in, there have been 12 strikes of 1,000 workers or more so far this year, according to the Bureau of Labor Statistics, and a total of 178 work stoppages. Those figures are way above 2020 totals, but about the same as in 2018 and 2019. My guess: We’re in the early innings. Workers are aware that they have leverage, and union leaders know there is a pro-Big Labor president in the White House. Early in his tenure, Biden posted a message about workers’ right to organize and the virtues of collective bargaining on Twitter that many saw as encouraging employees at an Amazon facility in Alabama to vote in favor of forming a union. It was an unprecedented intrusion by a president into such contests. As it happened, Biden’s push failed when workers overwhelmingly defeated the organizing effort. President Biden has gone further, inserting into his stimulus bills pro-union items like making union dues deductible and requiring that federal funds flow predominantly to union shops. As important, he has packed the National Labor Relations Board with former union lawyers committed to advancing the cause. Politico reports that the agency’s expected rulings could “serve as a backdoor for enacting provisions … that would vastly expand workers’ ability to join unions in potentially the most important overhaul of U.S. labor law since the 1940s.” Organizing gig workers is one of the new board's top ambitions. The Los Angeles Times affirms: “Biden has put unions at the center of policy — viewing them as vehicles not only to rebuild middle-class jobs but also to address climate change and racial and gender inequity.” The John Deere workers rejected a contract that would have awarded raises of 5 percent to 6 percent and offered another 3 percent wage hike in 2023 and 2025. Deere’s employees are emboldened by the company’s current profitability and the struggle to hire new employees. Most likely, workers elsewhere will follow suit. We have not seen a wave of disruptive labor strikes for many years. For the past two decades globalization put a lid on the demands of workers who were wary of shipping jobs overseas, and the Great Recession crimped corporate profits. ADVERTISEMENT White House 'confident' Manchin will back reconciliation framework Only 35 percent say US economy doing well: poll Biden’s pro-union efforts could win back some of those blue-collar workers who defected to Donald Trump in 2016, but the president’s encouragement of Big Labor will surely lead to higher wages. Those pay hikes will spur even higher inflation; it will be hard to stop the merry-go-round. It will also be hard for Biden and his fellow Democrats to escape responsibility for what many voters consider the country’s number one problem: inflation.

#### Excess inflation causes collapse – destroys savings of millions of households.

Jo Harper 21 [Jo Harper is a freelance British journalist based in Warsaw, writing for the BBC, Politico, Deutsche Welle and others. How big a threat is inflation? – DW – 07/30/2021. dw (7-30-2021) https://beta.dw.com/en/how-big-a-threat-is-inflation/a-58653487]//anop

Many economists advocate a middle-ground of low to moderate inflation of around 2% per year. When inflation breaches that figure some benefit and others lose out. Inflation is usually considered a problem when it goes above 5%, Brigitte Granville, a professor of economics at Queen Mary University, London, told DW. If inflation causes a currency to decline, then it can benefit exporters by making their goods more affordable when priced in other currencies. People with assets that are priced in a particular currency, like property or commodities, may like to see some inflation as that raises the price of their assets. Inflation can also increase profit margins and reduce debt in real terms. It can benefit borrowers because the inflation-adjusted value of their outstanding debts shrinks. However, higher inflation tends to harm savers as it erodes the purchasing power of the money they have saved. People holding assets denominated in currency, such as cash or bonds, may also not like inflation, as it erodes the real value of their holdings. Moreover, if central banks felt obliged to tighten monetary policy to check rising prices, it could cause a sharp correction in financial markets, which have been pumped up by a decade of QE-style liquidity injections. "Millions of middle-class households which have been placing increasing proportions of their savings in mutual funds invested in equities would suffer," Granville says. However, inflation of 3% or 4% could be positive for many economies at the moment. There are economists who argue strongly that it would reduce the debt overhang in real terms, for example.

#### Recuperating growth is key to international cooperation to solve multiple existential threats

Haass 17 [Richard Haass, President of the Council on Foreign Relations, previously served as Director of Policy Planning for the US State Department (2001-2003), and was President George W. Bush's special envoy to Northern Ireland and Coordinator for the Future of Afghanistan.] “A World in Disarray: American Foreign Policy and the Crisis of the Old Order” published January 10, 2017

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