# Topic Overview

## Background

### History of US-EU Trade: WW2 -> Pandemic

#### From Marshall Plan to Mutual Growth (1945-1970s):

In the aftermath of WWII, Europe lay devastated. The visionary Marshall Plan, a US-funded program, pumped billions of dollars into rebuilding European economies. This not only fostered European recovery but also created a massive market for American goods. The General Agreement on Tariffs and Trade (GATT), established in 1947, further facilitated trade liberalization, laying the groundwork for a more open global trading system.

Fueled by cheap energy and a focus on mass production, both the US and Europe experienced unprecedented economic growth during this period. Trade flourished, with Europe exporting manufactured goods and the US supplying raw materials and capital.

#### The Rise of Regional Blocs and Growing Tensions (1970s-1990s):

The idyllic post-war period wasn't without its cracks. The 1970s saw the rise of regional blocs like the European Economic Community (EEC), later to become the European Union (EU). While promoting internal trade, the EEC also implemented protectionist measures, raising concerns in the US about unfair competition.

Further complicating matters was the 1973 oil crisis, which exposed the vulnerability of both economies to external shocks. The subsequent stagflation (stagnant growth with high inflation) tested the commitment to free trade. Disagreements arose over agricultural subsidies and industrial policies, leading to the first trade disputes being settled through the GATT dispute settlement process.

#### The Era of Free Trade Agreements and Challenges (1990s-2008):

The collapse of the Soviet Union ushered in a renewed focus on transatlantic cooperation. The North American Free Trade Agreement (NAFTA) in 1994 signaled a shift towards larger trade blocs. Negotiations for a comprehensive US-EU Free Trade Area of the Americas (FTAA) began, though ultimately failed.

Despite the setback, the period saw the establishment of the World Trade Organization (WTO) in 1995, succeeding GATT and providing a more robust framework for international trade. However, trade disputes continued over issues like steel imports and genetically modified organisms (GMOs).

#### The 2008 Financial Crisis and the Rise of New Players (2008-2020):

The 2008 financial crisis deeply impacted both the US and EU economies. The subsequent Eurozone crisis further strained the relationship. The US accused Europe of protectionism, while Europe criticized the US for its quantitative easing policies.

Meanwhile, the rise of China as a major trading power added a new dimension to the equation. The US-EU partnership, once the cornerstone of the global trading system, faced challenges from emerging economies with different priorities.

### Current Dynamics of EU-US Trade

#### Pandemic Pressures and Disrupted Flows:

The initial response to the pandemic saw a dip in transatlantic trade as lockdowns and travel restrictions disrupted supply chains. Both the US and EU implemented protectionist measures to secure essential medical supplies, raising concerns about a return to isolationism.

However, as economies adapted, trade rebounded, with goods trade reaching record highs in 2021. Notably, US exports of services to the EU, particularly in finance and technology sectors, continued to show strong growth.

#### The Ukraine War: A New Layer of Complexity:

The war in Ukraine has cast a long shadow on the US-EU trade relationship. Sanctions imposed on Russia by both sides have disrupted traditional trade flows, with energy being a major concern. The EU, heavily reliant on Russian energy imports, is scrambling for alternative sources, potentially creating new trade opportunities for US energy producers.

The war in Ukraine has also highlighted the strategic importance of a strong US-EU partnership. Both sides recognize the need to diversify supply chains and lessen dependence on unreliable partners. There might be renewed impetus for cooperation on issues like trade in critical minerals and technologies.

#### Pre-existing Tensions Remain:

Despite the new challenges, pre-existing tensions over trade issues persist. Disagreements regarding agricultural subsidies, digital taxation, and industrial policies continue to simmer.

**Agriculture**: The US and EU heavily subsidize their agricultural sectors, leading to accusations of unfair competition. The US dislikes EU restrictions on imports of certain US agricultural products like hormone-treated beef, while the EU criticizes US farm subsidies as distorting global markets.

**Digital Taxation**: The EU wants to tax the digital revenues of large tech companies, many of which are American. The US argues this unfairly targets its companies and is looking for a broader international agreement on digital taxation.

**Industrial Policy**:Both sides accuse each other of using government subsidies and other measures to favor domestic industries. The US is concerned about China's state-owned enterprises, and the EU worries about US tax breaks for American companies.

**Steel and Aluminum Tariffs**: Imposed by the Trump administration in 2018 on national security grounds, these tariffs remain a source of irritation for the EU, which retaliated with tariffs on US goods.

#### Looking Ahead: Uncertainty and Opportunity

The future of US-EU trade remains uncertain. The pandemic's long-term effects and the evolving situation in Ukraine will continue to shape the landscape. However, amidst the challenges, there might be an opportunity for a more collaborative approach to address shared economic and security concerns. Whether the US and EU can navigate these uncertainties and build a more resilient transatlantic trade partnership will be a story to watch in the coming years.

### Effect of Ukraine War

#### The war in Ukraine has had mixed effects on US-EU trade relations:

#### Strengthened Cooperation:

**Focus on Shared Values**: The invasion has pushed the US and EU closer together due to their shared condemnation of Russia's aggression. This has fostered a sense of unity and a willingness to cooperate on economic issues as well.

**Boost for Ukraine**: The EU has become even more crucial for Ukraine's trade since the war. "Solidarity Lanes" have been established to facilitate Ukrainian exports through Europe, lessening reliance on Russia and strengthening EU-Ukraine trade ties.

**Increased Trade**: Trade between the US and EU has continued largely uninterrupted, and may not be significantly impacted overall.

#### Potential Tensions:

**US Inflation Reduction Act**: The EU is concerned about the US Inflation Reduction Act, which includes subsidies that could favor American companies over European ones. This could lead to trade disputes in the future.

**Economic Strain**: The broader economic effects of the war, like inflation and potential recession, could create friction as both sides grapple with domestic issues. This could lead to more inward-looking economic policies on both sides of the Atlantic.

## Topic Analysis

### ‘Comprehensive’ meaning

#### A trade agreement is considered comprehensive if it goes beyond simply reducing tariffs (taxes on imports) on goods. Here are some key features of a comprehensive trade agreement:

Broader Scope: It covers not just goods, but also services, investment, and intellectual property rights.

Services: This can include areas like banking, finance, telecommunications, and professional services. A comprehensive agreement would aim to reduce barriers for companies in each country to provide services in the other.

Investment: Provisions related to investment typically address issues like expropriation (government seizure of assets) and fair treatment of foreign investors.

Intellectual Property: This includes areas like copyrights, patents, and trademarks. A comprehensive agreement would establish rules for protecting these rights in both countries.

Dispute Settlement: Mechanisms are included for resolving trade disagreements between the signatory countries.

Regulatory Cooperation: This may involve efforts to harmonize or at least coordinate regulations between the countries to make trade smoother.

Labor and Environment: While not always included, some comprehensive agreements may address labor standards and environmental protections.

In contrast, a simpler trade agreement might just focus on reducing tariffs for a specific set of goods. The level of comprehensiveness depends on the countries involved and their negotiating goals.

#### A ‘Comprehensive trade agreement’ is different than a Free Trade Agreement – more holistic

Ministry of Commerce and Industry, No Date (Ministry of Commerce and Industry, Department of Commerce, Government of India, “Frequently Asked Questions, Free Trade Agreements”, <https://www.indiantradeportal.in/vs.jsp?lang=0&id=0,55,288#:~:text=Comprehensive%20Economic%20Cooperation%20Agreement%20(CECA,areas%20including%20IPR%2C%20competition%20etc.)> cg; ad: 5/5/24

Question: How is CECA/CEPA different from FTA? Answer: A Comprehensive Economic Cooperation Agreement (CECA) or a Comprehensive Economic Partnership Agreement (CEPA) is different from a traditional Free Trade Agreement (FTA) on two counts. Firstly, CECA/CEPA are more comprehensive and ambitious than an FTA in terms of coverage of areas and the type of commitments. White a traditional FTA focuses mainly on goods; a CECA/CEPA is more ambitious in terms of holistic coverage of many areas like services, investment, competition, government procurement, disputes, etc. Second, CECA/CEPA looks deeper at the regulatory aspects of trade than an FTA. It is on account of this that it encompasses mutual recognition agreements (MRAs) that cover the regulatory regimes of the partners. An MRA recognizes different regulatory regimes of partners on the presumption that they achieve the same end objectives.

#### What classifies as a ‘comprehensive’ trade agreement for the EU (Canada-EU Treaty)

Vaudano, ’24 (Maxime Vaudano is a journalist for LeMonde focusing on economic issues, LeMonde, “All you need to know about CETA, the controversial EU-Canada trade agreement”, March 21st, 2024, [https://www.lemonde.fr/en/les-decodeurs/article/2024/03/21/all-you-need-to-know-about-ceta-the-controversial-eu-canada-trade-agreement\_6639822\_8.html#](https://www.lemonde.fr/en/les-decodeurs/article/2024/03/21/all-you-need-to-know-about-ceta-the-controversial-eu-canada-trade-agreement_6639822_8.html)) cg

Five years on, the Comprehensive Economic and Trade Agreement (CETA) is back. The controversial trade agreement between the European Union (EU) and Canada has returned to the forefront of public debate, fueled by two current events: As is the case every five years, international trade issues have entered the European election campaign and on Thursday, March 21, the French Sénat is due to vote on ratification of the treaty. In the event of a negative vote, the future of the agreement would be seriously compromised. What is CETA? It is a free trade treaty between the EU and Canada. This dry 2,344-page bill is difficult for non-specialists to understand, but it essentially provides for three types of measures: a reduction in customs duties, previously applied to certain products and services, to stimulate their circulation between the two sides; a reduction in regulations that indirectly hinder trade (known as "non-tariff barriers"), through a gradual convergence of standards and an elimination of protectionist measures; a special tribunal accessible to European companies investing in Canada (and vice versa), whose goal is to encourage them to invest on both sides of the Atlantic.

#### What classifies as a ‘comprehensive’ trade agreement for the US – (Vietnam Trade Agreement)

U.S. MISSION VIETNAM, No Date (U.S. Embassy & Consulate in Vietnam, No Date Given, “THE U.S.-VIETNAM BILATERAL TRADE AGREEMENT (BTA)”, <https://vn.usembassy.gov/the-u-s-vietnam-bilateral-trade-agreement-bta-resources-for-understanding/>) cg; ad: 5/5/24

The U.S.-Vietnam Bilateral Trade Agreement (BTA) is a comprehensive document covering trade in goods, protection of intellectual property rights, trade in services, investment protection, business facilitation and transparency. The 140-page agreement, which took almost five years to negotiate and put into effect, is highly-technical and was written to accord with World Trade Organization (WTO) and other international trade and investment principles. The BTA can basically be summarized as a commitment by both sides to create necessary conditions for the products, businesses and nationals of the other side to have fair access to compete in the other’s markets. When the BTA went into effect on December 10, 2001, the U.S. immediately provided Vietnam’s goods and companies access to the U.S. market — a market that represents nearly a third of world GDP — on the same basis it grants to other countries with which it has normal trade relations. Among other things, this means Vietnam’s products are now assessed much lower tariffs — dropping from an average of 40 percent to an average of three percent — when they enter the U.S. For Vietnam’s part, Vietnam has committed to reform its trade and investment regime to provide a much more level and fair “playing field” for U.S. companies and products in Vietnam. In many cases, Vietnam’s commitments are phased in over a number of years in recognition of the transitional state of Vietnam’s economy and the significant reforms necessary to bring its regulatory regime into compliance with international norms.

### List of Current US Trade Agreements

#### The US currently has comprehensive bilateral trade agreements with 20 countries. Those are:

**Australia Free Trade Agreement** (AUFTA): Eliminated most tariffs on goods traded between the US and Australia, and addressed issues like intellectual property rights, services trade, and government procurement.

**Bahrain Free Trade Agreement** (BHFTA): Reduced tariffs and barriers on a wide range of goods and services, with a focus on promoting investment and cooperation in areas like intellectual property and electronic commerce.

Canada & Mexico (USMCA): **The United States-Mexico-Canada Agreement** (USMCA) updates and replaces the North American Free Trade Agreement (NAFTA). It aims to facilitate smoother trade between the three countries, addressing areas like digital trade, labor rights, and intellectual property.

**Chile Free Trade Agreement** (CLFTA): Pioneered a comprehensive FTA for the US in the Americas. It significantly reduced tariffs and barriers to trade in goods and services, and established mechanisms for resolving trade disputes.

**Colombia Trade Promotion Agreement** (CTPA): Focused on eliminating tariffs and other trade barriers, promoting agricultural trade, and strengthening intellectual property rights protection.

Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras (CAFTA-DR): **The Dominican Republic-Central America Free Trade Agreement** (CAFTA-DR) encompasses multiple Central American countries. It reduces tariffs and promotes trade in goods and services, with provisions for investment, intellectual property rights, and labor.

**Israel Free Trade Agreement** (ILFTA): Eliminated most tariffs on goods traded between the US and Israel, and addressed areas like services trade, government procurement, and intellectual property rights.

**Jordan Free Trade Agreement** (JOFTA): Similar to ILFTA, JOFTA reduces tariffs and promotes trade in goods and services between the US and Jordan. It also addresses intellectual property rights and government procurement.

**Korea Free Trade Agreement** (KORUS): This agreement focuses on tariff reduction, opening markets for services, and strengthening intellectual property protections in both countries.

**Morocco Free Trade Agreement** (MAFTA): Aims to eliminate tariffs on most goods traded between the US and Morocco, and promotes cooperation in areas like services trade, investment, and intellectual property rights.

Nicaragua (part of CAFTA-DR): See CAFTA-DR description above.

**Oman Free Trade Agreement** (OMFTA): Reduces tariffs and promotes trade in goods and services between the US and Oman. It also addresses investment, intellectual property rights, and government procurement.

**Panama Trade Promotion Agreement** (PATPA): Similar to CAFTA-DR and Colombia's CTPA, PATPA reduces tariffs and promotes trade in goods and services between the US and Panama.

**Peru Trade Promotion Agreement** (PETPA): Eliminates tariffs on most goods traded between the US and Peru, and promotes cooperation in areas like services trade, investment, and intellectual property rights.

**Singapore Free Trade Agreement** (SGFTA): This agreement focuses on eliminating tariffs and barriers to trade in goods and services, with strong provisions for investment, intellectual property rights, and government procurement.

### List of EU Trade Agreements

#### See below:

|  |  |  |
| --- | --- | --- |
| **Country (Region)** | **Agreement** | **Status** |
| **Stabilisation and Association Agreements (Western Balkans)** |  |  |
| Albania | Stabilisation and Association Agreement | In force since 2009 |
| Bosnia and Herzegovina | Stabilisation and Association Agreement | In force since 2015 |
| Kosovo\* | Stabilisation and Association Agreement | In force since 2016 |
| Montenegro | Stabilisation and Association Agreement | In force since 2010 |
| North Macedonia | Stabilisation and Association Agreement | In force since 2004 |
| Serbia | Stabilisation and Association Agreement | In force since 2013 |
| **Association Agreements** |  |  |
| Algeria | Association Agreement | In force since 2005 |
| Armenia | Comprehensive and Enhanced Partnership Agreement | Provisionally applied since June 2018 |
| Azerbaijan | Partnership and Cooperation Agreement | In force since 1999 |
| Chile | Association Agreement and Additional Protocol | In force since 2003 |
| Egypt | Association Agreement | In force since 2004 |
| Georgia | Association Agreement | In force since 2016 |
| Iceland | Economic Area Agreement | In force since 1994 |
| Israel | Association Agreement | In force since 2000 |
| Jordan | Association Agreement | In force since 2002 |
| Lebanon | Association Agreement | In force since 2006 |
| Liechtenstein | Economic Area Agreement | In force since 1995 |
| Moldova | Association Agreement | In force since 2016 |
| Morocco | Association Agreement | In force since 2000 |
| Norway | Economic Area Agreement | In force since 1994 |
| Palestinian Authority | Interim Association Agreement | In force since 1997 |
| San Marino | Customs union | In force since 1991 |
| Singapore | Free Trade Agreement | In force since 2019 |
| South Korea | Free Trade Agreement | In force since 2015 |
| Switzerland | Agreement | In force since 1973 |
| Türkiye | Customs union | In force since 1995 |
| Tunisia | Association Agreement | In force since 1998 |
| Ukraine | Deep and Comprehensive Free Trade Agreement | Provisionally applied since 2016 |
| **Economic Partnership Agreements (EPAs)** |  |  |
| Antigua and Barbuda (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Bahamas (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Barbados (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Belize (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Botswana (SADC) | Economic Partnership Agreement | Provisionally applied since 2016 |
| Cameroon (Central Africa) | Interim Economic Partnership Agreement | Provisionally applied since 2014 |
| Comoros (ESA) | Interim Economic Partnership Agreement | Provisionally applied since 2019 |
| Costa Rica (Central America) | Association Agreement with a strong trade component | Provisionally applied since 2013 |
| Côte d'Ivoire (West Africa) | Stepping stone Economic Partnership Agreement | Provisionally applied since 2016 |
| Dominica (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Dominican Republic (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Eswatini (SADC) | Economic Partnership Agreement | Provisionally applied since 2016 |
| Fiji (Pacific) | Interim Partnership Agreement | Provisionally applied since 2014 |
| Grenada (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Guatemala (Central America) | Association Agreement with a strong trade component | Provisionally applied since 2013 |
| Guyana (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Honduras (Central America) | Association Agreement with a strong trade component | Provisionally applied since 2013 |
| Jamaica (CARIFORUM) | Economic Partnership Agreement | Provisionally applied since 2008 |
| Lesotho (SADC) | Economic Partnership Agreement | Provisionally applied since 2016 |

# Affirmative

## Overview

### Energy Crises

#### The war in Ukraine has dramatically highlighted the European Union's vulnerability to a single source for energy imports. Prior to the conflict, Russia supplied a significant portion of the EU's natural gas needs. However, with sanctions imposed and ongoing hostilities, the EU is scrambling to diversify its energy sources. This presents a critical opportunity for the US to become a major energy supplier for Europe.

#### A comprehensive US-EU trade agreement could facilitate a major shift in the energy landscape. It could streamline regulations for the export of liquefied natural gas (LNG) from the US to Europe, enabling increased trade flows and alleviating Europe's dependence on Russia. This would not only bolster European energy security but also provide a significant boost to the US energy sector, creating jobs and contributing to economic growth.

### Renewables

#### Expanded trade between the US and EU can play a crucial role in solidifying the market for renewable energy technologies. A trade agreement could streamline regulations and standards for renewable energy equipment, facilitating easier trade flows and promoting investment in clean energy solutions. This would create a larger and more robust market for renewable energy companies on both sides of the Atlantic, accelerating innovation and driving down costs.

#### Furthermore, a combined US-EU market for renewables could have a significant impact on setting global standards. Both the US and EU have taken leading roles in promoting renewable energy policies and regulations. By working together, they could establish robust international standards for clean energy technology, ensuring its safety, efficiency, and sustainability. This would not only benefit the US and EU but also encourage other countries to adopt clean energy solutions, propelling the global transition towards a greener future.

### EU Tech Leadership

#### The rapid rise of China as a technological powerhouse presents a significant challenge to both the US and the EU. China's investments in artificial intelligence (AI), quantum computing, and semiconductors have raised concerns about its potential to dominate these critical sectors. A US-EU trade agreement could be a powerful tool to counter this threat.

#### By fostering cooperation in research and development, the US and EU could create a combined force that outpaces China. Streamlined trade regulations would enable the seamless flow of technology between the two regions, facilitating collaboration across borders. This would foster a vibrant transatlantic tech ecosystem, where innovation thrives and cutting-edge advancements happen at a rapid pace.

#### Furthermore, the combined weight of the US and EU in the global marketplace could influence the development of robust international standards for responsible technological advancement. The EU is a leader in data privacy regulations and consumer protection. A trade deal could encourage the US to adopt stricter regulations, ensuring responsible data use and a focus on ethical technology development. This combined approach could then be used to set global standards, ensuring that technological progress benefits humankind while safeguarding privacy and security.

### NATO

#### Expanded trade between the US and EU can have significant benefits that extend beyond the economic sphere. An increase in economic interdependence would foster a more solidified relationship across the Atlantic, strengthening the transatlantic security alliance – NATO. As trade flourishes and economic ties deepen, a sense of shared prosperity would create a stronger incentive for both sides to collaborate on security issues.

#### This economic partnership could also help address critical concerns within NATO regarding burden-sharing. Currently, the US shoulders a significant portion of the alliance's military spending. By promoting economic growth in Europe and strengthening the EU's economic standing, a trade agreement could encourage increased European investment in defense capabilities. This would allow for a more balanced distribution of the financial burden and a more robust overall NATO posture.

### Protectionism

#### In a world witnessing a rise in protectionist tendencies, a US-EU trade agreement could be a powerful message in favor of open markets and international cooperation. This deal would send a clear signal that the two largest economies in the world are committed to free trade and believe in its benefits for global economic growth and prosperity.

#### Such a move could have a ripple effect, encouraging other countries to adopt open trade policies and resist protectionist measures. This would foster a more stable and predictable global trading environment, benefiting businesses and consumers worldwide.

## Case Contentions

### Observation – Cost-Benefit Analysis

#### We stand in [affirmation/negation] that *Resolved: The United States should establish a comprehensive bilateral trade agreement with the European Union*.

#### We think you should evaluate this debate through cost-benefit analysis

#### ‘United States Should’ in the resolution calls for debate on hypothetical government action

**Ericson, ‘3** (Jon M., Dean Emeritus of the College of Liberal Arts – California Polytechnic U., et al., The Debater’s Guide, Third Edition, p. 4) cg

The Proposition of Policy: Urging Future Action In policy propositions, each topic contains certain key elements, although they have slightly different functions from comparable elements of value-oriented propositions. 1. An agent doing the acting ---“The United States” in “The United States should adopt a policy of free trade.” Like the object of evaluation in a proposition of value, the agent is the subject of the sentence. 2. The verb should—the first part of a verb phrase that urges action. 3. An action verb to follow should in the should-verb combination. For example, should adopt here means to put a program or policy into action though governmental means. 4. A specification of directions or a limitation of the action desired. The phrase free trade, for example, gives direction and limits to the topic, which would, for example, eliminate consideration of increasing tariffs, discussing diplomatic recognition, or discussing interstate commerce. Propositions of policy deal with future action. Nothing has yet occurred. The entire debate is about whether something ought to occur. What you agree to do, then, when you accept the affirmative side in such a debate is to offer sufficient and compelling reasons for an audience to perform the future action that you propose.

#### Particularly in the context of economic policy– cost-benefit analysis is the only way to come to a sound policy decision

Edge, ’21 (Delaney Edge @ Berkely Public Policy Journal and JD at Vanderbilt, “The Role of Cost-Benefit Analysis in Public Policy Decision-Making”, Berkely Public Policy Journal, <https://bppj.studentorg.berkeley.edu/2021/12/14/the-role-of-cost-benefit-analysis-in-public-policy-decision-making/>) cg; ad: 5/5/24

What is Cost-Benefit Analysis? Cost-Benefit Analysis (CBA) is a process used by governments to make and evaluate public policy through the quantification of consequences. The current scholarship recognizes it as a system used to crudely implement utilitarianism, which claims that actions are only right if they promote happiness or [pleasure](https://www.gutenberg.org/files/11224/11224-h/11224-h.htm). These are used to measure the overall welfare of society–the aggregate sum of the welfare of individuals is measured as the overall welfare of the [population](https://halshs.archives-ouvertes.fr/halshs-00634010/document). Although CBA has important implications on public policy and gives a solid foundation for evaluating possible policy decisions, its hyper-fixation on monetary costs can be problematic for legislating large, diverse, and complex societies. The frequent lack of attention to important factors, such as how welfare is measured and the normative impacts on society, makes it insufficient to be the sole method used to evaluate policies. CBA is a rough process of converting the consequences of a policy into monetary terms to determine that policy’s impact on the overall welfare of the population. It stems from a mix of utilitarianism and consequentialism, which claims that the rightness of an action is evaluated solely by its [consequences](https://doi.org/10.1017/S1358246106058012). CBA is done using ten steps, which are as [follows](http://students.aiu.edu/submissions/profiles/resources/onlineBook/E5V5H3_Cost-benefit%20analysis%20_%202018.pdf): Explain the purpose of CBA Specify the set of alternative policies Specify standing (decide whose costs and benefits count) Identify the impact categories, catalogue them, and select metrics that will be used Predict the impacts of the policies quanitively over the life of the project Revise all impacts in monetary terms (attach dollar values to the consequences) Discount benefits and costs to obtain present values Calculate the net present value of each alternative Perform a sensitive analysis of the options Make a policy recommendation These steps are designed to provide a systematic process that allows policymakers to see if a policy maximizes financial resources and promotes the overall welfare of society. Although not explicitly stated in CBA, an important factor in deciding whether the aggregate sum of welfare is proportional to the costs of a policy is the “value of a statistical life” or VSL. The current VSL ranges between nine and ten million and refers to the amount of money people are willing to pay to save a life or reduce the risk of [death](https://fivethirtyeight.com/features/what-should-the-government-spend-to-save-a-life/). VSL is important to CBA because it is used to evaluate whether the costs of a policy surpass a society’s VSL, or a person’s willingness to pay to implement that policy.

### Contention – Energy Crises

#### Contention ( ) is the European Energy Crises

#### **Russia’s invasion of Ukraine has spiraled the EU into an energy crises and recent US export cuts risk decades of consequences**

Gavin, ’24 (Gabriel Gavin is a reporter for Politico, Politico, “Europe’s new energy risk: Trading Russia for America”, April 2nd 2024, https://www.politico.eu/article/europes-risky-new-energy-reliance/) cg; ad: 5/5/24

Across the pond Since the start of Russia's full-scale invasion of Ukraine two years ago, the EU and the U.K. have raced to replace Moscow's gas — largely delivered via pipelines across the continent — with seaborne shipments of American LNG. Today it's places like Port Arthur rather than Siberia that heat Europe's homes and power-heavy industries, a switch that prevented catastrophe as Russia turned off the taps. That's why Biden's decision to potentially decrease LNG output has rattled European industry, even if the pause — if prolonged after the election — would only be felt in 10 to 15 years. The EuroGas trade association wrote the White House urging a reversal, warning of a return to "record high prices caused by the Russian supply drop.” After the war began, European firms rapidly expanded their port infrastructure and built regasification plants — which turn liquid gas back into a usable form — planning for long-term imports from the U.S. Companies also signed a glut of short-term LNG contracts with U.S. firms — providing flexibility as renewable energy sources proliferate but making it harder to ensure low prices and know where your energy will come from in five or 10 years. "We are not optimistic, but I would say compared to where we were two years ago we are at least in a neutral state," said Torben Brabo, president of Gas Infrastructure Europe, which represents operators and industry across the continent. "If we want to have reliable supplies from the U.S., we need to accept some mid-term contracts." At a major oil and gas conference in Houston last month, energy company bosses including ExxonMobil Vice President John Ardill, whose firm wants to begin drilling for gas in the Eastern Mediterranean, warned Europe that it must become more self-sufficient. "Redirecting liquefied natural gas and building [regasification] terminals are not long-term solutions," he said.

#### US energy supplies to Europe are uniquely key – the alternative ensures coal usage

WorldOil, ’24 (WorldOil is a magazine covering economic news in the oil industry, “Energy trade groups urge Congress to counter Biden’s LNG ban with new legislation”, January 31st 2024, https://worldoil.com/news/2024/1/31/energy-trade-groups-urge-congress-to-counter-biden-s-lng-ban-with-new-legislation/) cg; ad: 5/524

(WO) – Energy Workforce & Technology Council (EWTC) joined the Independent Petroleum Association of America (IPAA), US Oil and Gas Association (USOGA), National Ocean Industries Association (NOIA), Texas Alliance of Energy Producers and Gulf Energy Alliance today in urging Congress to take immediate legislative action to counter the Biden administrations’ recent decision to halt LNG permits. The legislation, “Unlocking our Domestic LNG Potential Act,” was introduced by U.S. Congressman August Pfluger and seeks to place the Federal Energy Regulatory Commission in charge of all LNG export permitting in the United States. “Removing DOE from the process will help to ensure that political maneuvers will not interfere with energy supplies,” wrote the trade associations. “It is vital that Congress send an immediate message to our allies, and enemies, abroad that U.S LNG will continue to flow uninterrupted for many years to come.” The Biden administration’s announcement to pause new non-FTA permits for LNG export facilities threatens to stifle the progress made by the unprecedented ramp-up of the United States’s domestic energy production and the fundamental shift in European energy security. “It is imperative that political calculations do not get in the way of energy policy that benefits the US economy, provides energy security to our allies abroad, and supports lower emissions worldwide,” said Energy Workforce & Technology Council President Tim Tarpley. “In 2022, President Biden stood hand in hand with Europe and pledged to provide Europe with additional US LNG exports. Now, this about face by the Administration stands to negatively impact over 115,000 jobs nationwide and an anticipated loss of over $46 billion in GDP. Congress must act immediately to reverse this decision.” “Plentiful domestic natural gas production as a result of the Shale Revolution made it economical to liquify, transport, and export American natural gas while simultaneously bringing prices down at home," said Independent Petroleum Association of America (IPAA) President & CEO Jeff Eshelman. "It’s IPAA’s view that the Department of Energy restricting LNG exports threatens national security, American jobs and global climate goals. We support Rep. Pfluger’s ‘Unlocking Our Domestic LNG Potential Act’ to rightfully put LNG permitting authority with FERC where it belongs.” “The notion that we need to stop exports to study them is simply not a regulatory requirement. That's tap dancing for a bad policy. Our allies, particularly in Europe, will pay the price for the Department of Energy’s politically motivated decision,” said Kathleen Sgamma, president of Western Energy Alliance. As Germany has proven, if our allies don't have access to U.S. natural gas then they’ll need to burn more coal to keep the power going. Congress should revoke the licensing requirement and get DOE out of the business of gumming up trade, since natural gas export is so obviously beneficial for our country as much as for our allies.”

#### Europe is on the brink now – broader economic recovery is reliant upon stable oil and gas prices

Rizvi, ’24 (Osama Rizvi is an economic and energy analyst with a focus on commodities, macroeconomy, geopolitics, and climate change, EuroNews, “Euroviews. In a recession, out of one, on the brink? Here’s where Europe stands”, last updated 5/2/24, https://www.euronews.com/business/2023/12/01/in-a-recession-out-of-one-or-on-the-brink-heres-where-europe-stands) cg; ad: 5/5/24

With the recent geopolitical tensions, energy prices are expected to remain elevated well into next year. While inflation has tamed a bit it is still way above the five-year moving averages. In the IMF’s latest economic update, it anticipates a slight recovery for the eurozone in 2024, however, as it expects the GDP growth to average 1.5%. This, however, is based on certain assumptions and the most important one is that the oil and gas prices will remain stable and with the ongoing geopolitical conflicts this cannot be assured. Wells Fargo said in its recent note that a recession in the eurozone is “increasingly possible, but not yet inevitable”. They do not expect a rate cut — one of the most important indicators and factors in this debate — until June 2024. On the consumer end, we are not seeing any encouraging spending trend as of today, while retail sales are also down. Mario Draghi, former president of the ECB, also echoed this concern very recently, while the governor of the Belgian Central Bank also agreed that risks are “tilted to the downside when it comes to the eurozone”. Other factors and indicators are also concerning. Recently, the slowdown in eurozone business activity “accelerated” due to weak demand in the services sector and the new orders PMI is now at its lowest level in the last 11 years — or since September 2012. Manufacturing activity shows that new orders fell at the steepest rate since 1997. Some analysts are saying that while the eurozone might be able to avert a full-blown recession, it will still face some “mild bouts” of it. This also forms a good analogy for what many were calling a “rolling recession” in the US. All in all, while the timing of the recession is difficult to predict, one thing that is for sure is that the downside potential to future economic growth of Europe is real. At the same time, a plethora of indicators also suggest that a recession in the largest economy in the world, the US, is also due.

#### Rising energy costs spill over to broader economy for several reasons - intervention now is key

Ambrose, ’24 (Jillian Ambrose, Energy correspondent for The Guardian, April 4th 2024, “Is Europe’s energy crisis over? Falling gas prices conceal wider problems”, The Guardian, https://www.theguardian.com/business/2024/apr/04/is-europes-energy-crisis-over-falling-gas-prices-conceal-wider-problems) cg; ad: 5/5/24

Europe is leaving behind the winter months with gas storage facilities brimming at all-time highs. This abundance of gas has allowed wholesale market prices to tumble, and home energy bills to drift down towards levels last seen before Russia’s full-scale invasion of Ukraine. So after years in the grip of crippling costs for home heating and power is Europe’s energy crisis over? Experts have cautioned that waning gas and electricity markets and falling bills belie a deeper economic hangover that could extend into the next decade. “Is the energy crisis over? No,” says Tomas Marzec-Manser, head of gas analytics at the data provider ICIS. “I would say that we’re managing the crisis. But the wider economic picture has become its own beast.” For more than a decade before the Ukraine invasion of February 2022, Russian pipelines were Europe’s biggest single source of imported gas. After Moscow’s attack these imports plunged by two-thirds from their peak in 2019, causing a market shock that forced wholesale prices to almost 10 times the pre-crisis level. Today there are clear signs that the immediate gas supply crunch that first emerged in the after the pandemic – and escalated after Russia’s war on Ukraine – has begun to show signs of easing. Europe has emerged from its second winter without access to Russian supplies with gas stores at a record 59% full, according to the industry body Gas Infrastructure Europe, thanks to pipeline imports from Norway and seaborne cargoes from the US. Gas stores will be 95% full by the start of September this year, according to ICIS, well above an EU target to fill their facilities to 90% by November. This abundance of gas should mean that market prices will continue to fall. Early forecasts suggest that Europe’s benchmark gas price may tumble to an average €28.32/MWh (£24.28/MWh) through the summer months from April to September, down by more than 17% from the average in summer last year, but still more than double the €11.58/MWh average recorded in the summer of 2019. For electricity markets, benchmark prices are forecast to fall by more than a third from last summer to an average of €63.18/MWh between April and September, the lowest summer reading since 2020. The slump in Europe’s energy markets has already filtered through to homes. In the UK, the regulator Ofgem’s energy price cap, which sets the maximum price that suppliers can charge per unit of gas or electricity, fell by £238 to £1,690 for the typical annual dual-fuel bill earlier this week – its lowest for two years. “But lower prices alone are not enough to articulate the end of the energy crisis,” according to Marzec-Manser. “There’s a wider economic picture to consider.” The recent fall in market prices is in part due to the economic gloom caused by the energy crisis itself, he says. Rising energy bills have triggered inflation across major economies, leading to a cost of living crisis that has slowed consumer demand for new products. This in turn has reduced economic activity across Europe’s industrial heartlands, and has kept a lid on gas demand from heavy industry. Marzec-Manser expects industrial gas demand to remain 20% below pre-pandemic levels this year. “Even though gas is more affordable there is still a diminished demand for products due to the cost of living crisis, which means industrial gas demand has not yet recovered,” he says. A rebound in industrial demand would prevent gas prices from falling to pre-pandemic lows and serve to underline Europe’s growing reliance on more expensive sources of gas. EU countries have typically replaced Russia gas imports with seaborne cargoes of liquified natural gas (LNG), triggering a wave of investments in new import terminals to provide the gas to fuel an economic recovery. Clean energy advocates have urged governments to do more to replace Russian gas imports with homegrown renewable alternatives. But Europe’s weaker market prices may be making it more difficult for clean energy developers to play their part in weaning economies off fossil fuels. Robert Jackson-Stroud, an analyst at ICIS, says many energy buyers have seized the opportunity to lock in lower energy costs by striking long-term deals for renewable energy supplies at discount rates based on the forward curve for wholesale electricity prices. For many developers the cost of building renewable energy projects, including wind and solar farms, has surged amid supply chain inflation triggered by the energy crisis. However, they are still being asked to sell the power they generate based on the weaker energy prices forecast for the years ahead. The weaker market prices and higher supply chain costs also mean that government schemes to support investment in new power projects will become more expensive for the public purse, Jackson-Stroud added. “It’s created a cycle which will echo through for another decade,” he says.

#### That puts at least 100M at a risk for poverty in Europe alone

European Economic and Social Committee, ’23 (European Economic and Social Committee, “EU records highest level of inflation since euro introduction: 96.5 million people at risk of poverty”, July 14th 2023, https://www.eesc.europa.eu/en/news-media/news/eu-records-highest-level-inflation-euro-introduction-965-million-people-risk-poverty) cg; ad: 5/5/24

Inflation in the European Union is at its highest since the euro was introduced. Currently, 96.5 million Europeans are at risk of poverty and social exclusion: these citizens are the most affected by a broad increase in the prices of goods and services, rising energy costs and loss of purchasing power. Bankruptcy declarations in the EU have reached the highest level ever recorded. According to a Eurostat index, the level of bankruptcy in the EU is now 113.1 compared to the benchmark of 100 in 2015. In a recent Eurobarometer survey, 41% of respondents said that prices, inflation and the cost of living were among the biggest problems facing their country, ahead of health (32%) and the economic situation (19%). These are just some of the alarming figures revealed in the EESC opinion drafted by Felipe Medina Martín and adopted at the July plenary session.

#### Ensures environmental destruction, social unrest, and widening inequality

McClennan, ‘21 (Marsh, writing with the SK and Zurich Insurance Groups, Global Professional Services firm, advised by the National University of Singapore, the Oxford Martin School at Oxford University, Wharton Risk Management and Decision Processes Center at the University of Pennsylvania, “The Global Risks Report 2021,” World Economic Forum, https://www3.weforum.org/docs/WEF\_The\_Global\_Risks\_Report\_2021.pdf) cg; ad: 5/5/24

The immediate human and economic cost of COVID-19 is severe. It threatens to scale back years of progress on reducing poverty and inequality and to further weaken social cohesion and global cooperation. Job losses, a widening digital divide, disrupted social interactions, and abrupt shifts in markets could lead to dire consequences and lost opportunities for large parts of the global population. The ramifications—in the form of social unrest, political fragmentation and geopolitical tensions—will shape the effectiveness of our responses to the other key threats of the next decade: cyberattacks, weapons of mass destruction and, most notably, climate change. In the Global Risks Report 2021, we share the results of the latest Global Risks Perception Survey (GRPS), followed by analysis of growing social, economic and industrial divisions, their interconnections, and their implications on our ability to resolve major global risks requiring societal cohesion and global cooperation. We conclude the report with proposals for enhancing resilience, drawing from the lessons of the pandemic as well as historical risk analysis. The key findings of the survey and the analysis are included below. Global risks perceptions Among the highest likelihood risks of the next ten years are extreme weather, climate action failure and human-led environmental damage; as well as digital power concentration, digital inequality and cybersecurity failure. Among the highest impact risks of the next decade, infectious diseases are in the top spot, followed by climate action failure and other environmental risks; as well as weapons of mass destruction, livelihood crises, debt crises and IT infrastructure breakdown. When it comes to the time-horizon within which these risks will become a critical threat to the world, the most imminent threats – those that are most likely in the next two years – include employment and livelihood crises, widespread youth disillusionment, digital inequality, economic stagnation, human-made environmental damage, erosion of societal cohesion, and terrorist attacks. Economic risks feature prominently in the 3-5 year timeframe, including asset bubbles, price instability, commodity shocks and debt crises; followed by geopolitical risks, including interstate relations and conflict, and resource geopolitization. In the 5-10 year horizon, environmental risks such as biodiversity loss, natural resource crises and climate action failure dominate; alongside weapons of mass destruction, adverse effects of technology and collapse of states or multilateral institutions. Economic fragility and societal divisions are set to increase Underlying disparities in healthcare, education, financial stability and technology have led the crisis to disproportionately impact certain groups and countries. Not only has COVID-19 caused more than two million deaths at the time of writing, but the economic and long-term health impacts will continue to have devastating consequences. The pandemic’s economic shockwave—working hours equivalent to 495 million jobs were lost in the second quarter of 2020 alone—will immediately increase inequality, but so can an uneven recovery. Only 28 economies are expected to have grown in 2020. Nearly 60% of respondents to the GRPS identified “infectious diseases” and “livelihood crises” as the top short-term threats to the world. Loss of lives and livelihoods will increase the risk of “social cohesion erosion”, also a critical short-term threat identified in the GRPS.

### Contention – Renewables

#### Contention ( ) is Renewable Energy

#### Widespread adoption of green technology in Europe has been slow due to like of alignment, supply chain restrictions from China, and lack of public investment into foreign technologies

Economist Intelligence Unit, ’23 (The EIU are the research and analysis division of The Economist Group, the sister company to The Economist newspaper. Created in 1946, and have over 70 years’ experience in helping businesses, financial firms and governments to navigate the ever-changing global landscape, “Uneven rise of renewables in Europe”, May 26th 2023, https://www.eiu.com/n/uneven-rise-of-renewables-in-europe/) cg; ad: 5/5/24

The energy crisis in Europe and tightening regulatory standards have boosted efforts to diversify energy-supply sources. This will also allow Europe to make progress towards achieving net-zero emissions by moving away from fossil fuels. In the coming decade, there will be a strong emphasis on increasing renewable-generation capacity in order to achieve this. There are wide regional disparities in the adoption of renewable-energy sources. Large investments are being made in solar power in Spain, and in wind in the North Sea, while France’s historical investments in nuclear energy will limit the take-up of renewable energy. Eastern Europe will find it difficult to reduce its dependence on coal, and we do not expect Germany to meet its 2030 coal phase-out target owing to a delayed decommissioning schedule. These disparities are a source of contention for the EU’s Fit for 55 renewable-energy targets, which pledge to reduce EU emissions by 55% by 2030. Similarly, the REPowerEU investment scheme, which targets 45% renewable-energy generation by 2030, has stalled owing to pushback from east European member states and France. A 42.5% target is now more likely. Nevertheless, about €300bn in EU loans and grants will be directed towards net-zero climate objectives, accelerating the green transition. We expect the 42.5% target to be reached by 2030 on average across the EU, but fossil fuels will remain a significant source of energy for some countries. The per-unit cost of renewable electricity is now cheaper than coal or gas in Europe, but the biggest obstacle remains the European power grid. The electricity grid will need to cope with much higher levels of electricity transmission as electric vehicles, heating systems and industrial processes are increasingly adopted. Ample electricity storage capacity will need to be built to account for power generation intermittency, and vast distances between renewable-power generation and consumption will require new network investment. Geopolitical factors also present a risk for the energy transition. China—which dominates the global supply chain for renewable-energy technology (particularly solar panels and raw materials)—is increasingly being seen as a strategic rival for the EU. Reorienting energy supply chains away from China will be part of the EU’s longer-term “derisking” policy, and is part of the EU’s new proposed Critical Raw Materials Act. However, this will increase input costs and, in turn, risk a slower take-up of green technologies and a more prolonged phase-out of hydrocarbons.

#### **Despite progress made by the TTC, the EU and US have failed to expand trade, especially in regards to renewable energy – only a comprehensive bilateral trade agreement bridges the gap for widespread adoption across the US and Europe**

Khakova & Hedberg, ’23 (Olga Khakova is the deputy director for European energy security at the Atlantic Council’s Global Energy Center, Annika Hedberg is the head of the Sustainable Prosperity for Europe Programme at the European Policy Centre, Atlantic Council, “Policy memo: How the US and EU can advance the green transition along with energy and resource security”, August 7th 2023, https://www.atlanticcouncil.org/blogs/new-atlanticist/policy-memo-ttc-us-eu-green-transition/) cg; ad: 5/524

The need for the United States and the European Union (EU) to collaborate to address growing energy and resource security challenges, the climate emergency, and environmental degradation is more urgent than ever. The deadly heatwaves on both sides of the Atlantic are another reminder of the need for immediate action. However, progress on the US-EU Trade & Technology Council’s (TTC) green agenda has been slow. At the fourth ministerial meeting, which took place in Sweden on May 31, the United States and the EU reiterated their commitment for collaboration. Now, this commitment must be put into action. Building on input received during multiple stakeholder workshops and conversations in the first half of 2023, this policy memo outlines options for how the TTC should work to align climate efforts with joint security and geoeconomic goals, leverage technologies for accelerating the green transition, and secure access to the resources required for making the transition a reality. BACKGROUND The TTC was launched in June 2021 to coordinate approaches to key global technology, economic, and trade challenges, basing its policies on shared democratic values. The TTC has tremendous potential to accelerate the green transition, strengthen transatlantic energy and resource security, and benefit consumers, businesses, and workers. The discussions within the TTC have led to several relevant initiatives. These include efforts to build resilient semiconductor supply chains, cooperate on emerging technologies, and create standards to govern the circular economy. Specific efforts such as the Talent for Growth Task Force and the Transatlantic Initiative on Sustainable Trade, are also advancing these aims. Moreover, the TTC has identified other areas for joint action, including green public procurement, greenhouse gas assessment methodologies, and supply chain traceability. However, overall progress on the TTC’s green agenda has been slow when compared to other workstreams. This is partly explained by capacity constraints and diverging US and EU approaches to aligning the green transition with industrial competitiveness. However, the May meeting in Sweden reinforced the desire for strengthened collaboration, for example, on technology standards, artificial intelligence research, sustainable trade and supply chains, and export controls. The meeting also reaffirmed the role of the Clean Energy Incentives Dialogue in clean energy deployment, supply chain security, workforce development, and finding common ground around clean energy incentives. To capitalize on this, the TTC should become central in helping the United States and the EU step up their joint efforts to address environmental challenges and enhance climate action, as well as energy security, through trade and technology solutions. The platform should help open the transatlantic market for products and services needed to accelerate the green transition.

#### This is key to solve climate change – only solution that offers clean and efficient energy sources, the alternative is planetary extinction by 2050

**Lotzof, ‘23** (Journalist for the The Natural History Museum of London, Kerry Lotzof, “Renewable energy and its importance for tackling climate change,” The Natural History Museum of London, Date Published Found Using Wayback Machine, Available Online: https://www.nhm.ac.uk/discover/renewable-energy.html) cg; ad: 5/5/24

Replacing fossil fuel-reliant power stations with renewable energy sources, such as wind and solar, is a vital part of stabilising climate change and achieving net zero carbon emissions. Professor Magda Titirici, Chair in Sustainable Energy Materials at Imperial College London, offers an introduction to renewable energy and the future of clean, green power in the UK. What is renewable energy? Renewable energy comes from sources that replenish naturally and continually within a human lifetime. Renewable energy is often called sustainable energy. Major sources of renewable energy include solar, wind, hydroelectric, tidal, geothermal and biomass energy, which is derived from burning plant or animal matter and waste. Switching our reliance on fossil fuels to renewable energy sources that produce lower or no greenhouse gas emissions is critically important in tackling the climate crisis. Clean, green or renewable - what's the difference? Clean energy doesn't produce any pollution once installed. Nor does green energy, which comes from natural sources such as the Sun and is produced without any major negative impacts on the environment. Renewable energy refers to sources that are constantly replenished. While there is often overlap between these definitions and most renewable energy sources can also be considered clean and green, it's not always the case. Nuclear energy doesn't release greenhouse gases into the atmosphere, so some people consider it to be clean - providing the radioactive waste is stored safely and doesn't escape into the environment. But the uranium energy source used in nuclear power plants isn't renewable. A coal power plant emitting smoke, steam and carbon dioxide. Fossil fuels such as coal are non-renewable resources. Burning fossil fuels contributes to climate change by releasing greenhouse gases into the atmosphere. What's the difference between renewable and non-renewable energy? Non-renewable energy comes from natural resources such as coal, oil and natural gas that take billions of years to form, which is why we call them fossil fuels. They are present in finite amounts and will run out, as we are using them far more quickly than they form. When will fossil fuels run out? Research based on 2015 data predicts that coal stocks will last well into the next century, but oil and natural gas reserves (stocks that we know we can extract from) will run out in the late 2060s. However, scientific models suggest that if we are to limit global warming to 2°C - the target agreed at COP26 is 1.5°C - over 80% of coal, 50% of gas and 30% of oil reserves will need to be left untouched anyway. When we extract fossil fuels from deep within the planet and burn them, we can generate electricity quite efficiently. But the process releases a lot of carbon dioxide (CO2) into the atmosphere, which contributes to the greenhouse effect, global warming and biodiversity loss. Magda explains, 'Fossil fuels brought with them immense technological progress but using them releases CO2 into the atmosphere, which acts like a blanket, trapping heat that would otherwise escape into space and causing global warming.' Did you know? The energy sector is responsible for almost three-quarters of the emissions that have caused global temperatures to warm by 1.1°C since pre-industrial times. If we continue to use fossil fuels, the effect will only worsen. Magda adds, 'If we want to live on this planet much longer than 2050 and keep temperature levels below the 1.5°C of warming agreed to by governments around the world, we need to make some radical changes right now. We need to move to technologies that will give us the same level and comfort of living but drastically cut our emissions and carbon footprint.'

#### Climate change poses an existential threat to human civilization – we must act now to reverse environmental destruction

Specktor, ‘19 (Brandon Specktor, Senior Writer, "Human Civilization Will Crumble by 2050 If We Don't Stop Climate Change Now, New Paper Claims," Live Science, 6-4-2019, https://www.livescience.com/65633-climate-change-dooms-humans-by-2050.html) cg; ad: 5/5/24

It seems every week there's a scary new report about how man-made climate change is going to cause the collapse of the world's ice sheets, result in the extinction of up to 1 million animal species and — if that wasn't bad enough — make our beer very, very expensive. This week, a new policy paper from an Australian think tank claims that those other reports are slightly off; the risks of climate change are actually much, much worse than anyone can imagine. According to the paper, climate change poses a "near- to mid-term existential threat to human civilization," and there's a good chance society could collapse as soon as 2050 if serious mitigation actions aren't taken in the next decade. Published by the Breakthrough National Centre for Climate Restoration in Melbourne (an independent think tank focused on climate policy) and authored by a climate researcher and a former fossil fuel executive, the paper's central thesis is that climate scientists are too restrained in their predictions of how climate change will affect the planet in the near future. [Top 9 Ways the World Could End] The current climate crisis, they say, is larger and more complex than any humans have ever dealt with before. General climate models — like the one that the United Nations' Panel on Climate Change (IPCC) used in 2018 to predict that a global temperature increase of 3.6 degrees Fahrenheit (2 degrees Celsius) could put hundreds of millions of people at risk — fail to account for the sheer complexity of Earth's many interlinked geological processes; as such, they fail to adequately predict the scale of the potential consequences. The truth, the authors wrote, is probably far worse than any models can fathom. How the world ends What might an accurate worst-case picture of the planet's climate-addled future actually look like, then? The authors provide one particularly grim scenario that begins with world governments "politely ignoring" the advice of scientists and the will of the public to decarbonize the economy (finding alternative energy sources), resulting in a global temperature increase 5.4 F (3 C) by the year 2050. At this point, the world's ice sheets vanish; brutal droughts kill many of the trees in the Amazon rainforest (removing one of the world's largest carbon offsets); and the planet plunges into a feedback loop of ever-hotter, ever-deadlier conditions. "Thirty-five percent of the global land area, and 55 percent of the global population, are subject to more than 20 days a year of lethal heat conditions, beyond the threshold of human survivability," the authors hypothesized. Meanwhile, droughts, floods and wildfires regularly ravage the land. Nearly one-third of the world's land surface turns to desert. Entire ecosystems collapse, beginning with the planet's coral reefs, the rainforest and the Arctic ice sheets. The world's tropics are hit hardest by these new climate extremes, destroying the region's agriculture and turning more than 1 billion people into refugees. This mass movement of refugees — coupled with shrinking coastlines and severe drops in food and water availability — begin to stress the fabric of the world's largest nations, including the United States. Armed conflicts over resources, perhaps culminating in nuclear war, are likely. The result, according to the new paper, is "outright chaos" and perhaps "the end of human global civilization as we know it."

### Contention – EU Tech Leadership

#### Contention ( ) is EU Tech Leadership

#### **Despite the TTC in 2021, US-EU cooperation on technology remains low and faces mounting challenges – only creating a broad, clear framework for trade resolves this misalignment**

Echikson, Lilkov & Riedenstein, ’24 (“Transatlantic Trade and Technology: Partners or Rivals?”, William Echikson is a Non-resident Senior Fellow with the Digital Innovation Initiative and editor of the online tech policy journal Bandwidth at the Center for European Policy Analysis (CEPA). Clara Riedenstein attended Oxford University and is currently an research assistant with the Digital Innovation Initiative team at the Center for European Policy Analysis (CEPA).The Center for European Policy Analysis (CEPA) is a nonprofit, nonpartisan, public policy institution based in Washington DC, focused on strengthening the transatlantic alliance through cutting-edge research, analysis, and programs, January 25th, 2024, https://cepa.org/comprehensive-reports/transatlantic-trade-and-technology-partners-or-rivals/) cg; ad: 5/4/24

After years of mounting trade tensions and a tumultuous Trump presidency, new administrations came to power in both Brussels and Washington determined to work together. In 2021, they launched the EU-US Trade and Technology Council (TTC), promising to boost bilateral trade and strengthen cooperation on pressing technological challenges. Since the TTC was launched with fanfare in Pittsburgh, the forum has helped foster the revival of transatlantic purpose, first by combatting Russia’s invasion of Ukraine and second by agreeing on the need to “derisk ” rather than “decouple” from China. Entering 2024, however, challenges are mounting. The two sides are sparring over clean technology subsidies and moving at different speeds on tech regulation. Europe pursues a “digital sovereignty” agenda that discriminates against leading US tech companies. The US invests in a new industrial policy, offering billions of subsidies to bring home high-tech manufacturing. Elections scheduled before the year-end on both sides of the Atlantic could prove divisive, particularly if isolationist leaders come to power in Washington. The TTC can help reduce the risks — if reformed and strengthened. The forum must be streamlined and tasked with a few realistic yet ambitious goals. It should engage a broad range of stakeholders, with the participation of the European Parliament, the US Congress, and high-level business leaders. On substance, the TTC must align the two powers on tough issues, not shy away from disagreement. It represents an ideal platform to forge a common position on how to “derisk” from China, create a new transatlantic green tech alliance that limits domestic subsidies to clean technologies, and construct a common semiconductor supply chain. Despite their divergent domestic approaches to regulating artificial intelligence, the US and the EU still can construct guardrails ensuring safe use of the breakthrough technology. This paper is based on a careful review of official documents and more than a dozen interviews with officials, analysts, and business representatives in both Brussels and Washington. The interviews were conducted on Chatham House background rules, to allow for honest discussion. By bringing together the Brussels-based Wilfried Martens Centre for European Studies and the Washington-based Center for European Policy Analysis, our goal was to understand, synthesize, encourage, and improve this promising joint endeavor

#### EU-US tech cooperation is necessary to curb Chinese tech leadership – semiconductors are key

Echikson, ’24 (William Echikson is a Non-resident Senior Fellow with the Digital Innovation Initiative and editor of the online tech policy journal Bandwidth at the Center for European Policy Analysis (CEPA), “Confronting China: Constructing a Transatlantic Tech Strategy”, March 4th 2024, https://cepa.org/article/confronting-china-constructing-a-transatlantic-tech-strategy/)

Should we “decouple?” Or should we “de-risk?” China’s authoritarian model includes an aggressive push to take global tech leadership. From semiconductors to green tech, underwater Internet cables to bridges and roads, the US and the European Union are engaged in a running rivalry with Beijing. They are subsidizing their own national champions and institute different, sometimes conflicting, regulatory regimes. As Brussels becomes a global tech regulator, EU policies — due to their breadth and scope — risk unintended consequences when it comes to ensuring security. CEPA’s new Confronting China project convenes a working group of transatlantic thought leaders to evaluate how best to meet this challenge. This Bandwidth special offers a preview of its work. Full-length policy papers will follow throughout 2024. The allies have made important strides toward creating the foundations for alignment. Start with the philosophical. Both sides agree that the best approach is to “de-risk,” not “decouple.” The US initially supported a radical break. President Donald Trump, raised tariffs and spoke in military terms of overcoming China. President Joseph Biden reinforced the hard line, introducing new rules to limit US high tech exports and investments. Administration officials began describing all ties with China as economic and security risks. Europeans were aghast. In March 2023, European Commission President Ursula von der Leyen called instead for “de-risking.” “I believe it is neither viable — nor in Europe’s interest — to decouple from China,” she said. “Our relations are not black or white — and our response cannot be either.” The US accepted the change. In April 2023, US National Security Advisor Jake Sullivan adopted the European vocabulary, asserting “we are for de-risking, not for decoupling,” Sullivan said. This “means having resilient, effective supply chains and ensuring we cannot be subjected to the coercion of any other country.” But this common definition of “de-risking” remains blurry. How should it work in practice? One goal is to loosen China’s chokehold on key metals including nickel, copper, lithium, and cobalt. The EU imports almost 98% of its consumption of 17 minerals from China. The US imports more than 50% of its need for 25 critical minerals. In response, the allies have launched joint early warning systems to prevent supply chain crises. Both the US and Europe are boosting their domestic industries to fight climate change, and both are attacking Chinese subsidies. The US has opened investigations into trade malpractices by Chinese solar panel firms, and electric vehicles manufacturers. The EU recently launched an anti-subsidy probe into Chinese electric vehicles. At the same time, the US and EU are pushing back against China’s Belt and Road initiative and financing joint infrastructure projects in the Global South. They are attempting to coordinate on frontier technologies, ranging from artificial intelligence to quantum computing. The unanswered question is whether these moves will prove sufficient. As much as they partner, Washington and Brussels squabble. Consider semiconductors. Both the US and the EU agree on the need to create secure supply chains and restrict Chinese access to the most advanced chips. Both have imposed sanctions on cutting edge technology, the US on Intel, NVIDIA, and Qualcomm chips, the EU on the most advanced Dutch-produced ASML lithography equipment. Both aim to “friendshore” domestic production capability, launching expensive publicly funded programs, the US CHIPS and Science Act and the EU’s CHIPS Acts. Despite this broad alignment, Washington and Brussels face significant obstacles to full alignment. US export controls remain stricter and stronger than anything the less centralized EU is capable or desiring to impose. Both face a backlash from their own semiconductor industries, who fear that the export restrictions could backfire. Western chipmakers will lose income from the Chinese market and Beijing could retaliate by withholding access to certain minerals, legacy chips and solar panels. The export controls encourage China to produce its own cutting-edge chips. Europe faces significant divisions within its own ranks. While von der Leyen’s adoption of “de-risking” toward China represents a toughening of the previous conciliatory attitude, both Germany and France remain skeptical of a “security-over-sales” approach. The European Commission runs trade policy, but national governments remain responsible for national security — a key component of economic security. US companies often accuse EU regulators of discriminating against American tech firms to help EU companies. If Europe tries to prop up domestic tech champions, it will continue to lag behind the US in driving innovation, which leaves space for large Chinese firms to reinforce their competitive advantage. Another danger is protectionism. Although both the US and EU have made fighting climate change a priority, they privilege domestic production, often at the expense of the other. The $350 billion US Inflation Reduction Act imposes stringent domestic production requirements. Europe’s ambitious carbon tax plans block a hoped-for transatlantic deal on steel and aluminium tariffs, the potential basic building block of an ambitious decarbonization alliance. Protectionism remains an ever-present threat. At the most recent EU-US Summit, the allies failed to reach an agreement over steel and aluminium tariffs. The proposed solution would have created a club of countries that agree on shared environmental standards and limits on government subsidies and overproduction for these two crucial products. Countries that do not accept these rules would face tariffs. A final unanswered question is whether the US and EU will be able to deliver on their promises. Both agree that they must combat China’s Belt and Road project to build bridges, roads, and other infrastructure in the Global South. But efforts to jumpstart competing projects require financing and logistical coordination that so far seems absent. A good test project will be whether the US and EU are able to complete the Lobito Corridor, a $1 billion infrastructure project linking the Zambian Copperbelt with the Western coast of Africa. Expect the challenges to mount. China is determined to grab global leadership in cutting edge technologies such as artificial intelligence, telecommunications, and quantum computing. The US and EU are determined to block this goal and stay ahead. Only a strong transatlantic tech alliance can ensure success.

#### **Losing the tech edge to China means losing the edge in “every domain of warfare” – they would simply overwhelm our defenses**

Shivakumar & Wessner, ’22 (Sujai Shivakumar is Director and Senior Fellow, Renewing American Innovation Project and Charles Wessneris Senior Adviser (Non-Resident), Renewing American Innovation Project, Center for Strategic & International Studies, “Semiconductors and National Defense: What Are the Stakes?”, June 8th, 2022, https://www.csis.org/analysis/semiconductors-and-national-defense-what-are-stakes) cg: ad: 5/4/24

AI Challenge from China. These production chain gaps are problematic from a U.S. national security perspective. China has emerged as a major strategic challenger to the United States and is investing heavily in developing its military power and defense industrial base, placing a priority on overtaking the United States and its allies in semiconductor technology. As an independent commission established by Congress recently concluded: “If a potential adversary bests the United States in semiconductors over the long term or suddenly cuts off U.S. access to cutting-edge chips entirely, it could gain the upper hand in every domain of warfare.” U.S. vulnerability is particularly acute with respect to the most advanced chips currently in production, which are essential to the creation and application of artificial intelligence (AI)—intelligence generated by machines—which is expected to revolutionize warfare. China’s leaders have set a goal to build a “fully modern” military by 2027 based on “informatization,” “intelligentization,” and “mechanization,” investing heavily in technical areas which support such an approach, such as AI, quantum computing, hypersonics, and microelectronics. AI enables computer systems to solve problems and address tasks that normally require human intelligence, ultimately at speeds and performance levels that vastly exceed those of humans. In the words of the Japanese National Institute for Defense Studies: “As AI does not get fatigued, does not forget, and has no emotional fluctuation, AI is expected to be able to help commanders make decisions by processing large quantities of data quickly and accurately.” In a future war, according to U.S. Senator Mike Rounds, “defending against AI-capable adversaries operating at machine speeds without employing AI is an invitation to disaster.” Human operators cannot outmatch multiple machines making thousands of decisions per second coordinated across various systems, nor will they be able to counter an adversary’s AI-enabled missile attack, strike against communications satellites and infrastructure, or coordinate firepower strikes, drone swarms, cyberattacks, and other twenty-first century threats. For this reason, the U.S. armed forces’ current technical edge over all potential adversaries “could be lost within the next decade if they do not accelerate the adoption of AI across their missions.” A massive AI-driven Chinese attack could overwhelm U.S. defenses.

#### **Best case scenario is Chinese cyber espionage against the West’s critical infrastructure**

Umbach, ’24 (“The escalating chip war between China and the West”, April 29th, 2024, Dr. Frank Umbach is a professor, researcher, consultant, European government advisor and prolific author, with expertise in energy security and cybersecurity. Dr Umbach is the head of research at the European Cluster for Climate, Energy and Resource Security (EUCERS) at the Center for Advanced Security, Strategic and Integration Studies, https://www.gisreportsonline.com/r/escalating-chip-war/) cg; ad: 5/4/24

Beijing has hit out at Western companies from all sectors and might further escalate tensions in the coming years. Its anti-espionage laws have been broadened since 2023 to cover the ill-defined “threats to national security.” In 2022, a Chinese government directive adopted a document referred to as “Delete A,” meaning “Delete America.” The program requires state-owned companies in finance, energy and other sectors to replace foreign software in their information technology systems. It includes over 60 of China’s 100 largest listed companies. China also seeks to dominate the “legacy chip ecosystem” (those produced with older process nodes). This could enable China to turn off older chips in Western critical infrastructure and smart devices as well as open backdoors for state-supported espionage.

#### A Chinese cyberattack causes disruptions in water and electric utilities, telecommunications, oil pipelines, and induces societal panic

Reuters, ’24 (Reuters, “FBI chief says Chinese hackers have infiltrated critical US infrastructure”, April 19th, 2024, https://www.theguardian.com/world/2024/apr/19/fbi-china-hack-infrastructure) cg; ad: 5/4/24

Chinese government-linked hackers have burrowed into US critical infrastructure and are waiting “for just the right moment to deal a devastating blow”, the director of the FBI, Christopher Wray, has warned. An ongoing Chinese hacking campaign known as Volt Typhoon has successfully gained access to numerous American companies in telecommunications, energy, water and other critical sectors, with 23 pipeline operators targeted, Wray said in a speech at Vanderbilt University in Nashville, Tennessee, on Thursday. China is developing the “ability to physically wreak havoc on our critical infrastructure at a time of its choosing”, Wray said at the 2024 Vanderbilt summit on modern conflict and emerging threats. He added: “Its plan is to land low blows against civilian infrastructure to try to induce panic.”

### Contention – NATO

#### Discrepancies in industrial and economic capacity have stretched NATO too thin – formalized trade between the US and EU is necessary to overcome those economic gaps

Eizenstat, ’23 (Stuart Eizenstat is the former US ambassador to the EU in the Clinton administration, The Financial Times, “Wanted: a new framework for US-EU relations”, July 30th 2023, <https://www.ft.com/content/f94a4b1d-72af-4f93-ad6e-efc30a78c535>) cg; ad: 5/5/24

A new transatlantic framework between the US and EU, comparable to Nato, is needed in order to address the challenges of the 21st century. Nato is currently performing indispensable service in supporting Ukraine against Russian aggression, as it did in the 1990s in ending the wars in Bosnia and Kosovo. But the alliance is consuming all the attention of leaders on both sides of the Atlantic at a time when we face issues that go beyond its mandate. Military security, economic security and prosperity are intertwined and must be co-ordinated, not kept in separate silos. Consider the challenges we face: the rise of China; the existential threat of climate change; securing fragile supply chains and critical minerals; transformational technologies like artificial intelligence; looming nuclear threats from Iran and North Korea; and the task of rebuilding Ukraine. All of these demand greater US-EU co-operation than ever before. Precedents for building this new relationship are plentiful: the 1990 Transatlantic Declaration under President George HW Bush; the 1995 New Transatlantic Agenda under Bill Clinton (which I helped negotiate); and the 2021 announcement of a “renewed Transatlantic partnership” that created the joint Trade and Technology Council, which is doing important work in a number of areas. More recently, the US and EU have worked closely together to impose on Russia the stiffest economic sanctions ever. Vladimir Putin’s efforts to break the transatlantic relationship have failed. The US is the EU’s largest bilateral trade and investment partner. A third of transatlantic trade consists of intra-company transfers. And the percentage of investment in each other’s markets accounts for more than 30 per cent of total global investment. American companies invest more than three times as much in Ireland as they do in China. But more is needed. While attendance by American presidents and European heads of state at Nato summits is automatic, summit meetings between US and EU leaders are sporadic at best. There is no common vision for the future and we each go our own ways on important initiatives without advance consultation with governments and businesses on the other side of the Atlantic. In the past few weeks, with no US input, the European parliament adopted a sweeping law regulating AI, while the White House focused on a voluntary approach, with Congress yet to formally address the issue. Last year, Congress passed the Inflation Reduction Act to provide over $360bn in subsidies and tax incentives to US-based companies to encourage clean technologies, in effect excluding European ones. With the COP28 summit approaching, the US and EU have starkly different approaches to climate change. Europe recently approved a carbon border adjustment mechanism to tax carbon intensive imports from the US and elsewhere, and has a cap and trade system, which America has rejected. This autumn’s EU-US Summit should be the occasion for weatherproofing the transatlantic relationship against the political turbulence that lies ahead. Here are six steps that should be taken. First, the increasingly important role that the EU plays in the security area should be recognised. Second, mechanisms should be developed, including a transatlantic impact statement, that would prevent surprises caused by the promulgation of laws without advance consultation across the Atlantic. Third, we should further integrate our economies by negotiating a reformulated transatlantic free trade and investment initiative, with the goal of achieving a tariff-free transatlantic marketplace within 10 years, while protecting national environmental laws; lift restrictions on barriers to investment; integrate capital markets with mutually recognised accounting standards; and allow products to be mutually accepted with one set of tests in one market that satisfies both. This can create western rather than Chinese standards for products sold around the world. Fourth, recreate the transatlantic private sector organisations from the 1995 New Transatlantic Agenda for business, labour, consumer and environmental groups. Fifth, build on the Transatlantic Legislators’ Dialogue to create a Transatlantic Assembly modelled on Nato’s North Atlantic Assembly. And finally, institute annual EU-US Summits. These measures would build a stronger geopolitical and economic transatlantic partnership, supplementing our successful military alliance, ready to meet the global challenges of the 21st century.

#### Strong economic cooperation is necessary for bolstering NATO capabilities – the status quo makes industrial burden sharing impossible and makes NATO unsustainable

Retter et al., ‘21, (Lucia Retter is a research leader at RAND Europe and co-directs RAND Europe's Centre for Defence Economics and Acquisition, M.A. in international relations and international economics, The Johns Hopkins University School of Advanced International Studies (SAIS); B.A. in modern and medieval languages, University of Cambridge, Stephanie Pezard is a senior political scientist at the RAND Corporation, Ph.D. in political science, Graduate Institute of International and Development Studies, Geneva, Stephen J. Flanagan is an adjunct senior fellow at the RAND Corporation. Ph.D. in international relations, Fletcher School, Tufts University, Gene Germanovich is an international defense researcher and currently serves as the acting international portfolio lead for the RAND National Security Research Division. B.S. in international affairs, Georgia Tech; M.A. in security studies, Georgetown University, Sarah Grand-Clement; publisher, Pauline Paillé is an analyst at RAND Europe working in the area of defence and security. M.A. in international relations, Sciences Po Bordeaux (“European Strategic Autonomy in Defence: Transatlantic visions and implications for NATO, US and EU relations”, RAND Europe, https://www.rand.org/pubs/research\_reports/RRA1319-1.html) cg; ad: 5/4/24

European and US interviewees came up with several arguments pointing to the benefits of a strong European pillar not only for NATO and the EU, but also outweighing the challenges that may emerge in the process. Whether these efforts come under the umbrella of European strategic autonomy and EU-level defence integration or via bi- and multi-lateral programmes, or some combination of both, did not make a substantive difference to the well-shared perception that a more capable Europe is good for NATO and good for the transatlantic partnership. A less engaged, less capable, less coherent and less reliable European pillar of NATO is unlikely to be capable of meaningful burden sharing. And from a US national perspective, justifying investment in European defence matters to the U.S. public would be very difficult if European nations choose not to invest in strengthening their contribution to NATO. While a weak Europe (our Scenario 2) would require least policy effort and resources, it would also be the one with least benefits for NATO and the U.S., particularly as it looks for allies in an emerging systemic competition with China. Naturally, the question arises as to whether the pursuit of European strategic autonomy is the ‘right way of going about it’, and whether the lack of clarity in relation to the concept creates more problems than it solves when it comes to the transatlantic relations. All in all, despite the risks of misunderstanding and miscommunication, the concept of European strategic autonomy, if underpinned by continuing defence consolidation, does seem to offer a unifying principle for a much needed defence integration to enable the EU to take up greater responsibilities for its defence and security matters.

#### NATO is key to democratic resilience - prevents the worst effects of disruptive tech, terror, prolif, climate, China and disinfo

Gill & Goolsby, ‘22 (Rita and Rebbeca, PhD in psychology from Carleton university, co-Lead of a NATO Research Technology Group on cyberdiplomacy and communications, “COVID-19 Disinformation: A Multi-National, Whole of Society Perspective,” *Advanced Science and Technology for Security Applications*, ISBN 978-3-030-94824-5, Springer Cham, DOI: https://doi.org/10.1007/978-3-030-94825-2, p. XXII, 213) cg; ad: 5/6/24

Our unity and our ability to adapt is even more critical as we face a more unpredictable, complex, and rapidly changing sphere of geopolitical conflict. We face more sophisticated cyber-attacks and disinformation, a more assertive Russian, brutal terrorism, nuclear proliferation, disruptive technologies ever. The security impact of climate change, so crucial for own public opinions, and where NATO is embarking energetically in that direction. And, of course, the most critical game-changer in global affairs in many, many decades, or probably centuries, is the shift in the worldwide balance of power with the rise of China. Such hostile activities seek to undermine our democracies, our institutions, our shared values on which our Alliances is founded. But perhaps more fundamentally, it seeks to undermine the trust of our citizens in the very institutions of democracy because this competition, global competition that never ends, historically, is today also a competition of fundamental ideas. And the most crucial part is what we do, not only to describe this intimidation as worrisome and concerning but to take concrete actions to face this phenomenon. We must continue to invest in our strategic communications capabilities and build an evidence-based understanding of the (dis)information environment to contest a highly contested communications space. In the last past 18 months only, COVID-19 has shown us how disinformation and propaganda can be used to sow distrust, undermine science, and threaten lives and our security. We have seen dangerous disinformation campaigns about the origins of the Coronavirus, cyber-attacks on hospitals, the nature of Alliance activities, and online espionage on medical research centers working on vaccines and treatments. Our information environment assessment capability must have well-trained staff, supported by the right technology, with the right scientifically informed under- standing to navigate this extraordinarily complex field. It will be essential to develop objective-driven, proactive communications strategies, responding rapidly to the increasing volume of information attacks on our institutions, our people, and our values. NATO has shown that we remain ready and able to defend our nations, that allies and partners are supporting each other, and that investing in our Armed Forces is an investment in the strength and resilience of our societies. This readiness was demonstrated in no uncertain terms by our Alliance’s vital role in fighting this deadly pandemic. This capacity stretches across the maritime, land, air, cyber, and space domains, as well as the information or cognitive sphere. Taken together, this will help us build the resilience of our societies, and building resilience in our communities requires a whole-of-society approach. Everyone has a role to play; the media, the private sector, academia, civil society, of course, the whole-of-government. But it also includes all the relevant groups in our communities to ensure that our institutions and citizens are equipped for today’s digital realities. Beyond the nations that make up the Alliance, we must work in concert with our partners to strengthen our collective ability to prevent crisis and address challenges. It is clear that no nation alone, no continent alone, can cope with the magnitude of the challenges we are now facing as democratic societies.

#### NATO failure causes great power war and risks going nuclear – it’s our only effective check to Russian and Chinese territorial aggression – Ukraine and SCS prove

Binnendijk, ‘19 (Hans, Distinguished Fellow at the Atlantic Council, Former Senior Director for Defense Policy on the Clinton Administration’s National Security Council, and adjunct political scientist. 3-19-2019, “5 consequences of a life without NATO,” Defense News, <https://www.defensenews.com/opinion/commentary/2019/03/19/5-consequences-of-a-life-without-nato/>) cg; ad: 5/6/24

To see if they are correct, let’s consider what international life might be like without NATO. There would be at least five set of consequences, all negative. The most catastrophic impact of NATO’s retirement would be the risk of Russian aggression and miscalculation. Without a clear commitment to defend allied territory backed up by an American nuclear deterrent, President Vladimir Putin will certainly see opportunities to seize land he believes is Russian. He has already done this in Georgia and Ukraine. Had they not joined NATO, the Baltic states would probably already be occupied by Russian troops. Certainly Putin would also see an opportunity to seize more of Ukraine without the “shadow” of NATO to protect it. History teaches us that major wars start when aggressive leaders miscalculate. German leader Adolf Hitler attacked Poland in 1939, believing that after then-British Prime Minister Neville Chamberlain’s Munich Agreement, England would be unlikely to respond. North Korea attacked South Korea in 1950 after the United States appeared to remove Seoul from its defensive perimeter. Iraqi leader Saddam Hussein invaded Kuwait in 1990, believing the United States had signaled that it would not respond. In each case, miscalculation led to larger conflict. Secondly, NATO’s retirement would also decrease American military reach, its political influence and its economic advantage. American bases throughout Europe not only provide for the defense of Europe — they bring the U.S. a continent closer to trouble spots that threaten vital American interests. Fighting the Islamic State group, clearly an American interest, would have been markedly more difficult without permanent U.S. bases in Europe and without the American-built coalition that included every NATO nation. Without NATO, the mutual security interests that underpin both U.S. bases and coalition operations would be undermined. This extends to the economic realm. U.S. annual trade in goods and services with Europe exceeds $1 trillion, and U.S. total direct investment in Europe nears $3 trillion. These economic ties enhance U.S. prosperity and provide American jobs, but they require the degree of security now provided by NATO to endure. NATO’s retirement would thirdly exacerbate divisions within Europe. NATO’s glue not only holds European militaries together — it provides the principal forum to discuss and coordinate security issues. The European Union is unlikely to substitute for NATO in this respect because it has no military structure, few capabilities and no superpower leadership to bring divergent views together. Germany and France already seek a plan B should NATO collapse, but without the United Kingdom in the European Union, an all-European approach is likely to fail. The added insecurity of NATO’s collapse would also amplify current populist movements in Europe. The consequence could be renationalization of European militaries, a system that brought conflict to the 19th and early 20th centuries. The fourth consequences of life without NATO would be global. American bilateral alliances in Asia would each be shaken to their core should NATO fail. America’s defense commitments there would become worthless. With China determined to claim a dominant position in Asia, the collapse of NATO would cause America’s Asian partners to seek accommodation with China, much as the Philippines is in the process of doing. Trump’s decision to abandon the economic Trans-Pacific Partnership agreement has already given China new advantages in the region. Without credible American security commitments, there would be little to stop China from controlling the South China Sea and probably occupying Taiwan as well. Add to this equation the new footholds that China is building in central Asia, Africa and Europe: Abandoning NATO would help assure China’s competitive success. The final impact of NATO’s retirement would be the near collapse of what has been called the “liberal international order.” This order consists of treaties, alliances, agreements, institutions and modes of behavior mostly created by the United States in an effort to safeguard democracies. This order has kept relative peace in the trans-Atlantic space for seven decades. The Trump administration has begun to unravel elements of this order in the naive notion that they undercut American sovereignty. The entire European project is built on the edifice of this order. NATO is its principal keystone. Collapsing this edifice would undercut the multiple structures that have brought seven decades of peace and prosperity. So the answer is clear. Life without NATO would be more dangerous and less prosperous. Russia and China would be the big winners at America’s expense. NATO simply can’t retire. Yes, NATO has problems. It needs to be managed. But there is too much left to be done for retirement. And there is too much to lose if NATO fails.

### Contention – Protectionism

#### Contention ( ) is Protectionism

#### US and EU protectionism is ushering in a new era of international protectionism for developing nations – only reversing trend and signaling to the rest of the world the importance of free trade solves

Woods, ’23 (Ngaire Woods @ International Monetary Fund, IMF, “SUPERPOWERS ARE FORSAKING FREE TRADE”, June 2023, <https://www.imf.org/en/Publications/fandd/issues/2023/06/superpowers-are-forsaking-free-trade-ngaire-woods>) cg; ad: 5/6/24

Free trade is taking a back seat to powerful nations’ politics, hurting developing economies The great powers that built and sustained the free trade system now have other priorities. This puts most emerging market and developing economies in a difficult position. The United States and China are changing the system and making other countries choose sides in a growing geostrategic rivalry. The best strategy for other countries might well be nonalignment—not just to protect their own interests, but also to restrain the superpowers. The importance of safeguarding an open and inclusive multilateral trade system is underlined in a recent World Trade Organization (WTO) report, which argues that open trade (as opposed to all countries protecting their own producers and products) is the best way to cushion the enormous and growing costs of Russia’s invasion of Ukraine. The report highlights that, despite the war, global trade continued to increase in 2022, as did trade in global supply chains (which grew 4 percent year over year in the second quarter of 2022). Although experts (writing in Nature) initially predicted that the war would drive up food prices and cause millions to go hungry, global markets have in fact stabilized prices (see the food price index of the Food and Agriculture Organization). The problem is that the great powers are turning away from the free trade system they created. Their priorities are being reordered by global security concerns and sharpening domestic political and economic demands. And for developing and emerging market economies the global trading system is increasingly reshaped by these priorities. Jobs at home and social cohesion: Since the global financial crisis of 2008, growing criticism of globalization and open trade has rippled across industrialized countries, polarizing politics within them. At the core is the view that trade erodes social cohesion. The anti-trade sentiment was captured and accelerated by US President Donald Trump when he imposed tariffs on his country’s closest allies and trading partners, including Canada, Mexico, and the European Union, citing the need to protect national security and US jobs and manufacturing. Developing economies, whose economic strategies have been shaped by promises of market access, now risk being shut out of markets. Winning the technological edge: China and the US are now fully engaged in a race to take the lead in technology. Both see free trade as a disadvantage in that race. In 2015 China launched “Made in China 2025,” a 10-year plan for rapid development of its tech industry through subsidies and state-owned enterprises. More recently, the US has deployed sanctions, blacklists, export and import controls, investment restrictions, visa bans, and technology transaction rules, in what has been described as “American techno-nationalism.” In October 2022 new restrictions were rolled out limiting China’s ability to acquire advanced semiconductors and the technology to make them, to hinder its artificial intelligence capability. For developing economies, the prospect of technological decoupling will likely force a choice between one camp or the other, as countries pressured by the US to cut ties with Chinese technology manufacturer Huawei have already found. Security of supply: The COVID-19 pandemic led to disruptions in trade and supply chains, focusing attention on security of supply. “Friend-shoring”—reducing dependence on potentially hostile suppliers—entered the economics vocabulary. The WTO has argued convincingly that open markets help ensure secure supply, but the major powers are taking a different approach. In December 2022, Canada and its friends and allies (Australia, France, Germany, Japan, UK, US) announced the formation of the Sustainable Critical Minerals Alliance, and the Group of Seven is developing an initiative to invest in a secure supply of critical minerals. For developing economies, this may sound like a return to Cold War politics, when leaders of countries such as Zaire (now Democratic Republic of the Congo) with strategic resources were courted by one side or the other, usually with devastating governance consequences. Nonalignment could permit countries to navigate tough economic straits in their own people’s interests and project their own values and priorities in international relations. Effective climate action: The US and the EU have launched a powerful combination of industrial policy, subsidies, and trade restrictions to motivate businesses at home and abroad to reduce greenhouse gas emissions. In the US the new Inflation Reduction Act includes $400 billion in subsidies for renewable energy and electric vehicles that contain a minimum amount of North American parts. This provision is already returning US companies’ investment to the United States and attracting foreign investors such as BMW, Mercedes-Benz, Stellantis, and Toyota. The EU has launched the European Green Deal and a carbon border adjustment mechanism (scheduled to go into effect in October 2023), which imposes an “emissions tariff” on imports. For developing economies, the trade aspects of these initiatives look like “Fortress US” and “Fortress EU”: Rich countries responsible for the most climate-threatening emissions are locking others out of the fortresses their prosperity built. Responding to a war of aggression: When Russia invaded Ukraine, outraged Western powers quickly put together a package of economic and trade sanctions. However, many countries did not join them. Several developing economies grappled with issues including their reliance on Russia (for security or for grain), the failure to consult them about the sanctions, and fears that such a sanctions regime could work against them in the future.

#### **Particularly, a trade agreement between the US and EU ushers in a new era of free trade and helps ethically promote democracy globally – the alternative is authoritarian backsliding**

Patnaik, ‘22 (Sanjay Patnaik, Director of Center on Regulation and Markets, Bernard L. Schwartz Chair in Economic Policy Development, Brookings, “How a US-EU trade agreement could improve the economy, increase jobs, and strengthen democracy” Pg. 7-8, transcription of podcast w/ transcript available, September 6th 2022, <https://www.brookings.edu/articles/how-a-us-eu-trade-agreement-could-improve-the-economy-increase-jobs-and-strengthen-democracy/>) cg; ad: 5/6/24

PATNAIK: Thank you for raising this very important point. I think it has become clearer than ever, especially due to the Ukraine war, that the world is in a renewed struggle between democratic countries and authoritarian regimes. This is essentially a zero sum game, since autocratic regimes are fundamentally incompatible with the democratic values and freedoms we cherish in the U.S. and the EU. And importantly, autocratic regimes have increasingly become unreliable economic partners, as Europe is clearly seeing now with Russia and the natural gas crisis. It is therefore quite unwise, I think, to be dependent on such countries economically in the medium and long term, especially as national security and economic interests are often tied together. And so a free trade agreement between the U.S. and the EU will really deepen our economic ties and integrate our economic and policymaking systems much more closely with 8 each other. And in my view, this is indispensable in an era where autocratic regimes are increasingly aligning with each other and exerting the power globally. The Free Trade Agreement would particularly send a strong message, I think, that the largest and most powerful economic bloc, which that agreement would represent, is built on democratic principles and individual liberties. And importantly, it would also make the regulations that we implement within that free trade agreement the global standard bearer. And that means other countries would probably follow those regulations, so we would have a lot of leverage on the world stage. And so I think in the medium to long term, it would really strengthen our alliance and make both our economies much more resilient to external shocks, especially from autocratic regimes.

#### Democratic backsliding leads to great power war and risks going nuclear – threat-multiplication

Kendall-Taylor, ‘19 (Andrea, Senior Fellow and Director of the Transatlantic Security Program at the Center for a New American Security (CNAS), February 26th, 2019 “Autocracy’s Advance and Democracy’s Decline: National Security Implications of the Rise of Authoritarianism Around the World”, <https://www.cnas.org/publications/congressional-testimony/testimony-before-the-house-permanent-select-committee-on-intelligence-1>,) cg; ad: 5/6/24

The growing prevalence of personalized autocracies is cause for concern because they tend to produce the worst outcomes of any type of political regime: they tend to produce the most risky and aggressive foreign policies; the most likely to invest in nuclear weapons;7 the most likely to fight wars against democracies;8 and the most likely to initiate interstate conflicts.9 As the adventurism of Iraq’s Saddam Hussein, Uganda’s Idi Amin, and North Korea’s Kim Jong-un suggests, a lack of accountability often translates into an ability to take risks that other dictatorial systems simply cannot afford. Russia underscores the link between rising personalism and aggression. Although Putin’s actions in Crimea and Syria were designed to advance a number of key Russian goals, it is also likely that Putin’s lack of domestic constraints increased the level of risk he was willing to accept in pursuit of those goals. Putin’s tight control over the media ensures that the public receives only the official narrative of foreign events. Limited access to outside information makes it difficult for Russians to access unbiased accounts of the goings-on in the rest of the world and gauge Putin’s success in the foreign policy arena. Putin’s elimination of competing voices within his regime further ensures that he faces minimal accountability for his foreign policy actions. Politics in China show many of these same trends. Xi’s increasingly aggressive posture in the South China Sea has occurred alongside the rising personalization of the political system. Xi has amassed substantial personal power since coming to office in 2012 and continues to roll back the norms of the post-Mao collective leadership system. If Xi further consolidates control and limits accountability—particularly over military and foreign policy bodies—research suggests that he, too, could feel free to further escalate his aggressive rhetoric and actions in the South China Sea. Not only do personalist dictatorships pursue aggressive foreign policies—they are also often difficult and unpredictable partners. Research underscores that, thanks to limited constraints on decisionmaking, personalist leaders generally have the latitude to change their minds on a whim, producing volatile and erratic policies.10 Moreover, personalist leaders—think Putin, Bolivian President Evo Morales, and Venezuelan President Nicolás Maduro—are among those autocrats who are most suspicious of U.S. intentions and who see the creation of an external enemy as an effective means of boosting public support. Anti-U.S. rhetoric, therefore, is most pronounced in personalist settings.

#### Global free trade is the only solution to global poverty – we have an ethical obligation to support it

González, ‘15 (Arancha, executive director of the International Trade Centre, the joint agency of the UN and the World Trade Organisation, Can countries still trade their way out of poverty?, The Guardian, 20 January 2015, <https://www.theguardian.com/global-development/2015/jan/20/countries-international-trade-poverty-development>) cg; ad: 5/6/24

Can countries still trade their way out of poverty? After decades of growing twice as fast as the global economy, world trade has barely kept up with output since 2012. IMF and World Bank research suggests this slowdown is more than just a temporary consequence of sluggish demand within Europe. In both China and the US, the ratio of imports to GDP stopped rising well before the great recession. Market conditions do not appear to favour a renewed trade boom. In all advanced economies, income is well below pre-crisis trend lines. There is no sign the US, the best of a bad lot, wants to – or should – resume its role as the global consumer of first resort. China’s economy, the world’s main motor since the crisis, is cooling. US economist Paul Krugman views the trade slowdown as the untroubling aftermath of one-off boosts from liberalisation and shipping containerisation. But other economists, such as Gavyn Davies, fear plateauing trade means forgoing the efficiency gains that come with increased specialisation and scale. For poor countries, in either case, the implications of what the Financial Times dubbed “peak trade” are sobering. Trade-led growth is the most successful development strategy the world has seen. Trading in value-added goods and services has improved resource allocation within countries’ economies, from Japan to Brazil, Botswana to Malaysia. In developing countries, tradable activities tend to be much more productive than the rest of the economy. As a result, getting people and capital out of subsistence work and into firms dealing in tradable goods and services tends to make for a more productive economy overall. All countries that have sustained high growth long enough for it to transform people’s life prospects have used the burgeoning global marketplace as a source of demand, ideas and technology. So what happens when the global marketplace is no longer booming? The IMF and World Bank findings indicate that the phenomenon that drove the especially rapid expansion of trade in the 1990s – the fragmentation of international production into multi-country supply chains across east Asia and the Pacific – has largely matured. Coastal Chinese firms are increasingly sourcing components from the country’s poorer interior, instead of importing them as they used to. This has caused trade volumes to fall. But not all the news is bad. While the US-China engine of trade growth “appears to have exhausted its propulsive energy for now”, the researchers found considerable scope for increasing the international division of labour in regions such as south Asia, Latin America and especially Africa, areas that have not yet made the most of supply chains. In today’s less buoyant global environment, however, seizing these underexploited opportunities will be harder than ever. The new World Trade Organisation agreement on trade facilitation (pdf) should help with some of the more obvious reforms: bad infrastructure and interminable waits at borders have made much of Africa, despite low wage levels, a high-cost location for labour-intensive light manufacturing. Other reforms extend beyond infrastructure. Many countries, for instance, still have considerable scope to cut import duties on inputs and equipment, and to open their telecommunications and logistics sectors to greater competition. Regional economic integration would help firms find markets close to home: research by the International Trade Centre (pdf), which I run, shows that African exports often face higher trade barriers in neighbouring countries than they do elsewhere. Other interventions are more complicated: enabling entrepreneurs based outside established centres of production to connect to new customers and markets is easier said than done. Such entrepreneurs need access to capital and trade finance, technical assistance to meet standards and other non-tariff measures, and a supportive policy climate. Matching international buyers to small and medium-sized sellers can yield impressive gains that are disproportionate to the volumes of trade involved. These gains may be especially pronounced when those firms are owned by women, who reinvest 90% of their incomes in their families and communities, more than twice as much as men do. Risk-sharing for small- and medium-sized companies that try to enter new export markets, or supply to international supply chains, would encourage companies to keep trying. Some of these policies are unfashionable. Some have been misused in the past. We should admit that some will fail. But the potential gains are enormous: growth and job creation in the parts of the world that most need it, and new markets for rich countries and companies facing diminished sales growth along established value chains. Integrating marginalised economies into international production networks requires governments, trade policymakers, the private sector and the aid community to work in concert. The UN’s new development agenda could do for trade what the last one did for public health, and stimulate new thinking, funds and cooperation to help marginalised economies thrive in world markets. A hard-nosed focus on trade competitiveness should keep trade and investment promotion efforts from derailing. With the low-hanging fruit of trade-led development dwindling, it is time for us to look higher.

#### The World Bank estimates nearly 10%, or 700+ Million people live in extreme poverty – it is the leading cause of death globally and is a threat magnifier – hunger, health, education, crime, environmental concerns are all worsened by poverty

Borgen, ’18 (Borgen Magazine is run by The Borgen Project, a nonprofit organization dedicated to engaging the public in efforts to reduce global poverty, “Top Effects of Poverty”, May 28, 2018 <https://borgenproject.org/5-effects-poverty/>) cg; ad: 5/5/24

Poverty stretches across the globe affecting almost half of the world’s population. Its effects reach deeper. Uniquely connected to different causes, the effects of poverty are revolving—one result leads to another source leads to another consequence. To fully understand the effects of poverty, the causes have to be rooted out to develop strategies to end hunger and starvation for good. Let’s discuss some of the top effects of poverty. Poor Health Globally, millions suffer from poverty-related health conditions as infectious diseases ravage the lives of an estimated 14 million people a year and are of the top effects of poverty. These diseases are contracted through sources like contaminated water, the absence of water and sanitation, and lack of access to proper healthcare. The list is broad and long. Here are the top diseases commonly linked to poverty. Malaria: Malaria is urbanely referred to as the poor man’s disease, as more than a million people living in poverty die from it each year. Caused by a parasite, malaria is contracted through mosquito bites. Most prevalent in sub-Saharan Africa, malaria affects the lives of many in 97 countries worldwide. Tuberculosis: Often referred to as TB, tuberculosis is a bacteria-borne disease. The bacterium, Mycobacterium tuberculosis, targets the lungs. It also affects the kidneys, brain, and spine. When discussing the effects of TB worldwide, it must be broken down by burden—high burden TB and low burden TB—all of which has to do with the number of cases that impact a country. High burden TB affects more than 22 countries, as low burden TB accounts for 10 cases per 100,000 people in a geographical location. HIV/AIDS: HIV stands for human immunodeficiency virus. This infection attacks the immune system and is contracted by contact with certain fluids in the body. If HIV is left untreated, certain infections and diseases can take over the body and cause a person to develop AIDS (Acquired Immune Deficiency syndrome). Thirty-six million people in the world have HIV/AIDS. In countries like Zambia and Zimbabwe, one in five adults live with HIV or AIDS. Continuing the fight against poverty through economic expansion will help eliminate poverty-related illnesses and raise the value of health in poor communities. Crime There’s an old adage that says, “If a man don’t work, he don’t eat.” That’s not the case for a large number people living in poverty. Lack of economic opportunity leads to impoverishment which then leads to crime. Global unemployment is at a high point. One hundred ninety-two million people around the world are jobless. In some parts of the world, mainly poor parts, unemployment standings will drive this number higher. In a study done on youth in the Caribbean, it was determined that joblessness fueled criminal activity in those aged 15 through 24. Because of the struggles in the Caribbean job market, the murder rates are higher there than in any other region in the world. The crime rate affects 6.8 percent of the Caribbean population against the world average of 4.5 percent, calculating the global rate per 100,000 people. People who live below the poverty line and don’t have access to sufficient economic opportunity, live by any dangerous means necessary. Lack of Education There is a direct correlation between low academic performance and poverty. Children who are exposed to extreme levels of poverty have difficulty with cognitive development, speech, and managing stress, which leads to adverse behavior. In the country of Niger—the most illiterate nation in the world—only 15 percent of adults have the ability to read and write. Eritrea follows on the heels of Niger: with a population of 6 million, the average person only achieves four years of school. In these poor locations, young adults and children have to leave school to work to help provide additional income for their families. Other children don’t have access to education due to decent schools being too far for them to travel to. On the other hand, schools nearby don’t have enough materials and resources to properly educate children. The conditions of the schools are just as poor as the children’s living conditions. Where there’s poverty, there’s lack of education, joblessness, and poor health. The key to destroying the top effects of poverty is to attack the causes. More funding is needed for programs such as Child Fund International—a program that brings resources to children in poor communities. The International Economic Development Council supports economic developers by helping them create, retain, and expand jobs in their communities. And then there are the international efforts of the World Health Organization that fights to bring vaccinations and health-related resources to impoverished communities suffering from the infectious diseases of poverty. With these efforts along with other strategies, we can continue making strides to end the effects of poverty.

## Energy Crises

### Yes Energy Crises

#### EU oil cap on Russia has forced the EU to look to new markets

Cooban, ‘23 (Anna Cooban, Global markets writer, leads international coverage of market news, reports on shifts in business and global economy “US has replaced Russia as Europe's top crude oil supplier,” CNN, 3-28-2023, Available Online: <https://www.cnn.com/2023/03/28/energy/eu-us-oil-imports-overtake-russia/index.html>) cg

The United States is now the biggest supplier of crude oil to the European Union. In December, 18% of the bloc’s crude imports came from America, EU data office Eurostat said Tuesday. That is a big turnaround. Russia was until recently the bloc’s top supplier of crude, accounting for as much as 31% of total imports until the end of January 2022, according to Eurostat. The US, meanwhile, came a distant second, with a maximum 13% share. But Moscow’s invasion of Ukraine in February last year led to an upheaval in Europe’s energy supplies. EU states slashed their imports of Russia’s energy, and the bloc imposed sanctions on the country’s oil and coal exports. In December, the European Union banned imports of Russian seaborne crude and introduced a price cap barring shippers, insurance brokers and other companies from providing their services if oil was bought for more than $60 a barrel. When the war broke out, some European countries also started reducing their imports of Russian natural gas. Moscow, for its part, began to cut flows to the continent. State energy giant Gazprom first reduced gas deliveries through the Nord Stream 1 pipeline, which accounted for about 35% of Europe’s total imports of Russian gas in 2021. And in September, it shut off the pipeline, citing technical issues. Russia’s share of Europe’s natural gas imports has fallen sharply, from 31% in the first quarter of 2022 to nearly 19% by the end of the year, Eurostat data shows. That has made the United States the bloc’s second-biggest supplier of gas, with a nearly 20% share, behind top source Norway, which accounts for almost 31% of EU gas imports. US crude exports to Europe were rising before the war, though Russia’s invasion had increased the need to ramp up deliveries from alternative sources, said Jay Maroo, a senior analyst at data provider Vortexa. Oil independence Imports of Russian crude into the bloc were volatile between February and April last year, Eurostat said. But from September 2022, they declined gradually, until they made up just 4% of total imports in December. By the end of the year, “the EU’s biggest suppliers of crude oil were the United States, Norway, and Kazakhstan, showing that the EU managed to adapt to the changing oil market landscape and virtually remove its dependence on Russian oil,” Eurostat said.

#### EU’s oil cap has phased out Russia but drastically raised prices

**Rosenberg & Nostrand, ‘23** (Elizabeth Rosenberg, Assistant Secretary for Terrorist Financing and Financial Crimes, Eric Van Nostrand, Acting Assistant Secretary for Economic Policy U.S. Department of the Treasury, “The Price Cap on Russian Oil: A Progress Report,” 5-18-2023, Available Online: <https://home.treasury.gov/news/featured-stories/the-price-cap-on-russian-oil-a-progress-report>) cg

A year ago at the G7 Summit in Elmau, the leaders agreed to pursue a policy to cap the price of Russian oil to prevent Russia from continuing to earn a wartime premium. The price cap policy is a novel tool of economic statecraft designed to achieve two seemingly contradictory goals: restricting Russia’s oil revenues while maintaining the supply of Russian oil. Meeting these goals would make it harder for Russia to fund its brutal war in Ukraine while keeping energy costs down for consumers and businesses around the world. Nearly six months after implementation, the price cap is achieving both goals. We will continue to monitor dynamics in the global oil market going forward and adjust as necessary in support of these goals. Russian exports have continued to flow, contributing to global oil market stability. Even as global oil prices have remained stable, the price of Russian oil has fallen significantly—driving down the Kremlin’s revenue. Immediately after the invasion, Russia received windfall profits on an oil price spike created by its war in Ukraine. But today, the price cap policy is taking that windfall off the table, which allows for low- and middle- income countries to purchase oil while at the same time making it increasingly challenging for Russia to finance its aggression. In this post, we review how the price cap policy works and how it is accomplishing these twin goals. HOW THE PRICE CAP WORKS Following Russia’s invasion of Ukraine last February, the G7 committed to phasing out its reliance on Russian energy. We each took steps over time to ban the import of Russian products, notably oil. When the EU joined the US, UK, Canada, and others in banning imports of oil and petroleum products from Russia, they took steps to also prohibit services in support of the shipment of such fuel. Many analysts predicted that this total maritime services ban could have led to skyrocketing global oil prices. Investors widely recognized that oil prices could have surged to upwards of $150 per barrel, exacerbating global inflationary pressures. To mitigate these consequences, the G7 and Australia aligned with the EU to ban services related to the movement of Russian oil and petroleum products unless they were purchased below a price cap. Given the leading role the G7 plays in such services – from insurance to shipping to finance – this restriction has worked to limit Russia’s ability to profit from its war while promoting stability in global energy markets. The price cap policy works by allowing companies based in Coalition countries to continue providing maritime services for the transport of Russian oil only if that oil is sold at or below the price cap level. Companies based in Coalition countries have historically accounted for around 90 percent of the market for relevant maritime insurance products and reinsurance. Traders, brokers, and importers depend on these services to trade, and vessel owners rely on insurance to protect their ships. Moreover, almost all ports and major canals require ships to carry protection and indemnity (P&I) insurance. If Russian exporters or importers of Russian oil want access to the Coalition-countries’ service providers, Russia must sell the oil at or below the price cap level. At the same time, the price cap affords greater leverage to purchasers operating without these services. These purchasers can use the price cap to negotiate better prices and pay less for Russian oil. The price cap policy incentivizes the continued sale of oil and petroleum products on to the market at a steep discount from Russia’s wartime premium. In December 2022, the Coalition set the price cap on Russian crude oil at $60 per barrel. Immediately following its illegal invasion, Russia was earning over $100 per barrel on its oil sales, with world spot prices rising higher than $140 per barrel in the spring of 2022.According to data from the International Energy Agency (IEA), since the Russian oil price cap has been put in place, the average price of Russian Urals crude oil has been below $60 per barrel on a monthly basis. Despite the complexity of the issue and the speed at which the Coalition needed to work, every Coalition country successfully implemented new coordinated laws and regulations. In addition, in February, the Coalition built on its success with the Russian crude oil cap by imposing a $100 per barrel price cap on Russian petroleum products, such as diesel, that trade at a premium to crude and a $45 per barrel price cap on Russian petroleum products, such as fuel oils, that trade at a discount to crude. Extensive consultations with shippers, traders, insurers, financers, and other market participants ensured that the price cap policy works within the contours of the global oil trade and that industry was able to implement smoothly at the outset, avoiding disruption to global energy markets. The price cap policy benefits low- and middle- income countries. To be clear, Coalition members have prohibited almost all seaborne oil imports from Russia and are not themselves benefiting directly from Russian sales at the capped prices. Instead, the direct beneficiaries are mostly emerging market and lower income countries that import oil from Russia. Even for countries who are not using Coalition services, the price cap creates leverage to demand lower prices from Russia. These nations receive drastically lower prices than they did in the first few months after Russia’s invasion of Ukraine. The policy has thus lessened the negative global spillovers from Russia’s war and has been financially helpful for a number of vulnerable countries. ECONOMIC IMPACT Following the implementation of the price cap policy, Russia’s oil revenues have fallen substantially compared to both pre-war levels and the elevated level at the onset of the war. According to the Russian Ministry of Finance, federal government oil revenues from January–March of 2023 were over 40 percent lower than a year prior. Before the war, oil revenues constituted 30–35 percent of the total Russian budget. In 2023, oil revenues have fallen to just 23 percent of the Russian budget. This decline in revenue has occurred despite Russia’s exporting roughly 5 to 10 percent more crude oil in April 2023 compared to March 2022. [graph omitted] Despite selling a consistent volume of oil, Russia makes far less revenue on each barrel because its oil now trades at a significant discount relative to Brent crude, the global benchmark oil price. Before the war, Russian crude oil traded at a discount of just a few dollars per barrel relative to Brent. In recent months, official price reporting agency data has shown that Russian Urals crude oil has traded at a discount of as much as $25-$35 per barrel less than Brent. The price cap mechanism gives importers leverage to negotiate steep discounts on their trades with Russia, evidenced in public reporting.

### US-EU Trade Key

#### **US trade is key to a stable EU energy market**

Walla, ’24 (Katherine Walla Associate Director, Editorial at The Atlantic Council, “Why the European Commission’s Maroš Šefčovič is confident that US gas exports will keep flowing to Europe”, February 14th 2024, <https://www.atlanticcouncil.org/blogs/new-atlanticist/why-the-european-commissions-maros-sefcovic-is-confident-that-us-gas-exports-will-keep-flowing-to-europe/>) cg; ad: 5/12/24

Cooperation on critical minerals Following the 2022 passage of the US Inflation Reduction Act, Šefčovič said that some projects (including projects focused on strengthening Europe’s battery manufacturing industry or building gigafactories) have “slowed down” or are being “transferred” to the United States. Šefčovič said he would welcome a US-EU agreement on critical minerals and would like to see cooperation result in a free trade agreement for the EU. He said that the EU and United States “understand each other” and have a similar philosophy on critical minerals, in that they want to make sure that any critical mineral project in another country creates added value for citizens there in the form of jobs, revenue, and more. With China dominating the extraction and processing of raw materials, Šefčovič said that the EU and United States need to “offer the better alternative.” The EU and United States, Šefčovič argued, “have [the] financial firepower to support these projects and to do it with this philosophy of sharing, not just extracting.” He argued that such critical minerals sharing could benefit Europe in the long run, since it is currently dependent on China and “we are concerned that any dependency could be weaponized.” Šefčovič also is bullish about a source of critical minerals (and low-carbon energy) closer to home: Ukraine. “To put it simply, I think Ukraine has everything we need,” he said. “I think [the EU and United States] can come together as part of our reconstruction efforts to kind of build this potential.” A transatlantic green marketplace Šefčovič argued that “the next level of cooperation” between the United States and EU should be a transatlantic green tech market that not only permits free trade but also sets the stage for common standards, a shared vision on subsidies, and improvements in investment flows. Šefčovič said such a marketplace would allow the EU and United States to put their combined economic weight behind the development of new technologies, which would also benefit developing countries that need access to green technologies to mitigate and adapt to climate change. The “sooner we develop them… at scale so they are affordable, the better it would be for the planet,” Šefčovič said. “So I see this transatlantic marketplace as a recipe for making our cooperation even closer, stronger,” Šefčovič said, “[and] with a very positive impact.” The United States’ inescapable responsibility The increase in US LNG exports to Europe as the bloc underwent its energy shift was “absolutely crucial”—despite the fact that the EU “paid a lot for it,” Šefčovič said. It had a “calming effect” that allowed EU countries time to “look for other supplies from other corners of the world” and to focus on how to deal with Russia’s invasion of Ukraine. Altogether, the EU’s energy shift, Šefčovič said, is a “pattern for the future, of what good allies should do [for] each other.” Šefčovič noted that the Biden administration’s executive order on new approvals on LNG exports, which was released last month, sent “ripples” around the world. That, he said, shows just how much the United States has become a “global guarantor of energy security,” and that Washington’s responsibility extends far beyond Europe—it also lies in developing countries across Southeast Asia, Africa, and Latin America. Cooperation on reducing carbon emissions in these countries “is very essential,” Šefčovič argued.

#### **US-EU trade is the only solution for sustainable energy markets long term**

Batchik & Nix, ’23 (James Batchik is an assistant director at the Atlantic Council’s Europe Center, where he supports programming on the European Union, the United Kingdom, Germany, the Three Seas Initiative, and the center’s transatlantic digital and tech portfolio, Emma Nix is a program assistant with the Atlantic Council’s Europe Center where she supports the Europe Center’s programming on the Three Seas Initiative and Central and Eastern Europe. Before beginning as a project assistant, she worked as a young global professional with the Europe Center in the spring of 2022. Prior to joining the Atlantic Council, Nix worked as an intern with the Nuclear Threat Initiative’s Global Biological Policy and Programs team where she focused on biodefense and emerging technology threats, The Atlantic Council, “Designing a US-EU industrial and trade policy”, October 18th, 2023, <https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/designing-a-us-eu-industrial-and-trade-policy/>) cg; ad: 5/12/24

There are three drivers that make cooperation and compromise necessary: the geopolitical imperative to enhance US and European resilience and counteract the growing threat from China; the need for transatlantic cooperation on climate change; and the desire to secure manufacturing jobs in Europe and the United States. First, China remains the greatest long-term strategic threat to both sides of the Atlantic. China’s well-practiced model of copious and opaque state aid, its regulatory support for national champions, its global dominance in markets for critical raw materials, its willingness to weaponize trade dependencies, and its production capacity mean that it poses far more of an industrial threat to the EU and the United States than they do to each other. Both Europe and the United States also remain concerned by China’s growing technological capabilities, including in artificial intelligence. A trade or subsidy war between Europe and the United States would only serve Chinese interests by fragmenting Western markets and supply chains, making it harder for Western companies to counter the advantages enjoyed by certain Chinese firms such as their ability to achieve economies of scale. Second, the persistent and growing threat of climate change serves as another simultaneous, perhaps conflicting, pressure that requires action now from all of the world’s largest economies. Industrial policy is climate policy and vice versa. A tit-for-tat US-EU trade dispute will not help deliver the green transition as quickly as a coordinated approach would. Conversely, a coordinated joint transatlantic approach to industrial policy, green tech, and carbon emissions could serve as an important catalyst to convince other major players around the world to follow suit. Third, the IRA seems to be part of a broader trend in both the United States and the EU toward more proactive and dirigiste industrial policies to secure manufacturing jobs. In the near to medium term, the transatlantic partnership will be increasingly similar to the economic partnership model of the 1960s to 1980s where both sides were engaged in assertive industrial policies, including supporting national champions, and the United States was anxious about losing its technological leadership to Japan. However, there are new elements in the story. Policymakers must take into account sustainability targets, along with digital and technology policy and the green transition, and not just satisfy manufacturing goals. And China represents a far more profound geopolitical, economic, and technological threat than Japan did in the 1970s and 1980s. Going forward, US industrial policymaking will also be as much if not more constrained by domestic politics, which will limit Washington’s ability to regulate industries or implement internationally agreed approaches in areas like climate change. Just as the passage of the IRA required money to support and assuage industry, labor unions, China hawks, and climate activists, the politically easiest way to shape industrial policy will be through the checkbook. In Europe, industrial policy, subsidies, and state aid are similarly becoming more the norm than the exception, although the EU’s regulatory agenda also remains relentless. Continued extensions of the (originally temporary) loosening of state aid, first in response to the pandemic, then to Russia’s war in Ukraine, and now to the IRA, may prove to have strong staying power. The framework may be difficult politically to phase out again. Different approaches to industrial and trade policy will continue to hamper the transatlantic partnership. The United States, while officially maintaining its commitment to the WTO and its reform, will likely continue to violate the WTO’s rules in pursuit of its industrial policy goals. The EU will try to at least plausibly comply with international trade rules and is reluctant to set rules that explicitly single out China (though it is prepared to use its traditional trade defense instruments against China, as it did recently in commencing its anti-subsidy investigation for Chinese-made electric vehicles). European officials expressed their frustration that the technical guidance from the US government for US firms on how to benefit from subsidies in the IRA, for example, continues to emphasize local content requirements and does little to quell lingering European frustrations. Several stakeholders told us that the US-EU Trade and Technology Council (TTC), which could function as a forum to resolve or mitigate these issues, remains mostly a talk shop and that many key EU-US discussions on trade and industrial still occur outside of this platform. The clock on resolving a number of important EU-US disputes and charting a better course forward is ticking. US and EU policymakers must imminently resolve the steel and aluminum tariffs that have haunted US and EU trade negotiators since the Biden administration put the Donald Trump–era transatlantic trade war on ice. US and EU leaders have publicly committed to resolving the dispute by this fall’s summit which corresponds with the deadline for reaching an agreement before the suspended tariffs kick back in, but time is of the essence to make progress on this tricky issue. This will require creativity and compromise from both sides on CBAM given that the United States is unlikely to have a national emissions trading system in place anytime soon. Finally, the 2024 elections impose a tight timeline on both the EU and United States to find a potential path toward stronger industrial and trade relations. The US presidential election remains top of mind for policymakers on both sides of the Atlantic. Europeans have a reasonable concern that if an isolationist mood returns to the White House, the United States will be even less willing to take Europe’s concerns and interests into account, which in turn will make the EU even more determined to pursue unilateral strategies to protect its interests in the name of “strategic autonomy.” As campaigning makes politics more partisan, even limited results are better than none, and they are needed sooner rather than later. Europe will choose a new European Parliament and Commission college in 2024. While Ursula von der Leyen’s reappointment currently remains probable and would help maintain good US-EU relations, it is not guaranteed. Internal EU horseracing could incentivize lavish spending promises to support domestic industry. Political trends in European member states will also come into account. The upcoming Polish and Hungarian presidencies of the Council of the EU are likely to prove polarizing and controversial, adding an additional layer of difficulty to EU policymaking. A potential further shift to the populist right in Europe, following recent wins in Finland, Slovakia, and elsewhere, may also impact the EU agenda and challenge support for trade and climate action. Together, these trends mean the EU may soon find it more difficult to build consensus around policies that would strengthen the transatlantic relationship.

### Inequality Impact

#### Inequality causes extinction

Schmidt and Juijn, ’21 [Andreas T. Schmidt: BA in Philosophy and Economics @ University of Bayreuth, PhD in Philosophy @ University of Oxford; Daan Juijn: BA and MSc @ University of Groningen; May 2021; “Economic Inequality and the long-term future”; <https://globalprioritiesinstitute.org/wp-content/uploads/Inequality-and-the-Long-Term-Future_Andreas-Schmidt-and-Daan-Juijn-reupload.pdf>) cg; ad: 5/1/24

(i) Climate change As we learned in Section 3, inequality increases a wealthy country’s carbon footprint. This is a problem. First, climate change itself is an existential risk, particularly given uncertainty around its tail-end risks (Ord 2020, chaps. 4; 6). (Although, it is likely not the greatest existential risk (Ord 2020, chap. 5).) Second, climate change is likely what Ord calls a ‘risk factor’: increasing or reducing climate change will likely affect the total existential risk, even beyond the probability that climate change itself will cause an existential catastrophe (Ord 2020, 152). For example, increasing temperatures and more extreme weather imply that the fight for scarce resources such as sweet water will increase over the next decades (“Global Peace Index 2019: Measuring Peace in a Complex World” 2019). Furthermore, deteriorating living conditions might lead to climate refugees who, in part, will flee to developed countries, which could lead to institutional destabilisation and conflict. Finally, beyond extinction risk, climate change could put us on a suboptimal (non-extinction) trajectory: run-away climate change, for example, might put us on a path we cannot easily leave and which necessitates continuous costly adjustments, such as adapting to repeated flooding and adjusting agriculture to extreme weather irregularities. When aggregating those negative effects across time, those might add up to significant long-term costs. (ii) Institutional quality and conflict It is often argued that a country’s long-term performance depends to a significant extent on the quality of its institutions, including its political and legal institutions (Acemoglu, Johnson, and Robinson 2005). Economic research mostly focuses on explaining long-term differences in growth rates. As seen above, some researchers argue that high inequality will reduce growth rates, among other things, because it can worsen institutional quality. However, besides facilitating economic growth, public institutions have other functions that matter from a long-term perspective. For example, disaster preparedness, education, public health, foreign policy, science policy, and many other areas could influence long-term trajectories. If such things go badly, they could increase existential risk. Conversely, good institutions will help reduce existential risk. For many existential risk reduction strategies likely require public goods and collective action, which in turn require good public institutions (among other reasons, because some such public goods are unlikely to be provided by markets). So, it seems reasonable to assume that, with most other societal goals, good institutions can help deliver existential risk reduction. Here is a cheesy analogy: targeted actions like washing your hands regularly or getting a flu shot can reduce your risk of dying from an infection. But you will also do well investing in a strong immune system, as that is an ‘all-purpose goods’ in lowering your risk of dying from any bacterium or virus. Investing in good institutions might similarly be an all-purpose-good: rather than tackling individual sources of existential risk directly, we improve conditions for tackling whatever existential risks may come our way. There are at least two reasons why higher inequality could decrease institutional capacities for longtermist public goods. First, there is some direct evidence that, whatever the causal pathway, inequality reduces institutional quality (which in turn typically leads to more inequality) (Chong and Gradstein 2007; Savoia, Easaw, and McKay 2010). Second, high inequality can lead to elite capture. Empirical work on studying political and de facto legal power is difficult, yet there is a growing consensus that high levels of inequality can lead to elite capture and thereby reduce the long-term quality of legal and political institutions (Acemoglu and Robinson 2008; 2013; Bartels 2018; Bavel 2016; Chong and Gradstein 2007; Cummins and Rodriguez 2010; Savoia, Easaw, and McKay 2010). Further, if institutions are disproportionately geared towards elite interests, then they might be less likely to be geared towards positive longterm trajectories. We might see more rent-seeking and less investment in public goods. Moreover, if elite capture is strong enough, such capture, and the potential inequality that comes with it, can intensify going forward (Chong and Gradstein 2007). Now, one might object and wonder whether elite interests and longtermist interests will necessarily be misaligned. Could an enlightened elite not even be more longtermist than a more democratic system? Here are two potential arguments. First, wealthy donors fund a significant part of research and direct action on existential risk and longtermism (the Open Philanthropy Project, for example). Indirectly, inequality might thus reduce existential risk through such funding. Second, rich people might have a lower rate of pure time preference than less well-off people, which would make them more naturally aligned with investing in long-term causes. In response to the first argument, remember we here focus on income inequality reductions. Private funding only requires ‘enough’ wealth inequality going forward, it need not require elite capture. And reducing income inequality is unlikely to eradicate the required wealth inequality and the existence of big donors. In response to the second argument, we are somewhat sceptical that elite capture would translate a lower impatience rate into longtermist strategies in policy. A successful transmission would require influence to be systematic and well-coordinated across time and, probably, across different elite actors. Yet lobbying and elite influence must often capitalise on shorter windows of opportunities, which makes well-coordinated intertemporal, and positive longtermist, policy capture less likely. Of course, such considerations are speculative. But, in any case, we think that, on balance, there are stronger reasons to believe elite capture would increase – rather than decrease – existential risk. First, elite capture often comes with rent seeking, which lowers institutional quality (Chong and Gradstein 2007). Second, industries like oil, gas, weapons and others are often concentrated and well organised in exerting influence in law and legislation. Their interests and influence overall are likely to be more short-term than longtermist. Third, recent decades have seen a shift towards a stronger shareholder value orientation in corporate governance. A common criticism of this shift is that it incentivises more short-term decisions. Accordingly, corporate influence into public institutions will likely display short-termist bias too. Finally, we can of course imagine that ‘prolongtermist elite capture’ could happen and gamble on that possibility. However, if strong democratic and legal oversight and the power to check elite influence is lost, we might struggle to reverse our gamble. Second, high inequality is likely to reduce social capital and trust (Alesina and La Ferrara 2002; Knack and Keefer 1997; Rothstein and Uslaner 2005). Social capital and trust in public institutions in turn are important for effective public goods provision (Knack and Keefer 1997; Beugelsdijk, Groot, and Schaik 2004). Effective public goods provision, in turn, is important for (some) effective measures to reduce existential risk (and, more generally, to coordinate towards more valuable long-term trajectories). Therefore, high inequality could reduce societies’ capacities to effectively respond to large-scale challenges like existential risk. Finally, some limited direct evidence suggests societies with higher social capital and lower inequality exhibit better preventive and adaptive outcomes for environmental risks and can show greater resilience to external shocks (Bavel and Curtis 2019; Kahn 2005). For example, Matthew Kahn provides some evidence that more equal countries, when controlled for GDP, have significantly lower death rates in natural catastrophes (Kahn 2005). While smaller natural catastrophes are different from global catastrophic risk scenarios, resilience in such events might be somewhat indicative of societies’ resilience to catastrophic risks. So, good social and institutional conditions could help reduce existential risk. Consider next how, conversely, bad conditions might increase existential risk. A key driver of existential risk is conflict, both between and within nation-states (or what (Ord 2020, 175–79) calls a ‘risk factor’). Conflicts and arms races raise human-induced existential risks such as nuclear war, the outbreak of a bioengineered virus or the launch of misaligned artificial intelligence. Note that an existential catastrophe could be set in motion either purposefully or accidentally. Both are more likely during conflict. Nuclear warheads, cyberweapons, and bioweapons could all be used purposefully to attack enemy states, leading to potential global escalation. But as past nuclear incidents and close calls during the Cold War show, arms races also increase the probability of accidental catastrophes (Schlosser 2013). Esteban and Schneider find that formal and empirical evidence suggests that political and social polarization increases the risk of violent conflict, both intra-nationally and internationally (Esteban and Schneider 2008). If income inequality increases polarization, inequality may indirectly drive existential risk. Indeed, recent evidence suggests that income inequality can increase the degree of polarization between groups of citizens. Bonica et al. find that the degree of polarization within the US House of Representatives, for example, is accurately tracked by domestic income inequality, with correlation coefficients rising up to 0.95 depending on the chosen time-period (Bonica et al. 2013, 105–8). Of course, correlation does not imply causation and the correlation is likely at least partially the result of reverse causation or a confounding variable. That said, we should assign a non-negligible credence to inequality partially causing polarization. Moreover, inequality and polarisation might also play some role in getting polarising and populist candidates elected (Piketty 2018). In a preliminary analysis of US election data, Darvas and Efstathiou find that more unequal states were more likely to vote for Donald Trump, after controlling for variables such as income, race and education (Darvas and Efstathiou 2016). Populist politicians – like Trump, Bolsonaro and others – are likely bad news for existential risk reduction. They are less cooperative in delivering regional and global public goods and typically prefer riskier, and more conflictual and nationalistic policy styles.

### Energy Crises Causes Conflict

#### Risks intensifying regional conflicts across the continent

Leepipatpiboon & Castrovillari, ’23 (Patcharaporn Leepipatpiboon & Chiara Castrovillari, the first is a PhD Candidate in Economics at UCLA, and the second is a Research Assistant at International Monetary Fund who also holds a master’s degree in public affairs from Brown University, also with Tomohide Mineyama), “Macroeconomic Shocks and Conflict”, IMF Working Papers, https://www.imf.org/en/Publications/WP/Issues/2023/03/18/Macroeconomic-Shocks-and-Conflict-531101 ) cg; ad: 5/5/24

Executive Summary This paper contributes to the research on the macroeconomic origins of conflict. Based on a sample of 133 low and middle-income countries over a 30-year period, it analyses to what extent changes in a country’s commodity terms-of-trade (ToT) can explain an increase in the incidence and intensity of conflicts through their effect on aggregate income. While the evidence from previous studies on the link between macroeconomic conditions and conflict is rather inconclusive, we find a significant relationship. Our baseline model finds that a negative commodity ToT shock leads to an increase in the number of conflict events and fatalities in our sample. Moreover, the effect plays out over several years albeit with decreasing strength after the second year; and its magnitude is twice as large for Low-Income Countries and Fragile and Conflict-affected States when compared with the sample average. In addition, our results show that macroeconomic shocks are creating more violence in countries with higher inequality and in cases where fiscal policy faces relatively stronger constraints on financing a response to the initial shock to incomes. Our results are robust to a number of plausible variations in model specification. The paper’s results, in conjunction with previous studies that emphasize the economic cost of conflicts, suggest the presence of a fragility trap—a vicious cycle of worsening economic conditions and deteriorating conflicts. Effective policies and well-tailored external financial support could be expected to help countries address the challenge. INTERNATIONAL MONETARY FUND 6 I. Introduction The world suffers from a large number of violent conflicts. According to the Uppsala Conflict Data Program Georeferenced Event Dataset (UCDP GED), 1 which identifies conflict events as incidences of the use of armed force by an organized actor against another organized actor, or against civilians that result in at least one direct death, 17,000 conflicts occurred in 2021. These claimed almost 120,000 deaths. And while the incidence of conflicts subsided somewhat after the surge associated with the Arab Spring, their frequency over recent years has remained almost twice as high as that experienced in the outgoing decade of the 20th century (Figure 1). Figure 1: Total Number of Conflict Events in the UCDP GED Source: UCDP GED. How can economic conditions affect the likelihood of conflict? Since conflicts arise from complex political, social, and ethnic contexts, singling out an individual determinant seems infeasible. However, it is plausible to assume that economic factors, such as changes in aggregate income levels, would contribute to the dynamics that foster conflict. For instance, higher inflation would reduce purchasing power, thereby increasing the inclination of individuals to participate in violence. Less opportunities for gainful employment or reductions in salaries and wages may have similar effects. These would be the case especially in situations where governments are lacking the means to effectively mitigate economic hardship as macroeconomic shocks deplete their fiscal coffers. Recent years have seen several major economic shocks on a global scale with a negative effect on output and thus aggregate income, including the Covid-19 pandemic, an increasing number of severe climate events, and Russia’s invasion of Ukraine. The Ukraine war has had a particularly strong impact on households’ purchasing power through its effect on energy, food, and fertilizer prices (Figure 2). Low-Income Countries (LICs) have been hit the most, as they host sizeable populations of poor and vulnerable households while their social safety nets tend to remain underdeveloped (see Rother et al., 2022). Against the current background of elevated global economic pressures and a high incidence of conflicts, this paper seeks to contribute to a better understanding of the causality between the two phenomena. In particular, we hope that a deeper understanding of the transmission channels from economic shocks to violence will help policymakers at the national level and in international institutions with policy design—aimed at both preventing conflicts in the first place and at achieving durable exits from the vicious cycle of recurrent conflict and economic stagnation, which was identified elsewhere as a fragility trap (see Commission on State Fragility, Growth, and Development, 2018).2 Specifically, we use the broad commodity Terms-of-Trade (ToT) index compiled by Gruss and Kebhaj (2019) as a source of exogenous income variation. Based on that index, we employ the local projection method pioneered by Jorda (2005) to analyze the effects from ToT changes on the incidence and intensity of violent conflicts, which could show persistence over several years. Our data on conflicts comes from the Uppsala Conflict Data Program Georeferenced Events Dataset (UCDP GED) (Sundberg and Melander, 2013), which defines conflict events as incidences of the use of armed force by an organized actor against another organized actor, or against civilians that result in at least one direct death. In addition, we investigate transmission mechanism through which macroeconomic shocks affect conflicts by interacting the ToT shock variable with suitable proxies for the respective channels: i. an opportunity cost channel: lower employment or lower pay could incentivize individuals to participate in non-productive activities such as violence (e.g., Becker, 1968; Figes, 1996; Weinstein, 2005; Collier 2 International organizations have been stepping up their work on fragility in recent years. For instance, the United Nations (UN) 2030 Agenda for Sustainable Development has placed commitments to foster peaceful, just, and inclusive societies free from fear and violence at the heart of the UN system’s global efforts (UN, 2015). Likewise, the World Bank (WB) and the Organisation for Economic Cooperation and Development (OECD) have set a new agenda to support countries in fragile and conflict situations (WB, 2020; OECD, 2020). Recognizing that fragility and conflict can be critical for macroeconomic stability, International Monetary Fund (IMF) adopted a new strategy to enhance its engagement in fragile and conflict-affected states (FCS) in 2022 (IMF, 2022a). INTERNATIONAL MONETARY FUND 8 and Hoeffler, 2004). Our modeling captures this channel by the level of inequality in an economy: the more unequal an economy as measured by the Gini coefficient, unemployment, and the share of the population affected by food insecurity, the larger the fraction of poor households with a low opportunity cost to engage in violent activity. ii. a state capacity channel: lower national income leads to lower government revenue, weakening its capacity to prevent conflict or mitigate its economic fallout (e.g., Fearon and Laitin, 2003; Besley and Persson, 2008b, 2010). In our estimations, we proxy state capacity with the level of fiscal deficits and external debt as a share of GDP. iii. a predation channel: higher commodity prices associated with an increase in income could cause conflict over the distribution of rents (e.g., Hirshleifer, 1991; Besley and Persson, 2008a; Adhvaryu et al., 2021). Previous studies often emphasized the importance of this channel for countries with oil and other natural resources (e.g., Ross, 2004). The empirical results of our paper can be summarized as follows. First, a negative ToT shock significantly increases the incidence and intensity of conflict as measured by the number of conflict events. Our estimates indicate that a negative shock equivalent to one percent of GDP leads to an increase of 0.05 conflict events per one million people. The estimate of 0.05 events per one million people can explain 1.6 percent of the average conflict incidences that countries in our sample experience. Notably, the explanatory power of ToT shocks is twice as large for Low-Income Countries (LICs) and Fragile and Conflict-affected States (FCS). We complement this analysis by employing the number of fatalities caused by conflict as an alternative measure that tracks conflict intensity rather than conflict incidence. The respective results point in the same direction: a negative ToT shock of one point of GDP is associated with an increase of 0.39 fatalities per one million people, which explains about 0.75 percent of the average fatality count that sample countries experience. Second, we find that the impact of a commodity ToT shock is larger in countries with higher inequality and limited fiscal capacity. The former effect is consistent with the opportunity cost channel, whereas the latter supports the state capacity channel. Looking at the relative explanatory power of various variables to model fiscal capacity, we find that external debt is more relevant than fiscal balance and domestic debt. This is consistent with the criticality of external debt for LICs with limited domestic financing sources. Third, we explore spillover effects from ToT shocks to conflicts in neighboring countries and find that the number of conflict events increases in a statistically significant way within two to three years of the initial shock.

#### Economic decline triggers war

Leepipatpiboon & Castrovillari, ’23 (Patcharaporn Leepipatpiboon & Chiara Castrovillari, the first is a PhD Candidate in Economics at UCLA, and the second is a Research Assistant at International Monetary Fund who also holds a master’s degree in public affairs from Brown University, also with Tomohide Mineyama), “Macroeconomic Shocks and Conflict”, IMF Working Papers, https://www.imf.org/en/Publications/WP/Issues/2023/03/18/Macroeconomic-Shocks-and-Conflict-531101 ) cg; ad: 5/5/24

This paper investigates the impact of a shock to a country’s national income on the intensity of conflicts. It does so by exploiting the commodity terms-of-trade (ToT) as an exogenous source of income variation. Our approach uses a more comprehensive ToT index than earlier studies, tracking a variety of commodities and time-varying trade shares while being scaled to the impact on aggregate income. As a result, our measure minimizes the dependence of results to movements in individual commodities such as oil and is sensitive to fluctuations in aggregate income. Our analysis indicates that a negative ToT shock significantly increases the intensity of conflicts, as measured by the number of conflict events per one million population. We find that the impact tends to be larger and more persistent for Low-Income Countries (LICs) and for Fragile and Conflict-affected States (FCS). Moreover, the impact is positively correlated with the level of inequality and a country’s external debt burden. The former effect is consistent with the opportunity-cost channel, which posits that lower income incentivizes individuals to participate in non-productive activities such as violence. The latter supports the relevance of a state-capacity channel, with lower income weakening a government’s capacity to address the impact of an economic shock on income levels and/or the fallout from conflicts, including through adequate social safety nets. Moreover, we find second-round effects from ToT shocks on the security situation of neighboring countries through spillovers of conflict. Overall, our results highlight that ToT shocks have heterogeneous consequences on the incidence and intensity of conflicts, as the impact is affected by a country’s underlying macroeconomic, institutional, and geographical conditions. The paper’s empirical results suggest that policies matter for the link between macroeconomic shocks and conflicts. First, inclusive growth that increases incomes and reduces inequality should help to enhance an economy’s resilience to shocks and work towards preventing violence. Second, adequate fiscal buffers in the form of sustainable (external) debt levels are critical to mitigate the impact of ToT shocks on an economy’s income and thus the likelihood of conflicts. It is plausible to assume that these fiscal buffers can facilitate the provision of adequate social safety nets, ideally targeted to vulnerable households, to break the negative cycle between economic shocks and violence. The results also suggest that financing engagement by international institutions can play an important role to help countries reduce the likelihood of conflicts when faced with an economic shock, as such financing increases the scope for more budget spending and eases foreign exchange constraints that many LICs tend to experience

## Renewables

### Renewables k2 solve CC

#### Renewables are now the most cost efficient and environmentally friendly source of energy

**McMeekin, ‘23** (David McMeekin, Researcher in Physics and in the Marie Skłodowska-Curie fellowship at the University of Oxford “The Inevitable Energy Transition,” St Edmund Hall University of Oxford, 3-10-2023, Available Online: <https://www.seh.ox.ac.uk/blog/the-inevitable-energy-transition>) cg; ad: 5/12/24

Solar energy is the most abundant energy resource on earth and available in every country. Transitioning towards renewable energies has previously been difficult due to the need for direct or indirect government subsidies to support initial adoption of emerging technologies. However, this is no longer the case, where unsubsidised utility-scale bids for wind and solar projects have come in at lower price ranges than gas or coal projects, which have long been regarded as the lowest Levelised Cost of Energy (LCOE). According to the Lazard’s report, utility-scale renewables are now below coal generation prices, where unsubsidised wind prices ranged from 28 to 54 USD/MWh, while utility-scale solar ranged from 32 to 42 USD/MWh, compared to coal priced at 66 to 152 USD/MWh, and gas combined cycle at 44 to 68 USD/MWh. Enabling this cost-competitiveness has triggered an inevitable energy transition from fossil fuel-based technologies to renewables. This transition is no longer an environmentalist’s pipe dream, but rather a current reality, which now has been accelerated by the soaring energy cost caused by the current geopolitical conflict. A viable, abundant and now relatively cheap source of energy is solar power. To date, crystalline silicon-based (c-Si) photovoltaics have dominated the solar market. Although c-Si-based solar cells have been around for many decades, they have only been truly cost-effective in the most recent decade. In the late 1990s, universities, research institutes and industrial partners have developed crystalline silicon technology to reach a 25% power conversion efficiency milestone. From that point forward, the world record efficiency has only risen to 26.7%, as we are approaching a theoretical limit of 33.16% for a single-junction solar cell, known as the “Shockley–Queisser limit”. Hence, it is becoming increasingly difficult to improve the efficiency of the conventional crystalline silicon solar cell. Recent cost reductions in solar energy have mainly been achieved by advancements in manufacturing techniques and reaching economies of scale. As silicon-based solar cells efficiencies converge towards their maximum theoretical limit, price reductions will soon become increasingly difficult to achieve. However, multi-junction architectures can overcome the single-junction efficiency limit, by absorbing distinct portions of the solar spectrum using materials with different band gaps, leading to an increase in solar cell efficiency. These architectures allow for a reduction in photon thermalisation losses; a loss mechanism that occurs when a high energy photon partially converts its energy to heat instead of transferring it to an electron. Multi-junction solar cells are formed by mechanically stacking, on top of one another, two or more solar cells with different band gaps, allowing each junction to absorb different portions of the solar spectrum. A relatively small increase in performance, obtained by transitioning towards multi-junction architectures, could lead to significantly lower solar energy prices, since the other major costs such as land rights, installation, and inverters should remain constant. A generic ABX3 metal-halide perovskite unit cell forming a cubic structure A strong candidate for multi-junctions are metal-halide perovskite solar cells, which form in a generic ABX3 crystal structure, where the A-site is typically an organic or inorganic cation, the B-site is a divalent metal cation, and the X-site a halide anion. Although perovskites materials have been discovered since the 19th century, perovskite structures have only emerged for solar application in the last decade or so. Oxide-based perovskite crystal structures occur abundantly in nature, with approximately 38% of the earth’s volume forming in a perovskite crystal structure. However, here in the Clarendon Laboratories, we focus our efforts on researching and developing halide-based perovskites, which form crystal structures that are particularly good at absorbing light, while maintaining long charge-carrier lifetimes with the semiconductors. Furthermore, we can fabricate metal-halide perovskite solar cells with various band gaps by tuning their chemical composition. The band gap of a semiconductor represents the energy required to promote an electron from the valence band to the conduction band, thus creating a “free-electron” that can move freely within the crystal lattice. This process occurs after a photon with enough energy gets absorbed by the perovskite material. Using specific materials or dopants, these free-electrons can then be extracted at their respective electrodes to create photogenerated current and voltage. The ability to tune their band gap makes metal-halide perovskite solar cells a perfect candidate for multi-junction solar cells. Perovskite-silicon tandems and/or all-perovskite multi-junction solar cells, may certainly be the next technological advancement in the photovoltaic roadmap, however, their long-term stability has yet to match conventional silicon-based technology. Hence, in the photovoltaic and optoelectronic group, located in Oxford’s Condensed Matter Physics (CMP) department, we are constantly trying to find new perovskite materials, architectures, or deposition techniques that improve the overall stability of these solar cells to make them commercially viable. As the cost of photovoltaic energy has plummeted, countries now have the option to lessen their dependence on fossil fuels, along with the countries that control these resources. Energy self-sufficiency has become a major policy concern since the start of the Russo-Ukrainian conflict. The energy policy change from non-renewable fossil-fuel based sources towards low carbon emission-based renewables is inevitable considering the economic advantages renewables now have to offer. Hence, in my opinion, along with the emergence of cheaper energy storage, it is not a question of “if”, but rather a question of “when” the world will change to a combination of renewable energy sources. However, citizens, politicians and scientists can significantly accelerate this change to mitigate the impact of climate change.

#### Renewables are a green alternative to fossil fuels

Lotzof, ‘23 (Kerry Lotzof, Journalist for the The Natural History Museum of London, “Renewable energy and its importance for tackling climate change,” The Natural History Museum of London, Date Published Found Using Wayback Machine, Available Online: <https://www.nhm.ac.uk/discover/renewable-energy.html>) cg; ad: 5/12/24

Replacing fossil fuel-reliant power stations with renewable energy sources, such as wind and solar, is a vital part of stabilising climate change and achieving net zero carbon emissions. Professor Magda Titirici, Chair in Sustainable Energy Materials at Imperial College London, offers an introduction to renewable energy and the future of clean, green power in the UK. What is renewable energy? Renewable energy comes from sources that replenish naturally and continually within a human lifetime. Renewable energy is often called sustainable energy. Major sources of renewable energy include solar, wind, hydroelectric, tidal, geothermal and biomass energy, which is derived from burning plant or animal matter and waste. Switching our reliance on fossil fuels to renewable energy sources that produce lower or no greenhouse gas emissions is critically important in tackling the climate crisis. Clean, green or renewable - what's the difference? Clean energy doesn't produce any pollution once installed. Nor does green energy, which comes from natural sources such as the Sun and is produced without any major negative impacts on the environment. Renewable energy refers to sources that are constantly replenished. While there is often overlap between these definitions and most renewable energy sources can also be considered clean and green, it's not always the case. Nuclear energy doesn't release greenhouse gases into the atmosphere, so some people consider it to be clean - providing the radioactive waste is stored safely and doesn't escape into the environment. But the uranium energy source used in nuclear power plants isn't renewable. A coal power plant emitting smoke, steam and carbon dioxide. Fossil fuels such as coal are non-renewable resources. Burning fossil fuels contributes to climate change by releasing greenhouse gases into the atmosphere. What's the difference between renewable and non-renewable energy? Non-renewable energy comes from natural resources such as coal, oil and natural gas that take billions of years to form, which is why we call them fossil fuels. They are present in finite amounts and will run out, as we are using them far more quickly than they form. When will fossil fuels run out? Research based on 2015 data predicts that coal stocks will last well into the next century, but oil and natural gas reserves (stocks that we know we can extract from) will run out in the late 2060s. However, scientific models suggest that if we are to limit global warming to 2°C - the target agreed at COP26 is 1.5°C - over 80% of coal, 50% of gas and 30% of oil reserves will need to be left untouched anyway. When we extract fossil fuels from deep within the planet and burn them, we can generate electricity quite efficiently. But the process releases a lot of carbon dioxide (CO2) into the atmosphere, which contributes to the greenhouse effect, global warming and biodiversity loss. Magda explains, 'Fossil fuels brought with them immense technological progress but using them releases CO2 into the atmosphere, which acts like a blanket, trapping heat that would otherwise escape into space and causing global warming.' Did you know? The energy sector is responsible for almost three-quarters of the emissions that have caused global temperatures to warm by 1.1°C since pre-industrial times. If we continue to use fossil fuels, the effect will only worsen. Magda adds, 'If we want to live on this planet much longer than 2050 and keep temperature levels below the 1.5°C of warming agreed to by governments around the world, we need to make some radical changes right now. We need to move to technologies that will give us the same level and comfort of living but drastically cut our emissions and carbon footprint.'

#### Renewables are capable of replacing fossil fuels and will create more jobs

Tierney & Bird, ‘20 (Susan Tierney Vice Chair, WRI Global Board of Directors, Senior Advisor, Analysis Group, Inc, and Lori Bird Director, US Energy Program and Polsky Chair for Renewable Energy 5-12-2020, "Setting the Record Straight About Renewable Energy," World Resources Institute, <https://www.wri.org/insights/setting-record-straight-about-renewable-energy> ) cg; ad: 5/12/24

1. **Renewables replace fossil fuel energy on the grid.** In the U.S. and in virtually every region, when electricity supplied by wind or solar energy is available, it displaces energy produced by natural gas or coal-fired generators. The type of energy displaced by renewables depends on the hour of the day and the mix of generation on the grid at that time. Countless studies have found that because output from wind and solar replaces fossil generation, **renewables also reduce CO2 emissions**. For example, an NREL study found that generating 35% of electricity using wind and solar in the western U.S. would reduce CO2 emissions by 25-45%. Solar and wind farms have dominated new power plant builds in the U.S. in recent years, while fossil fuel plants—particularly coal-fired plants—continue to be retired at record pace. In 2019, wind (9.1GW) and solar (5.3GW) represented 62% of all new generating capacity, compared to 8.3GW of natural gas, while 14GW of coal-fired capacity was retired. The U.S. Energy Information Administration (EIA) has also projected that most new electric generation added in the U.S. in 2020 could come from wind and solar, with new natural gas plants projected to represent less than a quarter of new generating capacity. Certainly, some of these installations may be delayed by the COVID-19 pandemic. While natural gas builds exceeded those of renewables in 2018, reversing the earlier trend of renewables leading, there were 12.9GW of coal-fired capacity and 4.6GW of gas-fired capacity retired in that same year, according to EIA. 2. **Clean energy has created millions of jobs – and can create more.** At the start of 2020, the clean energy sector employed about **3.4 million workers** in the U.S., with much of the workforce concentrated in the energy efficiency industry. In 2019, clean energy jobs outnumbered jobs in the fossil fuel sector 3 to 1; across 42 states and the District of Columbia, the clean energy workforce was larger than that of the fossil fuel industry. The **quality of these jobs is also important**. According to research by the Brookings Institute, clean energy workers earn higher and more equitable wages when compared to workers nationally, with mean hourly wages exceeding the national average by 8 to 19%. **Clean energy jobs are only expected to continue growing** — notwithstanding the hit to the sector as a result of COVID-19. Through 2028, the U.S. Bureau of Labor Statistics forecasts that the two fastest-growing jobs in the United States will be solar installers (projected to grow by 105%) and wind technicians (projected to grow by 96%). Under the International Renewable Energy Agency’s “Transforming Energy Scenario,” the number of renewable energy jobs worldwide could more than **triple**, reaching **42 million** jobs by 2050, while energy-efficiency jobs would grow six-fold, **employing over 21 million more people**. By contrast, the fossil fuel industry is **expected to lose over 6 million jobs** over the same time period, even without the impact of the virus.

### Trade solves CC

#### EU-US Trade resolves climate change – all encompassing trade agreement is key

Khakova & Hedberg, ’23 (Olga Khakova is the deputy director for European energy security at the Atlantic Council’s Global Energy Center, Annika Hedberg is the head of the Sustainable Prosperity for Europe Programme at the European Policy Centre, Atlantic Council, “Policy memo: How the US and EU can advance the green transition along with energy and resource security”, August 7th 2023, https://www.atlanticcouncil.org/blogs/new-atlanticist/policy-memo-ttc-us-eu-green-transition/) cg; ad: 5/524

RECOMMENDATIONS: FROM SHARED PRINCIPLES TO JOINT ACTION 1. To align climate and sustainability ambitions with security and geoeconomic goals, the TTC should: Find US-EU common ground on economic engagement with China amid competing priorities and geopolitical tensions. The group should map out differences in US and EU perspectives around de-risking vs. decoupling economic relations with China and reducing dependence for strategically important materials needed for the green transition. Meanwhile, it should identify specific areas where transatlantic differences on China strategy pose a threat to diversifying green supply chains. Explore ways to further enforce existing energy export controls against Russia. While the main purpose of export controls is to protect sensitive Western technologies from being used in ways that threaten international peace and security, a better implementation of this tool can lead to additional benefits for the green agenda and to weakening Russia’s abilities to weaponize energy. For example, Russia’s liquefied natural gas development and services are heavily reliant on imported components and skills. The TTC should establish a transparent US-EU database of trading trends which provide insight into suspicious or irregular trading activities, such as new trading routes for products, to flag possible export controls evasion. Ensure that green transition efforts also benefit third countries. In its May 2023 statement, the TTC committed to “undertake joint analyses of non-market policies and practices of third parties to better understand their impact on US and EU companies.” The United States and the EU should expand on this commitment to find ways to reduce adverse climate, environmental, and social impacts of their actions (e.g., resource extraction, recycling activities, and waste shipments) on other countries. Transatlantic collaboration in combatting forced labor in global supply chains, as agreed upon in May, is an important starting point, and this should be coupled with efforts to lift workers’ standards, especially in the mining and manufacturing sectors. Support Ukraine in the reconstruction and transformation of its energy sector. Ukraine’s reconstruction will be a complex, costly, and lengthy endeavor. The EU and the United States should use the TTC platform to explore ways to speed up the transition of Ukraine’s economy, including its food, mobility, and energy systems, and make them more sustainable and resilient. This will also provide an excellent opportunity to develop and deploy solutions for which the market is growing beyond Ukraine. The TTC should examine the role digital technologies can play in improving stakeholder coordination and eliminating redundancies in the provision of aid, vetting project applications, and ensuring that communities benefit equitably from investments. 2. To build on the power of technologies and develop common standards for the green transition, as well as energy and resource security, the TTC should: Coordinate on the development of digital product passports (DPPs) and enhance trade for digital services. Negotiators should explore the scope of information to be included in DPPs (which can be used to gather environmental and sustainability data on a product and its supply chains) and the stages for their rollout. This requires collaboration on transatlantic methodologies and standards across value chains, including on product recyclability and recycling processes, as well as policies that are shaping the recyclables trade. The development of DPPs should complement existing transatlantic efforts to improve the transparency of products’ climate and environmental footprints and improve information sharing in supply chains. In the longer term, DPPs could also capture products’ social impacts. The TTC should consider how DPPs could support ongoing efforts for climate action, such as the implementation of carbon border taxes. The United States and the EU should explore ways to enhance trade for digital services needed for improving energy, mobility, and food systems, as well as production and consumption patterns. They should exchange best practices and ways to enhance “product-as-a-service” business models. Work toward global standards for methane emissions management. The United States and the EU should commit to strong methane emissions standards bilaterally. This way, they can establish rules of the road for global initiatives while pioneering the technologies needed to bring methane abatement to scale. The TTC should support efforts, including under the Global Methane Pledge, to develop global standards for measuring, reporting, and verification (MRV) of methane emissions. The partners should look for ways to use the International Methane Emissions Observatory as the MRV data clearinghouse and promote the United Nations Environment Programme’s Oil & Gas Methane Partnership 2.0 as the universal standard for reporting. The partners should produce a list of the most effective technologies and best practices for emissions reduction. They should highlight how these technologies can improve data quality and transparency of lifecycle methane emissions in the energy, agriculture, and waste management sectors. Support the development and deployment of zero- and low-emission energy sources through common standards. Biogases and other low-carbon gases: The TTC should align gas quality specifications and certification systems, including for blending levels, to streamline production from various feedstocks and technologies. Hydrogen: The group should accelerate development and deployment of hydrogen value chains. This means working with distribution network operators, hydrogen producers, and potential buyers, such as steel manufacturers and utility providers, on the synchronization of hydrogen transportation standards and integration into existing systems where applicable. Particularly, the TTC should support efforts to synchronize matching, additionality, and deliverability standards for hydrogen. It should put strong focus on helping accelerate the development and deployment of hydrogen with the lowest carbon intensity across the value chain. However, in the near term, all hydrogen production methods can be considered as options to support its commercialization and uptake in meeting decarbonization and energy security goals. E-fuels: The TTC should establish e-fuels production standards for use in carbon-intensive, hard-to-abate sectors such as shipping and aviation. It should explore additional areas where e-fuel standards synchronization could be impactful and ensure that uptake of e-fuels does not lead to unintended consequences such as worsening air quality. Energy efficiency: The group should identify which energy efficiency technologies would benefit from standards alignment and how this could be achieved (e.g., with heat pumps). They should explore how digital solutions could be used across the Atlantic to optimize energy consumption in buildings and forge efficiencies in transport and mobility. Electric vehicles: The group should continue progress on standardizing electric vehicle charging infrastructure, building on the “Joint Technical Recommendations” published under the TTC’s Climate and Clean Tech Working Group. The standardization of charging infrastructure for trucks is a concrete demonstration of the possibilities that the US-EU collaboration offers for the green transition. 3. To ensure access to resources needed for the green transition, the TTC should: Focus on critical supply chains, materials, and products. Semiconductors: This is an area where the TTC has made some progress, with commitments to exchange information and market intelligence, and set up a joint early warning mechanism for disruptions in semiconductor supply chains. It should establish tangible goals and deadlines to move this workstream forward. Inflation Reduction Act/Net-Zero Industry Act: The TTC should build on the local content requirements discussion by expanding the number of minerals that would qualify under the forthcoming US-EU critical minerals agreement. The United States and the EU should also assess how their incentives compare across sectors. These efforts should complement the ongoing Clean Energy Incentives Dialogue. Circular economy: The group should explore ways to eliminate trade barriers for recycled materials. It should aim to create a market for secondary raw materials and for products and services that can contribute to a smarter use of resources needed for the green transition (e.g., by enhancing durability, reusability, repairability, and recyclability of materials and products). The TTC should start by collaborating on improving reusability and recyclability of electric vehicle batteries, and in boosting innovation on plastic recycling and alternative plastics technologies. De-risking manufacturing: The TTC should support existing efforts to identify relevant and competitive actors in green manufacturing in Europe, the United States, and like-minded countries. It should use policies, investments, and other incentives to advance innovations in the manufacturing sector and diversify required supply chains for a resilient green transition. These efforts should complement measures under the European Chips Act and the US CHIPS and Science Act. Address financing barriers. The TTC should identify areas where the lack of credit ratings is impeding, for example, energy trade deals for businesses and suggest government schemes for guarantees. This is particularly relevant for large-scale clean energy and low-carbon energy projects. Train a workforce for the green transition. The TTC should evaluate Science, Technology, Engineering and Mathematics (STEM) training in the United States and Europe, then pinpoint opportunities for knowledge exchange. This should include improving training programs when there is a disconnect between the current and projected market demand for skills needed for the green transition. The partners should also exchange good practices in supporting a just transition that helps workers in affected sectors adopt new skills and thrive.

### EU Key

#### The US is competing with the EU on tech regulatory mechanisms now --- coop is key to ensure the EU model comes out on top

Ringhof & Torreblanca, ’22 (Julian, Visiting fellow at the European Council on Foreign Relations through Mercator Stiftung’s Mercator Fellowship on International Affairs programme., Jose Ignacio, Senior policy fellow and head of the Madrid office of the European Council on Foreign Relations, a position he has held since the launch of ECFR across Europe in 2007., The geopolitics of technology: How the EU can become a global player”, 5/17/22, pp. 3-5, <https://ecfr.eu/wp-content/uploads/2022/05/The-geopolitics-of-technology-How-the-EU-can-become-a-global-player.pdf>) cg; ad: 5/2/24

A digital vision

If **the EU** is to invest in setting up its own digital and technology foreign policy, it **needs to be clear about what its goals are**. The **ultimate aim of this policy should be to give the EU both the strategy and the tools to** transform **it into a** global technological actor **able to sustain its interests and values at home and abroad, and in competition and cooperation with other powers**. All the **elements laid out in this brief are** therefore **focused on turning the EU into a capable and effective geopolitical actor in the field of digital technology**. The need for such a strategy is clear. The EU has set itself the goal of becoming a technologically advanced and decarbonised economy. The **success of** this **major economic transition** crucially **depends on the EU’s capacity to** master**,** command**, and have** full and unrestricted access **to critical digital technologies**. These technologies are increasingly contested, disputed, and even weaponised by third actors. Access to them may thus be denied or made conditional on political goals, jeopardising this transition. In a worst-case scenario, rather than allowing the EU to become a more autonomous and powerful actor, the transition to a digital and decarbonised economy may create new vulnerabilities and simply change the nature of the EU’s geopolitical and economic dependence. The future of the EU also depends on its capacity to sustain democracy and democratic institutions, both at home and abroad. However, for 15 consecutive years, democracy has been in decline around the world, both in the number and in the quality of democracies. Coincident with this decline, both born-again and long-standing authoritarian regimes are growing stronger and more challenging. Misuse of digital technologies has contributed to these trends. This not only serves to undermine democracies by fuelling political polarisation and providing the tools for foreign influence operations, but it also helps authoritarian governments cement their grip on their citizens. Countering these trends is not only a moral necessity for the EU but also essential to securing its global interests. The **vision behind EU digital policy should** thus **be to secure and promote both its** economic **power base and its** political **model**, **at home and globally**. To achieve this vision, the EU needs to act strategically. **Acting strategically means that in designing its means and ends, the union needs to understand what other countries and powers are doing and how it plans** to compete **and cooperate with them**. China and Russia have started a process of decoupling from the West, to which they seek to attract other countries. The rules-based order is being replaced by a power-based order. Geoeconomics (or sheer mercantilism) is back. **States are using economic and technological** interdependencies to impose their views **and secure their geopolitical interests**. It is a new world order – and in that world, technology becomes a key element of power, sovereignty, and survival. **To secure its interests**, values, and global standing**, the** **EU should embed its open-market and humancentric approach to technology in its** alliances**,** partnerships**, and the** multilateral organisations **to which it belongs**. In a world where technology is disputed and weaponised, **the more technologically sovereign like-minded countries are, the more the EU’s own sovereignty and its global geo-technology** standing are assured**; the more allies are protected against foreign influence operations, cyberattacks, and coercion derived from technological vulnerabilities, the more alignment and cooperation with the EU at the global level will be facilitated.** The EU should therefore aim not at technological independence but **at mutually reinforced and shared** technological sovereignty **with its allies**. **To achieve this aim, the EU first needs to become an attractive partner for other countries**. This **attraction should extend to those who have signed up to Chinese digital infrastructures and investments or are targeted by China’s, Russia’s, and other countries’ propaganda and influence operations**. The Global Gateway initiative can help this process if it focuses on strategic opportunities to strengthen alliances and undermine Chinese and Russian spheres of influence. The EU also needs to strengthen its existing alliances. This need affects first and most fundamentally the US, but also applies to other partners. With the US, which in many fields is a technology competitor, the EU must settle its differences. **The EU and the US have** distinct approaches **to technology governance**. **In Europe, values and regulation play a greater role than they do in the US.** This **distinction has** so far **prevented regulatory harmonisation and led to tensions**. Still, **while** these **differences may prevent policy harmonisation**, **they should still allow policy convergence**, or at least coexistence – particularly given the common global challenges the EU and the US face. Clearly, the EU and the US cannot counter Russia’s and China’s aggressive technological strategies while refusing to compromise among themselves. Much as they did after the second world war, the US and Europe need to reach a wide agreement to sustain a global and free democratic technology order. The postwar order required rules-based institutions and military alliances to secure free trade across key straits and blue waters. The new order will require the transatlantic alliance to work together to facilitate a flow of data that preserves privacy, and to embed democratic values in technology regulations and governance at the global level. In sum, to stand up for its interests and values, **the EU must become a global technology player**. The EU and its member states can deliver on this vision by acting along three policy dimensions (values, security, and markets) with a common strategy and new and enhanced policy tools. As the next section shows, the EU is already on the road to global influence in technology. But it has a long way to go, and the most difficult part still lies ahead.

#### This revitalizes lagging EU leadership, solves CMR, and spurs innovation.

Csernatoni, ‘19 ([Raluca Csernatoni](https://link.springer.com/chapter/10.1007/978-3-030-12418-2_6#auth-Raluca-Csernatoni), PhD in International Relations from Central European University, 2019. The EU’s Technological Power: Harnessing Future and Emerging Technologies for European Security. Peace, Security and Defence Cooperation in Post-Brexit Europe, 119–140. doi:10.1007/978-3-030-12418-2\_6) cg; ad: 5/2/24

Less than a century ago, Edmund Husserl’s warning words about Europe were more than farsighted: “the gravest danger menacing Europe is its lassitude” (quoted in Bauman 2014). Applied to the European Union’s (EU) Common Security and Defence Policy (CSDP), his words ring even truer. In the current climate of fiscal and economic austerity, recent debates on the EU’s security and defence capabilities have centred on Europe’s clear lag, warned against cuts in national defence budgets, and called for a new level of ambition and ‘pooling and sharing’ strategies for enhanced defence cooperation at the European level. Nevertheless, the case for strengthening the EU’s security and defence policy is even harder to endorse in domestic debates over resources and priorities, especially concerning high-tech security technologies. The European defence sector contends with public finances under pressure from growing pension burdens, shrinking recruitment pools and states increasingly cautious about interventionist military operations or unwarranted military capabilities spending. This chapter looks at the EU’s recent impetus to fund for serious military capacity build-up through dual-use and emerging technologies such as artificial intelligence (AI) and autonomous robotics. According to the European Commission, Future and Emerging Technologies (FET) “go beyond what is known!” and “[v]isionary thinking can open up promising avenues towards powerful new technologies” (FET 2018). FETs have been allocated a provisional budged of €2.696 million under the Horizon 2020, having three complementary lines of actions: FET Open funding projects on new ideas for radically new future technologies, including unconventional research and innovation collaborations and practices; FET Proactive nurturing emerging themes and establishing a critical mass of European researches in order to build new interdisciplinary research communities; and FET Flagships that are “1-billion, 10-years initiatives where hundreds of excellence European researchers unite forces to focus on solving an ambitious scientific and technological challenge” (FET 2018). The Work Programme of 2018–2020 (FET 2018–2020) under the Horizon 2020 started in 2016, highlighted among others a new generation of robotics technologies, human-machine interfaces and cooperation, cognition and AI as well as quantum computing and its advantages to solve challenging industrial and scientific problems such as the development of protocols, controls and benchmarking for real life applications (FET 2018–2020, pp. 34, 38). The framing of FETs is particularly significant, because such technologies and the inter- and multidisciplinary research and innovation synergies that are prioritised by the European Commission are expected to transform “Europe’s science base into a competitive advantage”, as well as “initiate new lines of technology through unexplored collaborations between advanced multidisciplinary science and cuttingedge engineering” (FET 2018). Most importantly, they can have spill over effects in the areas of security and defence and in the case of civil-military applications in the security continuum between internal and external security in Europe. They likewise express an undeniable technologisation trend to push for high-tech multidisciplinary Research & Development (R&D) in areas of strategic and global competition. This is reflected in the EU’s policymaking that has been actively pursuing neoliberal strategies to also revamp a lagging behind European Defence Technological and Industrial Base (EDTIB) and the proliferation of discourses regarding the strategic and economic advantages of frontier or game-changing dual-use technologies (Csernatoni 2018, p. 190). To this end, the underlying goal is to ensure that Europe will have a leadership role “early on in those promising future technology areas able to renew the basis for future European competitiveness and growth” (FET 2018). The EU is poised to tackle challenging global phenomena and major mutations engendered by a so-called fourth industrial revolution and a new age of ever more sophisticated technologies like cyber technologies, autonomous robotics and AI. Such game-changing technical advancements have important civilian and military applications in different areas, by creating new markets, triggering new cooperation in key industrial domains and transforming civil-military relations in Europe and the world. They galvanise a variety of actors and different levels of analysis, intertwining multidisciplinary research approaches and different technical, socio-political, economic and security fields. In this regard, scholarship should be focused on evaluating the geopolitical, policy, social, ethical and legal challenges of such technologies in a world increasingly driven by digital and automated technologies in all aspects of activity, including security and defence. ‘Big Tech’ and major leaders such as the USA and China, with Canada, Israel, France, Russia and the United Kingdom holding key positions in these fields, are currently driving the innovation agenda and arms race in AI-enabled and autonomous security technologies. However, a balance must be reached between such innovations and future technological artefacts that comply with democratic and legal requirements, social norms and ethical values and the EU could play a significant role in their meaningful governance. In the last few years, the emergence of new technologies has stimulated worldwide debates on their uses, risks and potential benefits. Emerging autonomous technologies are a set of smart technologies that are rapidly converging and are often interrelated, connected or fully integrated, such as AI, machine learning algorithms, deep learning, cyber networks and robotics (European Commission 2018a, p. 5). Such technologies are creating new synergies in key industrial domains at national, European and transnational levels, encompassing a host of implications for both civil and military objectives. In the European context, EU institutions and agencies such as the European Commission, European Parliament and European Defence Agency (EDA) have been taking part in discussions surrounding their R&D and governance, by creating the impetus to strengthen market growth, competitiveness, innovation and regulation in these sectors.

### Warming Impact

#### Warming is anthropogenic and causes extinction

**Adams, ‘16** (Andrew has a degree in agriculture and cites studies done by NASA and the IPCC, Prince George Citizen, 4/16/16, “There is no debating scientific facts,” <http://www.princegeorgecitizen.com/opinion/columnists/there-is-no-debating-scientific-facts-1.2229437>) cg

Last week I wrote about the signs of early spring and put a few jabs at climate change deniers. This column did exactly what I had hoped. It sparked conversation on the topic. Those who commented on the article were in fact climate change deniers, stating random outliers of data in the overall trend, which is akin to the Republican senator of Oklahoma who brought a snowball to the senate floor as evidence that global warming was a hoax. I am so glad this type of outlandish behavior has not manifested itself in Canadian politics as of yet. Weather is what you get and climate is what you expect. This week I hope to explain climate change to those who don't fully understand the science behind it. I write this column with a mere bachelor of science and only a handful of classes in a human and environmental interaction masters program before I left school to tackle other adventures that I felt academia would only prevent me from doing all the while furthering my student debt. So while I am not an expert on this topic I do however have an understanding of the scientific process and natural processes that allow us to understand climate change. Glancing into my personal library one could reasonably make the statement that I may have a better understanding than your average Joe. It's true the climate has always been changing. While observed records of our climate indeed are not extreme in age, pollen in lake sediment, trapped air bubbles and neutrons in glaciers can give us a reasonable degree of accuracy (of the past 800,00 years according to NASA) when looking to the past climate fluctuations. In our last century of climatic observations we have observed an overall increase of approximately .74 degrees Celsius increase in global temperatures according to NASA and the IPCC. While this number does not seem significant, it is when you live in an extreme environment such as the arctic. Think back to your history book's description of the Franklin expedition, now remember last week's stories from CBC on the cruise ships traveling the Northwest Passage with thousands of people aboard the ships. 97 percent of climate scientist agree that this warming (which is happening) is not caused by orbital variation nor sun spots or solar flares. These experts agree this climate change is anthropogenic. While I believe Prince George has no doubt its share of scientific geniuses, I don't believe that there is a scientific genius in P.G. that is more informed on climate change than the leading 97 percent of top climate scientists. It is true that the climate has been warm before and this is not the problem. The problem is the rate at which the change is occurring. According to NASA, "As the Earth moved out of ice ages over the past million years, the global temperature rose a total of four to seven degrees Celsius over about 5,000 years. In the past century alone, the temperature has climbed 0.7 degrees Celsius, roughly ten times faster than the average rate of ice-age-recovery warming." We are now in the sixth great extinction on Earth. In fact geologists are now calling our current Epoch the Anthropocene as our industrial existence has now left its mark geologically on Earth forever. In 1750, there was 250 PPM of carbon dioxide (the most important greenhouse gas) in our atmosphere now there is 400 PPM. If you were to drive a car somehow up through our atmosphere for 100 kilometres you would then be in outer space. This is how small our atmosphere is. It is ludicrous to think that all of our industrial emissions have not been able to change the composition of our thin veil of an atmosphere It saddens me that some still deny these dire facts because we have work to do and no time to waste. There is no one to blame but ourselves. To those who think this is a nefarious plot against the common man from the government and scientists, I think you must first assume our government is intelligent enough to push such a plot as this onto the public and ask yourself, why would they do such a thing, what would be the benefit, and also, "Have I been spending too much time on YouTube watching conspiracy theories?" P.s. The Earth is not flat.

#### Warming outweighs and turns all of their impacts

Herzog, ‘16 (Citing a World Economic Forum Survey
Katie, "Surprise, surprise: Climate change is risky business", Jan 14, grist.org/climate-energy/surprise-surprise-climate-change-is-risky-business/?utm\_source=syndication&utm\_medium=rss&utm\_campaign=feedgrist) cg

Congratulations, climate change! You’re officially the biggest threat to the most important thing in the world — the international Jenga game that we like to call “the global economy.” According to a recent survey of 750 risk experts conducted by the World Economic Forum, the failure to mitigate and adapt to climate change tops the list of threats to the global economy. The planet’s number one enemy ranks above food and water shortages, infectious disease, cyberattacks, unemployment, terrorism, and involuntary mass migration. That’s because — surprise! — climate change contributes to all of those things. From the WEF’s report: Environmental risks have come to prominence in the global risks landscape in 2016, despite the presence on the horizon of a large number of other, highly visible risks. Income disparity, which was highlighted by the report in 2014, is this year reflected in the growing interconnections involving profound social instability and both structural unemployment and underemployment and adverse consequences of technological advances. […] Knowledge of such interconnections is important in helping leaders prioritize areas for action, as well as to plan for contingencies. “We know climate change is exacerbating other risks such as migration and security, but these are by no means the only interconnections that are rapidly evolving to impact societies, often in unpredictable ways. Mitigation measures against such risks are important, but adaptation is vital,” said Margareta Drzeniek-Hanouz, Head of the Global Competitiveness and Risks, World Economic Forum. Well, shit! Who’s going to take on that whole “mitigation and adaptation” thing?

#### Climate change is the biggest threat to the economy in 2016

Elliot, ’16 (citing 750 experts from the World Economic Forum;
“Climate change disaster is biggest threat to global economy in 2016, say experts”; Larry; 1/14/16; <https://www.theguardian.com/business/2016/jan/14/climate-change-disaster-is-biggest-threat-to-global-economy-in-2016-say-experts>) cg

A catastrophe caused by climate change is seen as the biggest potential threat to the global economy in 2016, according to a survey of 750 experts conducted by the World Economic Forum. The annual assessment of risks conducted by the WEF before its annual meeting in Davos on 20-23 January showed that global warming had catapulted its way to the top of the list of concerns. A failure of climate change mitigation and adaptation was seen as likely to have a bigger impact than the spread of weapons of mass destruction, water crises, mass involuntary migration and a severe energy price shock – the first time in the 11 years of the Global Risks report that the environment has been in first place. The report, prepared by the WEF in collaboration with risk specialists Marsh & McLennan and Zurich Insurance Group, comes a month after the deal signed in Paris to reduce carbon emissions. The WEF said evidence was mounting that inter-connections between risks were becoming stronger. It cited links between climate change and involuntary migration or international security, noting that these often had “major and unpredictable impacts”. Espen Barth Eide, the WEF’s head of geopolitical affairs, said there was a risk of Europe fragmenting as a result of “people on the move”. Speaking at a press conference in London to launch the report, Eide said: “I am concerned about the continued support in national politics for keeping Europe together.” Eide added that if enough countries decided to pursue a non-integrated approach to coping with migration it would have “profound effects on Europe’s politics and its economy”, and would have a knock-on impact on the rest of the world. “If things unravel at the core, what does it mean in other parts of the world?” Cecilia Reyes, Zurich’s chief risk officer, said: “Climate change is exacerbating more risks than ever before in terms of water crises, food shortages, constrained economic growth, weaker societal cohesion and increased security risks. “Meanwhile, **geopolitical instability** is exposing businesses to cancelled projects, revoked licences, interrupted production, damaged assets and restricted movement of funds across borders. These political conflicts are in turn making the challenge of climate change all the more insurmountable – reducing the potential for political cooperation, as well as diverting resource, innovation and time away from climate change resilience and prevention.” The WEF said the broad range of risks – from environmental to geopolitical and economic – was unprecedented. It added that risks appeared to be rising, with global average surface temperatures increasing by more than 1C over pre-industrial levels for the first time, and the number of forcibly displaced people at 59.5 million – almost 50% more than in 1940, when the second world war was being fought. “Data from the report appears to support the increased likelihood of risks across the board, with all 24 of the risks continuously measured since 2014 having increased their likelihood scores in the past three years,” the WEF said. When asked which risk was most likely to materialise in 2016, respondents chose large-scale involuntary migration. This follows last year’s refugee crisis, in which hundreds of thousands of people arrived in Europe fleeing conflicts in the Middle East and north Africa. This was followed by extreme weather events, climate change, interstate conflict with regional consequences, and major natural catastrophes. “Events such as Europe’s refugee crisis and terrorist attacks have raised global political instability to its highest level since the cold war,” said John Drzik, president of Marsh Global Risk and Specialties. “This is widening the backdrop of uncertainty against which international firms will increasingly be forced to make their strategic decisions. The need for business leaders to consider the implications of these risks on their firm’s footprint, reputation and supply chain has never been more pressing.” Drzik said at the press conference: “Most risks are rising. It’s a riskier world right now.”

#### Warming induced agricultural decline can’t sustain linear population increase – famine

Tomson, '15 (Bill; December 2, 2015; USDA report details climate change threat to U.S. and global agriculture; writer for AgriPulse; [www.agri-pulse.com/USDA-report-details-climate-change-threat-to-US-global-agriculture-12022015.asp](http://www.agri-pulse.com/USDA-report-details-climate-change-threat-to-US-global-agriculture-12022015.asp)) cg

The USDA today unveiled a new report warning that global warming will continue to cut agricultural production in the U.S. and around the world and reverse the recent trend of rising food security in some of the poorest countries. Longer droughts, higher temperatures and stronger storms over the coming decades will reduce agricultural production and raise the demand for U.S. food aid, according to the new report released by USDA as Agriculture Secretary Tom Vilsack attends the United Nations climate change talks in Paris. “Climatic stresses impact all of us and have real consequences on food production, dramatically affecting the yields of crops and threatening food security,” Vilsack said in a statement. “All nations have a role to play in supporting agricultural growth and driving the innovation necessary to survive.” Food insecurity worldwide has dropped by about 20 percent over the past 22 years, but global warming could erase those gains as farmers increasingly struggle with decreasing yields and consumers are faced with rising prices, according to the 146-page report, Climate Change, Global Food Security and the U.S. Food System. The effects of global warming have already reduced yields for world grain farmers by 2.5 percent since 2000, the report concluded, but stressed that the worst impacts are yet to come and will hit tropical countries first. But the United States is not immune. An Economic Research Service report released in November predicts that global warming will hit U.S. farmers hard. By 2020, yields will be falling significantly for corn, soybeans, rice, sorghum, cotton and oats, according to the researchers. Drought and dwindling ground water supplies will reduce corn and soybean production by about 8 percent and cut the sorghum harvest by about 15 percent. “We've seen increasing incursions of invasive pests and diseases and extreme weather, everything from bark beetle to severe droughts, which have cost billions in lost productivity,” Vilsack said. “We've faced a series of record wildfire seasons in the western United States - the worst decade in U.S. history for wildfire. The growing El Nino weather pattern in the Pacific has created the perfect storm for disasters to strike the already damaged and weakened western landscape.” And as conditions worsen overseas, it will become harder and harder to source the roughly $116 billion of agricultural food imports that U.S. consumers depend on and prices will rise, today's report warns. And as production declines in the poorest countries, demand for U.S. aid will increase. That new demand will come on top of the spiraling need for more and more commodities to feed a rapidly expanding population, Vilsack said. “We've all seen the statistics: Nine billion people by 2050,” Vilsack said, an increase of almost 2 billion from the current world population. “Feeding these new citizens will require at least a 60 percent increase in agricultural productivity. We must do all of this in the face of climate change that is threatening the productivity and profitability of our farms, ranches and forests.” Last year the USDA set up seven “climate hub” research stations across the country to coordinate efforts on mitigating the effects of increasingly erratic weather like the four-year drought in California and a South Dakota blizzard that killed tens of thousands of cattle in 2013. The hubs, which Vilsack called “part of our broad commitment to developing the next generation of climate solutions,” were developed as part of President Barack Obama's national Climate Action Plan. Obama and other world leaders have departed the Paris talks, leaving it to their representatives to come up with a new multilateral agreement by Dec. 11. It's unclear if any new substantial commitments will agreed upon, but Obama stressed the situation is dire.

#### Warming is real and anthropogenic

Cook, ‘16 (John Cook, Climate Communication Fellow for the Global Change Institute at The University of Queensland, 4/16/16, Consensus on consensus: a synthesis of consensus estimates on human-caused global warming, <http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002/pdf>) cg

Efforts to measure scientific consensus need to identify a relevant and representative population of experts, assess their professional opinion in an appropriate manner, and avoid distortions from ambiguous elements in the sample. Approaches that have been employed to assess expert views on anthropogenic global warming (AGW) include analyzing peer reviewed climate papers (Oreskes 2004; C13), surveying members of the relevant scientific community (Bray and von Storch 2007, Doran and Zimmerman 2009, Bray 2010, Rosenberg et al 2010, Farnsworth and Lichter 2012, Verheggen et al 2014, Stenhouse et al 2014, Carlton et al 2015), compiling public statements by scientists (Anderegg et al 2010), and mathematical analyses of citation patterns (Shwed and Bearman 2010). We define domain experts as scientists who have published peer-reviewed research in that domain, in this case, climate science. Consensus estimates for these experts are listed in table 1, with the range of estimates resulting primarily from differences in selection of the expert pool, the definition of what entails the consensus position, and differences in treatment of no position responses/ papers. The studies in table 1 have taken various approaches to selecting and querying pools of experts. Oreskes (2004) identified expressions of views on AGW in the form of peer-reviewed papers on ‘global climate change’. This analysis found no papers rejecting AGW in a sample of 928 papers published from 1993 to 2003, that is, 100% consensus among papers stating a position on AGW. Following a similar methodology, C13 analyzed the abstracts of 11 944 peer-reviewed papers published between 1991 and 2011 that matched the search terms ‘global climate change’ or ‘global warming’ in the ISI Web of Science search engine. Among the 4014 abstracts stating a position on human-caused global warming, 97.1% were judged as having implicitly or explicitly endorsed the consensus. In addition, the study authors were invited to rate their own papers, based on the contents of the full paper, not just the abstract. Amongst 1381 papers self-rated by their authors as stating a position on human-caused global warming, 97.2% endorsed the consensus. Shwed and Bearman (2010) employed citation analysis of 9432 papers on global warming and climate published from 1975 to 2008. Unlike surveys or classifications of abstracts, this method was entirely mathematical and blind to the content of the literature being examined. By determining the modularity of citation networks, they concluded, ‘Our results reject the claim of inconclusive science on climate change and identify the emergence of consensus earlier than previously thought’ (p. 831). Although this method does not produce a numerical consensus value, it independently demonstrates the same level of scientific consensus on AGW as exists for the fact that smoking causes cancer. Anderegg et al (2010) identified climate experts as those who had authored at least 20 climate-related publications and chose their sample from those who had signed public statements regarding climate change. By combining published scientific papers and public statements, Anderegg et al determined that 97%–98% of the 200 most-published climate scientists endorsed the IPCC conclusions on AGW. Other studies have directly queried scientists, typically choosing a sample of scientists and identifying subsamples of those who self-identify as climate scientists or actively publish in the field. Doran and Zimmerman (2009) surveyed 3146 Earth scientists, asking whether ‘human activity is a significant contributing factor in changing mean global temperatures,’ and subsampled those who were actively publishing climate scientists. Overall, they found that 82% of Earth scientists indicated agreement, while among the subset with greatest expertise in climate science, the agreement was 97.4%. Bray and von Storch (2007) and Bray (2010) repeatedly surveyed different populations of climate scientists in 1996, 2003 and 2008. The questions did not specify a time period for climate change (indeed, in 2008, 36% of the participants defined the term ‘climate change’ to refer to ‘changes in climate at any time for whatever reason’). Therefore, the reported consensus estimates of 40% (1996) and 53% (2003) (which included participants not stating a view on AGW) suffered from both poor control of expert selection and ambiguous questions. Their 2008 study, finding 83% agreement, had a more robust sample selection and a more specific definition of the consensus position on attribution. Verheggen et al (2014) surveyed 1868 scientists, drawn in part from a public repository of climate scientists (the same source as was used by Anderegg et al), and from scientists listed in C13, supplemented by authors of recent climate-related articles and with particular effort expended to include signatories of public statements critical of mainstream climate science. 85% of all respondents (which included a likely overrepresentation of contrarian non-scientists) who stated a position agreed that anthropogenic greenhouse gases (GHGs) are the dominant driver of recent global warming. Among respondents who reported having authored more than 10 peer-reviewed climate related publications, approximately 90% agreed that greenhouse gas emissions are the primary cause of global warming. Stenhouse et al (2014) collected responses from 1854 members of the American Meteorological Society (AMS). Among members whose area of expertise was climate science, with a publication focus on climate, 78% agreed that the cause of global warming over the past 150 years was mostly human, with an additional 10% (for a total of 88%) indicating the warming was caused equally by human activities and natural causes. An additional 6% answered ‘I do not believe we know enough to determine the degree of human causation.’ To make a more precise comparison with the Doran and Zimmerman findings, these respondents were emailed one additional survey question to ascertain if they thought human activity had contributed to the global warming that has occurred over the past 150 years; among the 6% who received this question, 5% indicated there had been some human contribution to the warming. Thus, Stenhouse et al (2014) concluded that ‘93% of actively publishing climate scientists indicated they are convinced that humans have contributed to global warming.’ Carlton et al (2015) adapted questions from Doran and Zimmerman (2009) to survey 698 biophysical scientists across various disciplines, finding that 91.9% of them agreed that (1) mean global temperatures have generally risen compared with pre-1800s levels and that (2) human activity is a significant contributing factor in changing mean global temperatures. Among the 306 who indicated that ‘the majority of my research concerns climate change or the impacts of climate change’, there was 96.7% consensus on the existence of AGW. The Pew Research Center (2015) conducted a detailed survey of 3748 members of the American Association for the Advancement of Science (AAAS) to assess views on several key science topics. Across this group, 87% agreed that ‘Earth is warming due mostly to human activity.’ Among a subset of working PhD Earth scientists, 93% agreed with this statement. Despite the diversity of sampling techniques and approaches, a consistent picture of an overwhelming consensus among experts on anthropogenic climate change has emerged from these studies. Another recurring finding is that higher scientific agreement is associated with higher levels of expertise in climate science (Oreskes 2004, Doran and Zimmerman 2009, Anderegg 2010, Verheggen et al 2014). How can vastly different interpretations of consensus arise? A significant contributor to variation in consensus estimates is the conflation of general scientific opinion with expert scientific opinion. Figure 1 demonstrates that consensus estimates are highly sensitive to the expertise of the sampled group. An accurate estimate of scientific consensus reflects the level of agreement among experts in climate science; that is, scientists publishing peer-reviewed research on climate change. As shown in table 1, low estimates of consensus arise from samples that include non-experts such as scientists (or non-scientists) who are not actively publishing climate research, while samples of experts are consistent in showing overwhelming consensus. Tol ([2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib33)) reports consensus estimates ranging from 7% to 100% from the same studies described above. His broad range is due to sub-groupings of scientists with different levels of expertise. For example, the sub-sample with 7% agreement was selected from those expressing an 'unconvinced' position on AGW (Verheggen et al [2014](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib36)). This selection criterion does not provide a valid estimate of consensus for two reasons: first, this subsample was selected based on opinion on climate change, predetermining the level of estimated consensus. Second, this does not constitute a sample of experts, as non-experts were included. Anderegg ([2010](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib1)) found that nearly one-third of the unconvinced group lacked a PhD, and only a tiny fraction had a PhD in a climate-relevant discipline. Eliminating less published scientists from both these samples resulted in consensus values of 90% and 97%–98% for Verheggen et al ([2014](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib36)) and Anderegg et al ([2010](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib2)), respectively. Tol's ([2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib33)) conflation of unrepresentative non-expert sub-samples and samples of climate experts is a misrepresentation of the results of previous studies, including those published by a number of coauthors of this paper. In addition to varying with expertise, consensus estimates may differ based on their approach to studies or survey responses that do not state an explicit position on AGW. Taking a conservative approach, C13 omitted abstracts that did not state a position on AGW to derive its consensus estimate of 97%; a value shown to be robust when compared with the estimate derived from author responses. In contrast, in one analysis, Tol ([2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib33)) effectively treats no-position abstracts as rejecting AGW, thereby deriving consensus values less than 35%. Equating no-position papers with rejection or an uncertain position on AGW is inconsistent with the expectation of decreasing reference to a consensual position as that consensus strengthens (Oreskes [2007](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib22), Shwed and Bearman [2010](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib31)). Powell ([2015](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib27)) shows that applying Tol's method to the established paradigm of plate tectonics would lead Tol to reject the scientific consensus in that field because nearly all current papers would be classified as taking 'no position'. 4. Conclusion We have shown that the scientific consensus on AGW is robust, with a range of 90%–100% depending on the exact question, timing and sampling methodology. This is supported by multiple independent studies despite variations in the study timing, definition of consensus, or differences in methodology including surveys of scientists, analyses of literature or of citation networks. Tol ([2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib33)) obtains lower consensus estimates through a flawed methodology, for example by conflating non-expert and expert views, and/or making unsupported assumptions about sources that do not specifically state a position about the consensus view. An accurate understanding of scientific consensus, and the ability to recognize attempts to undermine it, are important for public climate literacy. Public perception of the scientific consensus has been found to be a gateway belief, affecting other climate beliefs and attitudes including policy support (Ding et al [2011](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib10), McCright et al [2013](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib20), van der Linden et al [2015](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib34)). However, many in the public, particularly in the US, still believe scientists disagree to a large extent about AGW (Leiserowitz et al [2015](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib16)), and many political leaders, again particularly in the US, insist that this is so. Leiserowitz et al ([2015](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib16)) found that only 12% of the US public accurately estimate the consensus at 91%–100%. Further, Plutzer et al [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib26) found that only 30% of middle-school and 45% of high-school science teachers were aware that the scientific consensus is above 80%, with 31% of teachers who teach climate change presenting contradictory messages that emphasize both the consensus and the minority position. Misinformation about climate change has been observed to reduce climate literacy levels (McCright et al [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib19), Ranney and Clark [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib29)), and manufacturing doubt about the scientific consensus on climate change is one of the most effective means of reducing acceptance of climate change and support for mitigation policies (Oreskes [2010](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib23), van der Linden et al [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib35)). Therefore, it should come as no surprise that the most common argument used in contrarian op-eds about climate change from 2007 to 2010 was that there is no scientific consensus on human-caused global warming (Elsasser and Dunlap [2012](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib12), Oreskes and Conway [2011](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib24)). The generation of climate misinformation persists, with arguments against climate science increasing relative to policy arguments in publications by conservative organisations (Boussalis and Coan [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib3)). Consequently, it is important that scientists communicate the overwhelming expert consensus on AGW to the public (Maibach et al [2014](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib18), Cook and Jacobs [2014](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib7)). Explaining the 97% consensus has been observed to increase acceptance of climate change (Lewandowsky et al [2013](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib17), Cook and Lewandowsky [2016](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib8)) with the greatest change among conservatives (Kotcher et al [2014](http://iopscience.iop.org/article/10.1088/1748-9326/11/4/048002#erlaa1c48bib15)).From a broader perspective, it doesn't matter if the consensus number is 90% or 100%. The level of scientific agreement on AGW is overwhelmingly high because the supporting evidence is overwhelmingly strong.

#### New research confirms that 97% of climate scientists agree climate change is real – consensus of multiple studies

Newswise, ‘16 – (Newswise, 4/11/16, Consensus on Consensus, Expertise Matters in Agreement Over Human-Caused Climate Change, Michigan Technological University, <http://www.newswise.com/articles/view/651429/?sc=dwhr&xy=5013567>) cg

Newswise — A research team confirms that 97 percent of climate scientists agree that climate change is caused by humans. The group includes Sarah Green, a chemistry professor at Michigan Technological University. “What’s important is that this is not just one study—it’s the consensus of multiple studies,” Green says. This consistency across studies contrasts with the language used by climate change doubters. This perspective stems from, as the authors write, “conflating the opinions of non-experts with experts and assuming that lack of affirmation equals dissent.” Environmental Research Letters published the paper this week. In it, the team lays out what they call “consensus on consensus” and draws from seven independent consensus studies by the co-authors. This includes a study from 2013, in which the researchers surveyed more than 11,000 abstracts and found most scientists agree that humans are causing climate change. Through this new collaboration, multiple consensus researchers—and their data gathered from different approaches—lead to essentially the same conclusion. The key factor comes down to expertise: The more expertise in climate science the scientists have, the more they agree on human-caused climate change. Skeptic vs. Doubter There are many surveys about climate change consensus. The problem with some surveys, Green points out, is that they are biased towards populations with predetermined points of view. Additionally, respondents to some surveys lack scientific expertise in climate science. “The public has a very skewed view of how much disagreement there is in the scientific community,” she says. Only 12 percent of the US public are aware there is such strong scientific agreement in this area, and those who reject mainstream climate science continue to claim that there is a lack of scientific consensus. People who think scientists are still debating climate change do not see the problem as urgent and are unlikely to support solutions. This new paper is a rebuttal to a comment criticizing the 2013 paper. Green is quick to point out that skepticism, a drive to dig deeper and seeking to better validate data, is a crucial part of the scientific process. “But climate change denial is not about scientific skepticism,” she says. Broader Impacts Refuting climate change doubters is the main purpose of a website Green contributes to called skepticalscience.com. The website is run by the new study’s lead author, John Cook from the University of Queensland in Australia. He says consensus studies have helped change political dialogue around climate change. “The progress made at the United Nations Climate Change Conference (COP21) in Paris late last year indicates that countries are now well and truly behind the scientific consensus, too,” Cook says. Co-author Naomi Oreskes from Harvard University originally pursued consensus data about climate change in 2004 and co-wrote Merchants of Doubt, which was turned into a documentary in 2014. She says that this latest work places the findings in the broader context of other research. “By compiling and analyzing all of this research—essentially a meta-study of meta-studies—we've established a consistent picture with high levels of scientific agreement among climate experts,” she says. And among climate scientists, there’s little doubt. There is consensus on consensus.

## EU Tech Leadership

### US-EU Trade Not Happening

#### The relationship is collapsing – only a revival on tech can solve.

Csernatoni, ‘21 (Raluca Csernatoni, PhD in International Relations from Central European University, 2021. “The Technology Challenge in the Transatlantic Relationship” <https://journals.sagepub.com/doi/pdf/10.1177/17816858211059251>) cg; ad: 5/2/24

In this article the transatlantic relationship is defined as the overall set of relations between the US and the EU, relations that are maintained via engagements in institutions such as NATO (Smith 2018, 539). This relationship has been intimately linked to the ebbs and flows of two interconnected structural changes. First, since the end of the Cold War era, systemic changes in the international arena have seen successive US administrations and European leaders alternate between fully embracing shared views and interests, with limited disagreement on certain issues, and episodes of acute discord and crisis. To name a few points of disagreement, the US-led invasion of Iraq; nuclear strategy; and international development, monetary and trade policies have caused many furrowed brows in both European capitals and Washington. These issues all arose long before the US strategic pivot towards Asia, disagreements over China, the lingering effects of former President Donald J. Trump’s transactional approach to foreign policy, data privacy and the recent responses to the novel coronavirus pandemic. Second, structural changes in the EU integration project and the increasing supranationalisation of the EU’s defence policy have also had powerful repercussions. The growing role of the European Commission in defence technological and industrial matters and the launch of the European Defence Fund, an unprecedented funding scheme financed directly from the EU budget to support homegrown European collaborative defence research and development (Håkansson 2021), have raised concerns across the Atlantic. In recent years, a new momentum in EU defence integration has taken shape around the concept of European strategic autonomy, coupled with pragmatic policy steps and initiatives prioritising European sovereignty in defence industrial areas, as well as technological and digital matters (Csernatoni 2021b). This growing supranationalisation has been partly triggered by the combination of former President Trump’s vitriolic stance towards the EU and NATO, the EU losing its strongest transatlantic link with the UK’s departure, and the evolving international technological rivalry between the US and China. Such challenges have called for a critical reappraisal of European autonomy and dependency in key technological areas, from defence, emerging and disruptive technologies (EDTs), and the digital domain, to space. Conversely, EU talk and action to spend more on military and technological power have provoked fears that European defence and technological cooperation will lead to industrial rivalry with the US or a duplication of NATO’s efforts. Against this backdrop, instead of broadly examining how the structural cracks in the transatlantic bond have emerged and are growing, this article zooms in on the challenges to the relationship posed by technological innovation, both as a driver of cooperation and as a cause for further rivalry. In doing so, the article explores three core and interrelated dimensions: the transatlantic technology gap and the EU’s quest for technological sovereignty—namely the desire to strengthen Europe’s technological competitive edge, support a strong industrial base and reduce dependencies in critical technology areas and value chains; differing approaches to technological innovation and the role of emerging and disruptive technologies; and the values-based governance and regulation of digital and technology issues. In the shifting geopolitical context, the EU and the US share values and have a common interest in navigating the current and emerging technology challenges together by leveraging their common strengths and operationalising a transatlantic technology agenda. As fast-paced technological and digital transformations continue to disrupt societies, economies and geopolitics, technology must be at the heart of a revived phase in EU–US cooperation and trust. Granted, this will be easier said than done

### US Trade Key

#### U.S. and EU should cooperate over emerging tech --- that formalizes cooperation in other areas and blunts Chinese economic competition AND tech hegemony

Atkinson, ’21 (Robert, PhD from UNC, is president of the Information Technology and Innovation Foundation, a Washington, D.C.-based technology policy think tank. He is also author of the book, The Past And Future Of America’s Economy: Long Waves Of Innovation That Power Cycles Of Growth. He has conducted ground-breaking research projects on technology and innovation, is a valued adviser to state and national policymakers, and is a popular speaker on innovation policy nationally and internationally. Previously, Dr. Atkinson served as the first Executive Director of the Rhode Island Economic Policy Council. Prior to that, he was Project Director at the former Congressional Office of Technology Assessment. While at OTA, he directed The Technological Reshaping of Metropolitan America, a seminal report examining the impact of the information technology revolution on America’s urban areas. He is a board member or advisory council member of the Alliance for Public Technology and the Information Policy Institute. Dr. Atkinson was appointed by President Clinton to the Commission on Workers, Communities and Economic Change in the New Economy. He is also a member of the Task Force on National Security in the Information Age, “Boosting Transatlantic Technology Cooperation,” pg online @ <https://www.theglobalist.com/boosting-transatlantic-technology-cooperation/>) cg; ad: 5/9/24

Today, in what could become a second Cold War, this time with China, the U.S. and Europe need to put great emphasis on cooperating economically. The reason for this is straightforward: From the vantage point of each of the transatlantic partners, China poses a threat to our economic competitiveness. More transatlantic technology cooperation needed As such, it is incumbent upon the U.S. and the EU to build upon the initial steps of the new US-EU Trade and Technology Council (TTC). The goal must be, first, to reduce economic tensions between the two regions and second, to foster formal cooperation. This is especially true with regard to supporting advanced and emerging technology development and production. China: Unfair, state-directed capitalism As Barry Naughton notes in The Rise of China’s Industrial Policy: 1978 to 2020, China has not only become the world’s manufacturing workshop. It is also seeking to be the world leader in emerging technologies such as biotechnology, robotics, artificial intelligence and others. What’s more, China is not only seeking absolute advantage on a host of technologies. It is seeking that advantage largely through unfair, state-directed capitalism. To be sure, both the EU and the United States have industrial policies – but these policies mostly support foundational elements like workforce training, infrastructure and R&D. China looking for dominance In contrast, China’s predatory regime, especially subsidies to industry, goes way beyond what is considered acceptable industrial policy. On top of that, the Chinese Communist Party compels technology transfer for market access, encourages intellectual property theft and operates tax and regulatory policies that discriminate against EU and U.S. firms. That, combined with real strengths of the Chinese economy – a massive domestic market that lures in foreign investment, a massive technical and scientific labor force and improving research universities – mean that China is gaining rapidly technologically. At the expense of EU and U.S. That gain has and will come at the expense of the EU’s and U.S.’s global market shares in advanced technologies. The result of that shift cannot be underestimated. Initially, China systematically assembled the components needed to be the manufacturing workshop of the world. This systematic approach has made it hard, even with the Trump tariffs and measures by Japan and other countries, to move production out of China. Silicon China? Now, China is seeking to establish the same robust innovation ecosystem that will give it strong reinforcing strengths. China wants to be not Silicon Valley, but Silicon China – and not just for IT, but for every advanced technology. The list of tech sectors China seeks to dominate is long. It ranges from aviation, battery technology, biotech, materials, clean energy, transportation, machinery and, of course, advanced IT. If China were to achieve this leadership position, its lead will become self-reinforcing as competitors weaken and China’s advantages (e.g., capital, STEM workers, patents, tacit knowledge) improve. Not another Asian tiger If China were simply following the path of the Asian Tigers (Hong Kong, Singapore, South Korea and Taiwan), there would be less to worry about. All of these countries, as well as Japan, only sought comparative advantage in some industries – as opposed to absolute advantage in most industries. More crucially, they were (or quickly became) democracies that did not seek to challenge long-standing principles of the rule of law and human rights. A Maoist global hegemon? China not only seeks absolute advantage in most if not all advanced and emerging industries. Under the leadership of President Xi, it has become clear that China is reverting to its Leninist and Maoist authoritarian origins. If China becomes the global technology leader, it reinforces China’s efforts to be militarily superior and a global hegemon. That would give China the ability to hold the West hostage for key products and supplies. What to do? Three steps There are three key steps the United States and Europe should take. First, stop fighting each other economically. Resolving the long-standing Boeing-Airbus feud and focusing on the real challenger – China’s Comac – was a good first step. The United States eliminating its steel and aluminum tariffs on EU imports was a good second step. For its part, Europe, including member states like Germany and France, needs to dial back its “digital sovereignty” agenda which is targeted at the United States and U.S. companies. Second, both regions need to ramp up cooperation against unfair Chinese economic practices, including cooperation on cybersecurity, investment screening, bringing trade cases before the WTO and cooperative export controls. Time for more formal EU-US technology policy cooperation Finally, and most ambitiously, it is time for more formal EU-US technology policy cooperation. In a world where the development of technology has become much more technologically complex, neither region is large enough to specialize in all major technologies. Therefore, each region should allow the other region’s companies to participate in government-funded industry research programs, like the EU’s Horizon 2020 program and similar U.S. programs that agencies like the National Science Foundation operate. Moreover, as the governments roll out or expand specialized technology programs in technologies like 6G, energy storage, battery technology, autonomous systems, quantum computing and semiconductors, there should be joint collaboration between US and EU firms, universities and governments. Finally, governments should review and minimize or eliminate regulatory barriers to science and technology cooperation, including enabling easier cross-border work of scientists and engineers. Conclusion The sooner the EU and the U.S. can stop seeing each other as the competition and work to address the real technology competitiveness challenge – China – the more likely both regions can ensure their economic futures, while upholding critical values.

#### No trade relations link---EU-US defense integration and strengthened defense market check.

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

In the United States, several commentators point out that a more integrated procurement system at the European level will negatively impact U.S.-EU trade relations in the defense industry.72 Although some economic losses for the United States are indeed possible, there are ways to contain them and of course an EU with a stronger defense would make a more reliable partner for the United States. In fact, the U.S. and EU are currently discussing administrative agreements with the EDA to allow the United States to participate in PESCO projects. Through a franker dialogue, the two sides of the Atlantic could strengthen the defense market without resorting to protectionist stances on either side. This is particularly relevant considering the strong ties between the U.S. and EU defense industries; they both could benefit from deeper cooperation and exchanges on the technological level, and from free and fair competition in the trans-Atlantic defense market based on common rules and standards.

### Semiconductors Boost European Economy

#### EU semiconductor production boosts European economies and technological sovereignty.

Kearney, ‘21 (Kearney is a leading global management consulting firm with more than 4,200 people working in more than 40 countries. Kearney works with more than three-quarters of the Fortune Global 500, as well as with the most influential governmental and non-profit organizations., “Europe’s urgent need to invest in a leading-edge semiconductor ecosystem”, https://www.kearney.com/communications-media-technology/article/-/insights/europes-urgent-need-to-invest-in-a-leading-edge-semiconductor-ecosystem) cg; ad: 5/9/24

Europe would significantly benefit from local leading-edge chip manufacturing and is well positioned to succeed Success at the forefront of semiconductor technology relies on a combination of advanced engineering (research and design) and manufacturing (equipment and fabrication) capabilities. Integrating these domains has been a historical strength of Europe, for instance in the automotive industry. Europe holds strategic assets in the semiconductor value chain. Backed by leaders in fab equipment, top R&D capabilities and engineering talent, a stable political environment, excellent infrastructure, and the necessary financial muscle, Europe has what it takes to reestablish the region’s competitiveness in leading-edge semiconductor technology. Strengthening leading-edge semiconductor technology can bring Europe significant economic benefits. A leading-edge semiconductor manufacturing fab creates more than two times the initial investment in economic impact (see figure 2). CHART OMITTED It would also give rise to new business opportunities and provide a breeding ground for local start-ups. Furthermore, chip manufacturing in Europe would bolster the region’s technological sovereignty and improve supply chain resilience. European fab operations currently suffer from total cost of ownership disadvantages against other regions. Over 10 years, operating a new leading-edge fab in Europe is 30 percent more expensive compared with South Korea and more than 40 percent when compared with Taiwan. The main differences are the regional incentives, co-investments, and subsidies. Unless it changes the status quo, Europe will lose even more of its global position.

#### EU-NATO coordination relieves semiconductor dependencies on Asia via coordinated security efforts from the EU.

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

Such an approach to procurement could prove particularly helpful given the rising threats coming from vulnerabilities in the global supply chain. The COVID-19 pandemic has unveiled Western countries’ strong dependency on Chinese supplies, both in the medical and technological fields (though the supply issues around personal protective equipment were addressed relatively rapidly).75 A recent study by the Mercator Institute for China Studies identifies 103 categories of electronics, chemical, mineral/metal, and pharmaceutical products in which the EU is critically dependent on imports from China.76 At the same time, as economies worldwide have started to recover from the pandemic and embark on ambitious investment plans to boost innovation in their national industries, the demand for semiconductors — crucial for building microchips, which are essential in any modern technology — has increased and become one of the central issues of the U.S.-China competition. This issue is further complicated by geopolitical concerns; a large proportion of semiconductor manufacturing occurs in Taiwan.77 The U.S. and the EU have recently begun initiatives to increase the domestic production of microchips. In June, the U.S. Senate passed the Creating Helpful Incentives to Produce Semiconductors (CHIPS) for America Act, which allocates $52 billion toward the effort.78 And the EU followed suit with European Commission President Ursula von der Leyen committing to a similar amount.79 The U.S. and EU discussed the issue during their inaugural Trade and Technology Council (TTC) meeting in Pittsburg, Pennsylvania, in September 2021.80 These discussions represent a first step toward breaking the ice on trans-Atlantic cooperation, particularly related to developing new technologies that are vital for enhancing geopolitical and economic security. But the main takeaways are that the U.S. and the EU are facing the same challenges and that the EU has increased its geopolitical ambition and range of interests. So far, there is no similar dialogue platform between NATO and the EU — a fact that hinders inter-institutional cooperation in the procurement domain. In fact, if NATO and the EU develop different standards, it could lead to duplication and hinder logistical and strategic interoperability across the trans-Atlantic space. For this reason, it is especially important for NATO and the EU to establish deeper communication on procurement and the definition of common standards. Increasing connections and synergies between industrial clusters within the trans-Atlantic space, particularly for materials such as semiconductors and microchips, would decrease dependence on geopolitically risky supply chains. Moreover, developing common standards when it comes to procurement, data privacy, and weaponry components would facilitate technological exchanges as well as the interoperability of equipment (be it artificial intelligence or more traditional military supplies) across the NATO-EU space. Given the increasing importance of new technologies for economic development, industrial advancement, and innovation, the only alternative to a shared approach in the trans-Atlantic space would be increased competition among allies and reduced interoperability — which would inevitably create more advantages for competitors to exploit.

### Tech Leadership k2 check China

#### **EU tech autonomy is key to check back against Chinese tech supremacy.**

Larsen, ‘20 (Henrik B. L. Larsen, PhD and a Senior Researcher at the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology, “Europe’s Awakening to China’s Tech Dominance,“ Harvard International Review, October 2020, <https://hir.harvard.edu/europe-awakening-china-tech-dominance/>) cg; ad: 5/9/24

The **EU** must be a **tech** **superpower** in its own right with a far larger number of large companies than it has today. The tech industry operates in an oligopolized world market with a handful of suppliers. Europe in most technologies faces a choice between either China or the United States. An exception is 5G where Europe has its own technological superstars, Nokia and Ericsson (the United States, by contrast, has no significant 5G market competitor). The increasing number of country decisions to discard Huawei already gives the two companies a strong foundation on the European home markets. The EU must come to the realization that the **only** **way** to make **European** **tech** companies able to **compete** **globally** is to allow them to grow into **global** **champions** that can innovate at scale. **China’s** mercantilist methods and proactive promotion of its national tech champions **compel** a **revision** of the EU’s original focus to create the best possible conditions for competition on the internal market. It was arguably a strategic mistake when the European Commission blocked a 2019 merger between a German and a French rail manufacturing company (Siemens/Alstom), a manifestation for the EU’s laggardness in prioritizing global competitiveness. The European Commission's decision is especially disconcerting when taking into account the risk of **global** **dominance** of **Chinese** state-owned or state-subsidized **enterprises** as well as China’s restriction of foreign access to its own domestic market. China-like subsidies can hardly come into question. However, Europe’s consolidated aerospace industry with Airbus stands out as a successful example of the use of infrastructure support, beneficial loans, and the advancement of research and development to gain global competitiveness. Similar support measures today could boost European tech and manufacturing hubs, beginning with the existing telecom giants that need to remain competitive beyond 5G/toward 6G. **A**rtificial **i**ntelligence **requires** both **EU** and national investments to **narrow** **the** **gap** with the US and China and should aim to consolidate the fragmented European market, whose strong regulations in favor of ethics and human rights distinguishes it from especially China. The COVID-19 crisis has elevated the debate about Europe’s digital sovereignty to the level of shortcomings of its own industrial-technological base that hinder its ability to innovate and compete at the global level. Building on this awareness, export control should become more strategic to prevent a proliferation of dual-use technologies where the EU still has an edge over China. Battle over Global Standards The **geopolitical** **implications** of China’s forwardness on 5G caught the Western community by surprise, even though China openly declared its ambition to pursue high-tech leadership five years ago. Chinese innovation is fast—in addition to the allocation of $1.4 trillion to its high-tech sectors over the next five years, Beijing later is set to release its new plan ‘China Standards 2035’ to influence the next generation of technologies: the Internet of things, artificial intelligence, and 5G. The **EU**, the European countries, and their tech communities need to be **forward-looking** and understand that the **competition** with **China** is also a **competition** **over global standards**. Whereas China developed its own 3G and 4G standards to protect its domestic market from external competition, it clearly turned this ambition outward with 5G for its own mercantilist advantage. The **importance** of **global** **standards** cannot be stressed enough: the standards for the Internet we use today were **set** **by** the leading **US** companies like IBM, Intel and Microsoft in the 1990s. Recognizing the importance of standard-setting, the Chinese government and Chinese companies have stepped up their efforts in contributing to and leading the global standards-setting bodies, notably the UN’s International Telecommunications Union (ITU) and the industry-led 3rd Generation Partnership Project (3GPP), a key player in 5G. On the one hand it is positive that China, which has the largest share of the 5G “standard-essential” patents, is engaged in the global bodies to set common standards. On the other hand, China could potentially **politicize** the **global** **standardization** processes to give its **own** **companies** **first**-**mover** and perhaps a **permanent** **advantage**. The Chinese companies are under strong pressure and state coordination by the Chinese Communist Party to vote against technologically superior standards when they disadvantage the Chinese industry. Shedding light on and pushing back against China’s practices requires global leadership. **The** **EU**, its member states, and tech companies need to **step** **up** their **efforts** and internal **coordination** in the **standardization** **bodies** to maintain their still strong positions and **ensure** that the **processes** are **politically** **neutral** and that technologies remain **interoperable**. The **alternative** to **global** **standards** may be competing standards that could **divide** the **digital** **economy** and, in the long run, underpin a beginning bifurcation between an old Western-led and a new China-led order. Not to forget, China in parallel to its activism in the global bodies facilitates the deployment of its own standards bilaterally through the “Belt and Road” and other initiatives. It is hardly surprising that the consolidated autocracies around the world follow China’s technological leadership. However, it is worrying that the developing nations in **Asia, the Middle East**, and **Africa** tend to tag along, as they **depend** on **Chinese** **investments** and loans and because China’s Digital Silk Road satisfies their growing appetite for inexpensive connectivity. The **EU** **must** **adapt** to what seems to be a new reality: the “Brussels effect”—the externalization of its regulations and norms through market mechanisms—works well within liberal democracies that cherish privacy protection and human rights as well as with the big tech companies that operate within them. However, the “Brussels effect” may not provide a crucial pull or competitive edge in the rest of the world’s digital economies. **China’s** **cooperation** with Greece, Hungary, and especially Serbia speaks volumes about **how** **easily** even relatively **well-developed** countries in **Europe** fall for the **temptation** of the **cheaper** and faster rather than the safer tech options. Even if other countries have adopted legislation in line with the General Data Protection Regulation—the prime example of European rule setting—the reality of the digital economy is such that the **EU** **cannot** **assume** that the **world** **around** will **purchase** **equipment** with **adequate** **safeguards** to guarantee these rights. In short, the **EU** will need a **more** **activist** **approach** to promote its own standards and norms **going** **forward**.

#### Chinese tech leadership leads to nuclear war

Kroenig, ’18 (Matthew, professor of government, writes in 2018, Deputy Director for Strategy, Scowcroft Center for Strategy and Security Associate Professor of Government and Foreign Service, Georgetown University, Nov 12, 2018, “Will disruptive technology cause nuclear war?” BAS, https://thebulletin.org/2018/11/will-disruptive-technology-cause-nuclear-war)

Recently, analysts have argued that emerging technologies with military applications may undermine nuclear stability (see here, here, and here), but the logic of these arguments is debatable and overlooks a more straightforward reason why new technology might cause nuclear conflict: by upending the existing balance of power among nuclear-armed states. This latter concern is more probable and dangerous and demands an immediate policy response. For more than 70 years, the world has avoided major power conflict, and many attribute this era of peace to nuclear weapons. In situations of mutually assured destruction (MAD), neither side has an incentive to start a conflict because doing so will only result in its own annihilation. The key to this model of deterrence is the maintenance of secure second-strike capabilities—the ability to absorb an enemy nuclear attack and respond with a devastating counterattack. Recently analysts have begun to worry, however, that new strategic military technologies may make it possible for a state to conduct a successful first strike on an enemy. For example, Chinese colleagues have complained to me in Track II dialogues that the United States may decide to launch a sophisticated cyberattack against Chinese nuclear command and control, essentially turning off China’s nuclear forces. Then, Washington will follow up with a massive strike with conventional cruise and hypersonic missiles to destroy China’s nuclear weapons. Finally, if any Chinese forces happen to survive, the United States can simply mop up China’s ragged retaliatory strike with advanced missile defenses. China will be disarmed and US nuclear weapons will still be sitting on the shelf, untouched. If the United States, or any other state acquires such a first-strike capability, then the logic of MAD would be undermined. Washington may be tempted to launch a nuclear first strike. Or China may choose instead to use its nuclear weapons early in a conflict before they can be wiped out—the so-called “use ‘em or lose ‘em” problem. According to this logic, therefore, the appropriate policy response would be to ban outright or control any new weapon systems that might threaten second-strike capabilities. This way of thinking about new technology and stability, however, is open to question. Would any US president truly decide to launch a massive, bolt-out-of-the-blue nuclear attack because he or she thought s/he could get away with it? And why does it make sense for the country in the inferior position, in this case China, to intentionally start a nuclear war that it will almost certainly lose? More important, this conceptualization of how new technology affects stability is too narrow, focused exclusively on how new military technologies might be used against nuclear forces directly. Rather, we should think more broadly about how new technology might affect global politics, and, for this, it is helpful to turn to scholarly international relations theory. The dominant theory of the causes of war in the academy is the “bargaining model of war.” This theory identifies rapid shifts in the balance of power as a primary cause of conflict. International politics often presents states with conflicts that they can settle through peaceful bargaining, but when bargaining breaks down, war results. Shifts in the balance of power are problematic because they undermine effective bargaining. After all, why agree to a deal today if your bargaining position will be stronger tomorrow? And, a clear understanding of the military balance of power can contribute to peace. (Why start a war you are likely to lose?) But shifts in the balance of power muddy understandings of which states have the advantage. You may see where this is going. New technologies threaten to create potentially destabilizing shifts in the balance of power. For decades, stability in Europe and Asia has been supported by US military power. In recent years, however, the balance of power in Asia has begun to shift, as China has increased its military capabilities. Already, Beijing has become more assertive in the region, claiming contested territory in the South China Sea. And the results of Russia’s military modernization have been on full display in its ongoing intervention in Ukraine. Moreover, China may have the lead over the United States in emerging technologies that could be decisive for the future of military acquisitions and warfare, including 3D printing, hypersonic missiles, quantum computing, 5G wireless connectivity, and artificial intelligence (AI). And Russian President Vladimir Putin is building new unmanned vehicles while ominously declaring, “Whoever leads in AI will rule the world.” If China or Russia are able to incorporate new technologies into their militaries before the United States, then this could lead to the kind of rapid shift in the balance of power that often causes war. If Beijing believes emerging technologies provide it with a newfound, local military advantage over the United States, for example, it may be more willing than previously to initiate conflict over Taiwan. And if Putin thinks new tech has strengthened his hand, he may be more tempted to launch a Ukraine-style invasion of a NATO member. Either scenario could bring these nuclear powers into direct conflict with the United States, and once nuclear armed states are at war, there is an inherent risk of nuclear conflict through limited nuclear war strategies, nuclear brinkmanship, or simple accident or inadvertent escalation. This framing of the problem leads to a different set of policy implications. The concern is not simply technologies that threaten to undermine nuclear second-strike capabilities directly, but, rather, any technologies that can result in a meaningful shift in the broader balance of power. And the solution is not to preserve second-strike capabilities, but to preserve prevailing power balances more broadly. When it comes to new technology, this means that the United States should seek to maintain an innovation edge. Washington should also work with other states, including its nuclear-armed rivals, to develop a new set of arms control and nonproliferation agreements and export controls to deny these newer and potentially destabilizing technologies to potentially hostile states. These are no easy tasks, but the consequences of Washington losing the race for technological superiority to its autocratic challengers just might mean nuclear Armageddon.

### EU Losing the Race

#### Russia, China, and the US are all outcompeting the EU. Revitalized strategy is key.

Ringhof & Torreblanca, ‘22 [Julian Ringhof, José Ignacio Torreblanca, 5-17-2022, "The geopolitics of technology: How the EU can become a global player", ECFR, <https://ecfr.eu/publication/the-geopolitics-of-technology-how-the-eu-can-become-a-global-player/>) cg; ad: 5/9/24

Today’s major powers engage in comprehensive global technology politics. The weaponisation, mastering, and control of digital technologies is the new ‘Great Game’. These power dynamics are helping shape technological spheres of influence. Countries in Latin America and the Caribbean, Africa, and the Indo-Pacific – but also in central Eastern Europe and the Balkans – have fallen or may soon fall under Chinese or Russian technological influence or dominance. China is luring countries into technological dependencies to undermine their political sovereignty through its Digital Silk Road (DSR) initiative. Beijing also shields its own citizens from foreign influence with its ‘great firewall’ and develops industrial strategies to secure its technological autonomy from the West. It uses digital disinformation to influence public opinion in other countries, mounts cyberattacks and cyberespionage to strengthen its industrial base, strategically deploys attractively-priced 5G technologies abroad to gain control of telecom networks, and tries to impose its technical standards through international organisations. Together with Russia, China is attempting to ingrain authoritarian values into the global cyberspace. Russia is also leveraging and restricting mass media and social networks to protect its interests, shielding its population from democratic temptations, and waging an information war against the West and its allies with the aim of undermining citizens’ faith in democracy. Meanwhile, the United States tries to offset Chinese and Russian influence, seeks to maintain its cutting-edge advantage on military artificial intelligence (AI) and other technologies, and backs and protects the interests of its major technology companies globally. It also denies other nations access to key technologies, monitors critical investments in the technology sector to avoid security risks, seeks to secure and control critical supply chains (especially of semiconductors), and imposes export controls and even embargoes on sensitive technologies. As for the European Union, the Brussels institutions are trying to shape global standards of privacy and data protection, digital platforms, and AI according to European values using the attractiveness and power of its internal market. The EU also promotes digital partnerships with like-minded countries and allies – and announced, in December 2021, the “Global Gateway” initiative as the EU version of China’s DSR. All this implies that the EU has begun to play the global technology game. But it is nowhere near its rivals in terms of sophistication, strategy, resources, and vision. If the EU is to learn to speak the language of power, it needs to understand its efforts as part of an integrated digital strategy that can both cooperate and compete with those of China, Russia, and even the US.

### AT: Tradeoff w/ US

#### A balance between bolstering EU autonomy and multilateral cooperation is possible---they’re compliments

Puglierin, ‘21, (Dr Jana Puglierin is Head of the Alfred von Oppenheim Center for European Policy Studies. From September 2013 to December 2015 she was a program officer at the DGAP’s Future Forum Berlin (Berliner Forum Zukunft). Prior to this she was an advisor on disarmament, arms control, and non-proliferation at the German Bundestag, where she also worked on matters relating to German and European foreign and security policy., “Strategic Partnerships and EU Security and Defence” in “Achieving Strategic Sovereignty for the EU”, European Parliament, https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO\_STU(2021)653634\_EN.pdf) cg; ad: 5/9/24

However, the next four years of the Biden presidency should not be wasted on meta-debates. They present a window of opportunity for both sides of the Atlantic. It is up to the Europeans to prove that the European quest for greater strategic sovereignty can at the same time be positive for the transatlantic partnership and that a strong and self-reliant Europe is in America’s interest. And it is up to the Americans to show that they are interested in real partnership on greater eye-level, instead of curating vassals. The starting conditions are good: President Biden wants to repair the shattered relationship with the Europeans and make the transatlantic partnership the cornerstone of a unified Western approach toward great power competition. The recent US request to join a PESCO project on military mobility as a third country represents an initial test case – and a big opportunity - for a constructive future EU-US cooperation. For the Europeans, this also means that they must contribute greater added value to the transatlantic partnership through measures that simultaneously strengthen their own strategic sovereignty. First of all, this would be the development and procurement of more effective European capabilities, including high-end spectrum capabilities and strategic enablers. Very few PESCO initiatives currently address these capability gaps. Even if the issue of transatlantic industrial cooperation will remain difficult – Biden will be tough when it comes to buying and selling American – a basic willingness to support credible efforts to strengthen European defence capabilities is there. But the EU will need to demonstrate that its efforts go beyond subsidizing European defence industries and lead to a tangible boost in Europe’s operational equipment that would be available also within a NATO framework. Second, the EU needs to take some military load off the United States. They should assume greater regional responsibility in its Southern and Eastern neighbourhood and also increase their operational readiness for operations abroad. Third, Europeans should spell out what the European pillar of NATO is supposed to be and how it relates to CSDP. Cooperation between the EU and NATO has made much progress in recent years, but there is clearly still unused potential. Capability development and defence planning could be even better coordinated and further aligned. The ongoing Strategic Compass process should be closely linked to the NATO review process, especially in the areas of countering cyber and hybrid threats as well as fighting terrorism and disinformation campaigns, cooperation between the two institutions should be strengthened. The EU needs to reemphasise its effort to strengthen European military mobility and provide adequate funding.

## NATO

### US-EU Coop k2 NATO

#### Bilat agreements allow info sharing and interoperability

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The United States and its allies prioritize establishing shared standards and procedures to ensure that they have the ability to coordinate effectively in a potential conflict. Liaisons and personnel exchanges provide a way to sustain enduring relationships between U.S. and allied militaries. **The U**nited **S**tates conducts SC activities on a bilateral basis, **engaging allies in liaison and military personnel exchange programs.** The United Kingdom has as many as 15 liaison officers and 13 exchange officers placed in Army commands. These officers have the opportunity to share information on operational procedures, which helps build and sustain long-term interoperability between the two armies.19 Defense and military contacts, which are more short-term, also provide a means for sharing information. The contacts include army-to-army staff talks and key leader and senior leader engagements. According to G-TSCMIS, Australia and the United Kingdom have the highest number of SC engagements among highly capable partners, including planning conferences, bilateral and multilateral coordination meetings, and staff talks; the majority of these engagements are focused on interoperability. Multilateral engagements and such organizations as NATO and ABCANZ provide mechanisms for developing shared standards for the United States and its allies. NATO Standardization Agreements, for example, provide the basis for developing common operational and administrative procedures and logistics that enable one NATO country to operate with and support another member’s military forces. ABCANZ focuses on developing common standards for the land forces of the highly capable allies. Regional working groups have also developed in recent years to serve as an institutional mechanism to share information. Together, they have become part of an emerging SC planning process initiated by the United States and its highly capable allies. Developing Compatible Military Technology and Weapon Systems Coordination with allies on the development of weapons technology aimed toward improving interoperability has gained greater attention in recent years. Increased U.S.-British technical interoperability was the purpose of a 2020 Memorandum of Agreement between the U.S. Secretary of the Army and the British Minister of Defence, **which emphasized** the development of a **bilateral modernization plan that covers several modernization activities**. This agreement led the Army’s Futures Command to conduct a series of modernization workshops to collaborate on networks, long-range precision fires, future vertical lift, soldier lethality, and precision navigation and timing to create more interoperable systems.20 These modernization workshops contribute to higher-level U.S.-British Capabilities and Research Cooperation– Army talks and U.S.-British General Officer Roundtables (GORTs). The United States has cooperative research development test and evaluation and science and technology programs with countries throughout the world, but its cooperative production arrangements are primarily with its highly capable allies. Both Australia and the United Kingdom have signed defense trade cooperation treaties with the United States to meet specific operational and cooperative requirements. These treaties allow for the exchange of technology that would otherwise be limited by export controls and afford opportunities for combined research and coordination that can improve interoperability in the long term. The relationship with Australia is underpinned by an agreement on science and technology cooperation. The 2007 U.S.-Australia Defense Trade Treaty underpins this trade, permitting the license-free export of most defense articles between the two countries in support of combined military operations, cooperative defense research, and other projects for government end use.21 U.S.-British defense technology exchanges are covered under the U.S. DoD–British Ministry of Defence Reciprocal Defense Procurement memorandum of understanding that was amended in January 2018.22 These are long-standing agreements that provide the framework for defense technology exchanges.

#### EU strategic autonomy benefits NATO and frees up US resources

Keil, ’22(Steven, Senior Fellow, Security and Defense Policy GMF, 2022, German Marshall Fund - non-partisan policy organization studying transatlantic interests “NATO Core Tasks in a Contested Global Landscape” German Marshall Fund February 11, 2022 [https://www.gmfus.org/news/nato-core-tasks-contested-global-landscape GDI-TM 6.16.2022](https://www.gmfus.org/news/nato-core-tasks-contested-global-landscape%20GDI-TM%206.16.2022)) cg; ad: 5/9/24

Beyond the need for added capability, at a strategic level, it is also critical to understand what kind of actor Europe sees itself as in this new geopolitical era. Conversations around strategic autonomy have often been fraught for this very reason. At times, certain expressions or interpretations of the concept have created fears in the United States of geopolitical hedging or strategic ambivalence. But rather than lamenting a worst-case scenario, it is more useful for both sides of the Atlantic to jointly seize the current moment in a constructive way. Traditional US fears should be put aside and replaced with a proactive agenda that encourages a clearer European pillar in the alliance, that, for European purposes, could also be used more ad hoc in non-NATO contingencies. This should be done through new planning and thinking around burden-sharing metrics, including a more holistic reevaluation, reinvestment, and planning of Europe-wide contributions to the alliance. Ultimately, such efforts should fill gaps in European crisis-management capabilities and contribute to European defense within the NATO context. Such an approach “could also lead to a new division of labor within the alliance. That need not divide the alliance. It would just create greater clarity as to who would lead certain missions and what they need to do to succeed.” The EU Council concluded in November 2016 that strategic autonomy is the “capacity to act autonomously when and where necessary and with partners wherever possible.” In this sense, an EU-based strategic autonomy, as argued above, that aligns and coordinates with NATO’s defense planning and could operate formally within or informally below the consensus NATO or EU level would certainly be welcomed, particularly at a time when the United States will likely be increasingly preoccupied elsewhere. Europe’s ability to respond robustly in resolving regional crises, while complementing—and, if possible, supplanting—certain collective defense efforts traditionally borne by the United States would be a hugely welcome development for US policymakers and put NATO on a more sustainable footing.

#### This facilitates necessary autonomy for Europe

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

In the summer and early fall of 2021, two incidents cast doubt on the United States’ future commitment to European security. The first was the withdrawal of U.S. forces from Afghanistan despite the objections of NATO allies. The second was United States’ negotiation of the AUKUS nuclear submarine deal with Australia and the United Kingdom without informing France. (France had an agreement with the Australian government to build diesel-propelled submarines.)1 Europeans were furious. Charles Michel, president of the European Council, said, “What does it mean America is back? Is America back in America or somewhere else? We don’t know… We are observing a clear lack of transparency and loyalty.”2 European Commissioner Thierry Breton, who is French, spoke of “a growing feeling in Europe… that something is broken in our transatlantic relations” and called for a “pause and a reset.”3 These twin shocks created a new demand for what is intermittently called European strategic autonomy — the notion that the European Union should be more capable of acting on its own in pursuit of Europe’s interests. While France champions this idea, other European nations are more reluctant, especially those physically closer to Russia who see the United States as the key security provider. France argues that a greater role for the European Union is compatible with a continuing vital role for NATO in European security, but this begs the question of how the two organizations — NATO and the EU — relate to each other.

#### **Lack of EU-NATO cooperation wastes 100 billion euros annually.**

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

As with the cyber domain, NATO and the EU could respond to outside pressure by increasing and improving procurement and technological cooperation. The COVID-19 pandemic has triggered shortages and vulnerabilities in the supply chain, and the competition for rare earth material and high-technology products (such as microchips) has increased. Meanwhile, breakthrough technological achievements are opening new frontiers for competition in the security domain. First, European allies could better coordinate their defense spending within the framework of the European Union; the absence of an integrated defense structure inevitably leads to duplications and wasted resources. Moreover, the armed forces of different European countries may encounter difficulties in operating with one another, given that there are 138 defense systems in Europe (compared to only 30 in the United States).70 As stated in a European Commission report, the lack of cooperation in the European defense industry produces a loss of 25 billion to 100 billion euros per year, while 30% of the costs could be saved if a joint procurement was in place.71

#### Coop is key to stopping disinformation – populism and democracy are at risk

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

Leveraged EU advantages in the hybrid domain Although progress has been slow on the traditional military side, the European Union has proved to be a versatile asset for other aspects of security, specifically in the political and hybrid domains. Diplomatic and regulatory approaches are primary political tools to push back against autocracies. Despite its members having different strategic foreign policy priorities, the European Union has established a solid diplomatic posture in defense of European values and interests. For example, learning from its reaction to the Russo-Georgian War in 2008, the EU was able to create a united front following Russia’s incursions in Ukraine in 2014 and has imposed sanctions still in place today — for example, in response to the annexation of Crimea, the downing of Malaysian Airlines Flight 17 in eastern Ukraine, and more recently the poisoning of Russian opposition leader Alexey Navalny. On China, the European Union has acted consistently, based on its labeling of the country as both an economic competitor and a strategic rival. The EU has pursued commercial deals while also heavily regulating Chinese foreign direct investment in sensitive sectors of European interest. More meaningfully, the EU has repeatedly condemned China for its human rights abuses in Xinjiang, Hong Kong, and Taiwan and has announced a ban on products made with forced labor.57 While NATO is reinventing itself in the face of pressing challenges like China and climate change,58 the EU has advanced in tackling cybersecurity, regulating and exploring new technologies and developing its Indo-Pacific strategy.59 The EU’s advantages over NATO in the diplomatic and economic domains, especially when it comes to crisis management and political pressure, should be taken into account in broader discussion of NATO-EU coordination. Sharpened cooperation on disinformation and cyber The countering of disinformation is one key area where the European Union offers added value to international security. Since 2014 — and particularly following the disinformation operations carried out by Russia-sponsored media during the Brexit referendum and the U.S. presidential elections in 2016 as well as the French presidential elections in 2017 — the EU has set up a solid structure to monitor, detect, and counter disinformation. The EU was the first to establish a dedicated task force, the EU StratCom, within the European External Action Service (EEAS) to combat disinformation in the Eastern Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine). Subsequently, the European Commission established ground rules for online platforms and the advertising and social media industries, including a Code of Practice on Disinformation and guidelines on accountability obligations.60 The EU also has set up important monitoring activities, such as the Digital Media Observatory and the COVID-19 monitoring and reporting program, to function as a European hub for fact-checkers. A crucial part of these efforts is included in the Action Plan Against Disinformation that sets up a Rapid Alert System to facilitate information sharing and a unified response across the European institutions.61 Compared to the EU, NATO’s approach to combatting disinformation is less robust and limited in scope. NATO has set up tracking and monitoring activities — which offer fact-checking findings and counternarratives, including in the Russian language — but it has mostly relied on its Public Diplomacy Division which only monitors NATO-related material. For example, during the first few months after the outbreak of COVID-19, the division set up a section on its website called “NATO-Russia: Setting the record straight”; the website addresses the top five myths circulated by Russian propaganda regarding NATO’s connection with and reaction to the spread of COVID-19.62 Also established by NATO — but operationally independent — the StratCom Center of Excellence (COE) in Riga, Latvia brings together civilian and military stakeholders to conduct research on the use of modern technologies and to develop virtual tools for analyses, research, and decisionmaking. Hence, the center has produced valuable material for NATO’s Public Diplomacy Division. In addition, the StratCom COE has worked with the EEAS StratCom task force to train EU staff on how to respond to simulated disinformation attacks and responses. More recently, in 2019, the EU and NATO started exchanging information through the inclusion of NATO’s international staff in the EU Rapid Alert System, as well as through dialogues, staff and information exchanges and training exercises, including briefings between the EEAS StratCom and NATO Public Diplomacy Division.63 These are important efforts that highlight NATO and the EU’s openness to dialogue and mutual learning experiences. But they are nowhere near enough to keep up with the network of disinformation, where techniques are rapidly evolving and taking advantage of artificial intelligence. While China and Russia are reinforcing each other’s narratives through multiple channels, the effects of malign foreign influence in the disinformation domain are now being compounded by homegrown disinformation networks using the same pattern of exploiting people’s fear and vulnerability. Evidence of this occurring includes the spread of anti-vaccination propaganda as well as antidemocratic propaganda (which helped spur the assault on the U.S. Capitol in January 2021).64 Given the growing vulnerabilities in the trans-Atlantic space, NATO and the EU should join forces and expand their activity from countering disinformation to a preventing effort. The EU can add value in increasing the involvement of the private sector, and NATO can add value in using its intelligence capabilities in the counterterrorism domain to identify troll factories and disinformation sources. More broadly on cyber, despite advancements in their own jurisdictions, the paths of NATO and the EU have not crossed much yet. The two organizations have a different approach to cyber issues: While the EU aims to develop resilience against cyber threats, NATO has a broader and forward-looking approach that aims to prevent cyberattacks and to use cyber as an offensive tool to tackle threats and create deterrence.65 For example, the EU is seeking to strengthen its cyber posture through an EU Cybersecurity Strategy. The first piece of corresponding legislation, the EU Network and Information Security Directive (EU 2016/1148), established substantial cybersecurity standards that member states must adopt to protect critical sectors.66 Meanwhile, in its latest summit communiqué, NATO stated that “a decision as to when a cyber-attack would lead to the invocation of Article 5 would be taken by the North Atlantic Council on a case-by-case basis,” thus highlighting the increased awareness of the security implication of cyberattacks on critical infrastructure.67 Despite their different approaches, both NATO and the EU included cyber in their 2016 cooperation frameworks and started a series of joint exercises between the EU’s 2017 Parallel and Coordinated Exercise and NATO’s 2017 Crisis Management Exercise, as well as more recent exercises like those conducted through the CYBERSEC 2019 forum.68 However, while incredibly valuable, such exercises have not gone much beyond staffto-staff interactions and joint workshops. Understandably, cybersecurity cooperation implies a significant amount of intelligence sharing, which is ultimately impeded by a lack of trust stemming from political tensions and by the national security concerns of individual member states. In addition to establishing a more substantial channel for intelligence sharing to immediately warn allies about a cyberattack and prevent domino effects, other smaller steps could help increase cooperation and strengthen resilience in the trans-Atlantic space. For instance, the establishment of common standards related to threat and resilience capabilities could, in the event of a cyberattack, facilitate talks between allies and improve the interoperability of infrastructure. Within the United Nations, there are already two working groups trying to advance international legislation and standards covering the cybersecurity space.69 In line with these efforts, NATO and the EU could adopt similar standards that also help integrate and reinforce their complementary cybersecurity strategies. In particular, NATO could look at the existing EU regulatory framework and adopt similar strategies and resilience practices across the alliance, and the EU could benefit from NATO’s vast military experience and capabilities that are relevant to the cyber domain in order to bolster the security aspect of the EU’s cybersecurity strategy.

#### EU solves better and can act as a force multiplier given their solidarity and diverse country membership.

Belin, ’19 (Célia; visiting fellow in the Center on the United States and Europe at Brookings. Her areas of expertise include trans-Atlantic relations, U.S. foreign policy toward Europe, French politics and foreign policy, domestic determinants of foreign policy, and the politics of travel under COVID. She holds a doctorate in political science (University Paris 2), a master's degree in international relations (University Paris 2), and a bachelor’s degree in Modern Languages/Business (University of Burgundy). April 2, 2019; “NATO matters, but the EU matters more”; *Brookings*; <https://www.brookings.edu/blog/order-from-chaos/2019/04/02/nato-matters-but-the-eu-matters-more/>;) cg; ad: 5/6/24

Americans who are truly committed to the idea of a Europe “whole and free” should realize that NATO is no longer the main spinal cord of the European project; the European Union is. When George H. W. Bush coined the phrase in 1989, the level of intra-European integration was arguably on par with the defense alliance as providing stability and prosperity to the continent, and Americans were still heavily involved in both. Remember, this was pre-Maastricht Treaty, before the EU itself. Three decades of political, economic, and monetary integration later — and 16 new members later — the European Union is deeply entrenched in the lives of Europeans. Today, 28 European democracies, which used to compete among themselves and sometimes fight to their ultimate demise, now choose to pool sovereignty and have their interests communally discussed and collectively defended. The EU is a power multiplier: Every one of the 28 has a stronger individual voice because they stand together in the European Union. Small European countries, whose geography and demography would force them to cave to stronger neighbors, can now count on the solidarity of the group — as illustrated by the unwavering support for Ireland by the other 26 member states and the Brussels institutions in the Brexit negotiations. The neighbors of the European Union are no fools. Those who seek prosperity and stability hope to join the EU club. Those who reject the model set by the West and liberal democracies feel threatened by the European Union — it is the prospect of Ukraine moving into the EU’s orbit through an Association Agreement that triggered Russia’s hostility and ultimate aggression, not NATO. The power of attraction of the European Union, at least as much as the security guarantees of NATO, has helped stabilize Eastern Europe. Despite these realities, Americans often indulge in a scornful disregard for the EU. Recently, benign contempt has taken an ugly turn. Since taking office, President Trump and his administration have attacked the European Union and individual member states repeatedly, with near impunity. At first sight, American complaints appear to be centered on the issue of Europe’s trading power, which rivals that of the United States. For Donald Trump, the EU was created to “take advantage of” the United States and it is “worse than China.” Early in his mandate, the American president pushed for tariffs on steel and aluminum and threatened to go after automobiles, until a meeting with EU Commission President Juncker put a brake on the downward spiral. However, a deeper look reveals a fundamental ideological contention: The brand of nationalism and populism that defines this administration stands in direct contradiction with the very existence of a liberal, supra-national body such as the European Union. As laid out by the State Department’s Director of Policy Planning Kiron Skinner in December 2018, the administration holds the view that “international institutions have steadily encroached on the rights of sovereign nations” and that “nothing can replace the nation-state as the guarantor of democratic freedoms and national interests” — an indictment of the EU’s very existence. The ideological clash is reminiscent of older times. Addressing a crowd in Warsaw in July 2017, President Trump likened the European Union to the Soviet Union, criticizing a similar “steady creep of government bureaucracy that drains the vitality and wealth of the people,” an equivalency popular in conservative circles. Similarly, Secretary of State Mike Pompeo suggested in a December 2018 speech in Brussels that EU bureaucrats were not really working for the interests of European citizens. By making no secret of his personal support for euroskeptic forces, Donald Trump has become an active political opponent of the European Union in its existing form. He celebrated the Brexit vote, expressed support for far-right candidate Marine Le Pen ahead of the French presidential elections, disparaged Angela Merkel repeatedly, and appeared to rejoice at the Yellow Vests protest movement. He criticized Theresa May for negotiating a “soft” Brexit, and even recommended to Emmanuel Macron that France leave the EU. The American president has nominated ambassadors famously critical of the EU, and his administration demoted the EU ambassador’s status without notification, before reversing under criticism. As Donald Trump torments both the Atlantic alliance and the European Union, all rush to NATO’s bedside, and few worry about the EU. Truthfully, Atlanticists love to love NATO. It stands for values, valor, unity, solidarity. NATO won the Cold War. Celebrating NATO is celebrating the military. It is much harder to love the EU, the bureaucracy, the politics, the regulations. The EU lacks democratic appeal, and its slow-moving decisionmaking process create many frustrations. Unlike in NATO, the United States sits on the sidelines, it does not control who enters, or who stays in. The EU is also an economic peer competitor, a tough trading partner, and a sovereign international actor, at times non-compliant with American demands. Yet, the prospect of an implosion of the European Union should be as unbearable and intolerable to an American audience as the dissolution of NATO — or more so, as no one wants to see the demons of nationalism back on the European continent, along with a global economic catastrophe. Benign neglect is counterproductive; but a policy openly hostile to the European Union is a grave mistake. In a world where the strongmen are striking back, Americans should not forget that the European Union stands with the United States when it matters most. The NATO summit in Washington this week should be the occasion to recall not only the utmost importance of the Atlantic alliance to trans-Atlantic security, but also the crucial contribution of the European Union to peace, unity, and ultimately security for Europe and beyond.

#### EU-NATO coordination reduces dependencies and coordinates assets to solve for interoperability.

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

So far, there is no similar dialogue platform between NATO and the EU — a fact that hinders inter-institutional cooperation in the procurement domain. In fact, if NATO and the EU develop different standards, it could lead to duplication and hinder logistical and strategic interoperability across the trans-Atlantic space. For this reason, it is especially important for NATO and the EU to establish deeper communication on procurement and the definition of common standards. Increasing connections and synergies between industrial clusters within the trans-Atlantic space, particularly for materials such as semiconductors and microchips, would decrease dependence on geopolitically risky supply chains. Moreover, developing common standards when it comes to procurement, data privacy, and weaponry components would facilitate technological exchanges as well as the interoperability of equipment (be it artificial intelligence or more traditional military supplies) across the NATO-EU space. Given the increasing importance of new technologies for economic development, industrial advancement, and innovation, the only alternative to a shared approach in the trans-Atlantic space would be increased competition among allies and reduced interoperability — which would inevitably create more advantages for competitors to exploit.

### Unity k2 NATO

**Unity is key to every element of NATO**

**Webb, ’23** (Brandon, combat-decorated Navy SEAL sniper, and master of reinvention. From SEAL to Harvard Business School, Webb's journey led him to become a dynamic entrepreneur and the guiding force behind SOFREP, “Strengthening NATO Against Russia’s Aggression: A Unified Approach,” *SOF REP*, https://sofrep.com/news/strengthening-nato-against-russias-aggression-a-unified-approach/)

NATO’s strength lies in **unity**, in our shared commitment to peace, democracy, and the principles that bind America and our European allies together. In the face of a more aggressive and likely more tumultuous Russia to come, it’s time to reaffirm these principles and act decisively to secure our future. Here’s my suggestion for a three-pronged approach. Firstly, Cohesion and Commitment: We need to redouble our efforts to foster **unity** and deepen our commitment to collective defense. **This means** not just meeting the agreed defense spending targets but investing smartly in capabilities that bolster our **collective** strength and **deterrence**. The 2% GDP defense spending benchmark must not be just a goal but a reality for all member states. This also means conducting more joint exercises, sharing intelligence, and **aligning our strategies and doctrines**. Easier said than done, but necessary nonetheless. Secondly, Strengthening our Eastern Flank: Our Eastern member states are the most exposed to Russian aggression. We must augment their defense and deterrence capabilities. This could include the pre-positioning of NATO forces and equipment, boosting our rapid response capabilities, and assisting in modernizing their military forces. Lastly, Embrace the New Battlefield: We live in a world where conflict extends beyond the conventional. Cyber threats, disinformation campaigns, hybrid warfare — these are the weapons of the modern adversary. We must invest heavily in our cyber defense capabilities, counter-disinformation efforts, and our ability to identify and respond to hybrid threats. Remember, we must not let fear or provocation drive us to unnecessary conflict. The goal is not to fight a war with Russia but to deter aggression and protect our democratic values. We must keep open channels of communication and dialogue with Russia, addressing our concerns firmly, but diplomatically. As we navigate this complex security landscape, we must always aim for a future where peace, respect for sovereignty, and adherence to international laws are the norm, not the exception.” In conclusion, standing strong, united, and resilient is the NATO way, a creed not unlike the one I’ve lived as a SEAL. Remember, it’s not about flexing military muscle or sparking conflict, but about preserving peace and protecting our shared democratic values. That’s the mission. As we adapt to new challenges, we remain committed to the principle that **binds** us as an alliance — an attack against one is an attack against all. Together, we are an impenetrable force. I have faith in the strength of unity, in the power of preparation, and in the strategic thinking that defines us.

**It’s reverse causal: NATO disunity takes down the whole alliance**

Van Dijk & Sloan, **‘20** (Ruud Van Dijk, Assistant Professor of History, University of Amsterdam; Stanley R. Sloan is a nonresident senior fellow with the Scowcroft Center for Strategy and Security. He is also a visiting scholar in political science at Vermont’s Middlebury College and an associate fellow at the Austrian Institute for European and Security Policy. “NATO’s inherent dilemma: strategic imperatives vs. value foundations” 9/28/2020 *Journal of Strategic Studies* Volume 43, Issue 6-7) cg

While not new, these **tensions** today are greater than at few other times in NATO’s history. In our view, they could become an **existential threat**. This essay focuses particularly on Turkey’s drift away from secular democracy as a contemporary threat. But it is not the only worrying development observed in the politics of NATO states over the past decade. The growth of European radical right populist parties was stimulated in part by the tragic flood of refugees from the south and the fear that not only terrorism, but different racial, linguistic, and ideological challenges would come with the immigrants. Moreover, even the United States and the United Kingdom got caught up in radical right temptations, with Brexit resulting in Britain and Donald Trump’s presidency in the United States. NATO’s military-strategic mission and its role as a stabilising force in international politics ultimately depend on the political cohesion of the alliance and on the credibility of its fundamental principles. An alliance that **lacks a common political purpose** will also differ on the threats faced by member states, and as a result **fail to organise an effective defense**. Drifting too far from core principles will render hollow the language in Article 2, where member states pledge to ‘contribute toward the further development of peaceful and friendly international relations by strengthening their free institutions, by bringing about a better understanding of the principles upon which these institutions are founded … ’.5 Those of us who believe the alliance can perform a useful role in the world of the twenty-first century and who take the fundamental principles from the preamble and the treaty seriously, need to think hard about the consequences of NATO, through the actions of important member states, not practicing what it preaches.

### NATO solves Authoritarianism

**Strong NATO prevents authoritarian advances**

**Kolga, ’21** (Marcus, Senior Fellow at the Macdonald-Laurier Institute Center for Advancing Canada’s Interests Abroad, “Improving NATO’s cohesion is critical to combat Russia and China’s threat,” <https://macdonaldlaurier.ca/improving-natos-cohesion-critical-combat-russia-chinas-threat/>) cg; ad: 5/7/24

A **united NATO** is critically important to projecting **credible deterrence**. The **erosion** of domestic **trust** and **confidence** in the Alliance among its member states, including Canada, represents a **threat to this cohesion**. A proposal to withdraw Canada from NATO was tabled at a recent policy conference for one of Canada’s three major political parties. The proposal was defeated, but it represents a fringe anti-NATO narrative within Canada’s illiberal left; if left unaddressed, such a narrative could grow. If countries like Russia perceive NATO as an **atomized collection of states** with **varied priorities** rather than a **unified front**, the Alliance is exposed to a **significant risk** of miscalculation in which a **foreign adversary** might believe they can **cross a red line** and only face a limited response. Thus, **gaps in cohesion** within the alliance **directly threaten** to **undermine** **political and military deterrence**. The Alliance and members states must work towards improving communications strategies to foster greater basic general understanding of NATO’s purpose, its missions and its role in protecting its members against external threats. Similarly, if we see threats as atomized or **disparate**, we may **lack the capacity** to adequately respond. Organized GRU terrorist attacks in Czechia, the Salisbury poisonings, transnational repression and censorship, **cyberwarfare**, **disinformation**, and **overt military posturing** all pose threats that are aimed at the **same essential goal**: undermining and supplanting the power of **liberal democracy** and **advancing authoritarianism**. Through this lens, challenges posed by other actors, including China, must **also be considered** as part of the **broader range** of shared threats posed to the **democratic community** as a whole.

### Weak EU Makes conflict unwinnable

#### EU dependence makes Russia/China war unwinnable---wargame simulations prove.

De Maio, ‘21 (Giovanna De Maio was a nonresident fellow in the Center on the United States and Europe at Brookings. She is currently a visiting fellow with George Washington University’s Institute for European, Russian, and Eurasian Studies. With a background on Russia and international security, as well as on Italy’s relations with Russia, EU and United States, De Maio’s research analyzes transatlantic relations vis-à-vis the challenges posed by the rise of China and Russia, with a particular focus on NATO and EU. At Brookings, she has extensively worked on Italian foreign policy and on the European Union. She holds a doctorate in international studies from the University of Naples and prior to joining Brookings, she was a Transatlantic Postdoctoral Fellow at the German Marshall Fund of the United States in Washington, D.C. and at the French Institute of International Affairs in Paris., “OPPORTUNITIES TO DEEPEN NATO-EU COOPERATION”, December, Brookings Institute, <https://www.brookings.edu/wp-content/uploads/2021/12/FP_20211203_nato_eu_cooperation_demaio.pdf>) cg; ad: 5/9/24

A stronger European defense to strengthen NATO’s posture While the EU has made significant progress in countering hybrid warfare since Russia’s annexation of Crimea, the same cannot be said with regard to developing more effective traditional deterrence capabilities. Such capabilities are increasingly necessary, not just because of Russia’s aggressive posture — expanding its area of operations beyond the post-Soviet space to Syria and Africa — but also because of the growing geopolitical and security alignment between Beijing and Moscow.

Since 2014, cooperation between China and Russia has expanded beyond the domain of arm sales. The two countries have supported each other’s development of strategic weapons (such as for missile defense) and artificial intelligence, as well as each other’s political positions in the United Nations Security Council.41 Beijing and Moscow have deepened their interactions in Africa, where Russian Wagner Group mercenaries patrol Chinese facilities,42 and conducted military exercises including a shared air patrol in the Asia-Pacific region.43 They also have been seeking common ground on Afghanistan since the departure of U.S. troops.44 Such alignment is increasingly resembling a partnership that is reflected at the military level too. After the past year’s military drills in the Mediterranean, the Baltic Sea, and the Indo-Pacific, China and Russia recently conducted a joint military exercise called Zapad/Interaction-2021 in China’s northwestern region of Ningxia, where for the first time they used a joint command and control system and shared equipment — mimicking the way NATO forces work with each other.45 Meanwhile, the United States has begun to shift its security focus toward the IndoPacific region and South China Sea where Beijing is threatening Taiwan. Consequently, should a direct confrontation with China occur in the medium to long term, Russia could take advantage of the situation and potentially target Europe while U.S. forces and attentions are directed elsewhere. For this reason, it is crucial for European allies to have the military capabilities to push back against Russia with little support from the United States, at least in the initial phases. With more defense capabilities, European allies would also have the resources to respond to crises that arise in the Mediterranean region. After four years of strained trans-Atlantic relations — where the defense spending issue has intoxicated the broader debate on trans-Atlantic security — a stronger European defense would help Washington recognize the increased geopolitical cohesion and security concerns of the bloc. Unfortunately, as described earlier, such capability has yet to be achieved. A RAND Corporation wargaming simulation exercise assessed that in the case of a conventional attack by the Russian Federation, Moscow’s forces would be able to reach the outskirts of either the Estonian or Latvian capital in around 60 hours, and the NATO allies would not be able to defend these territories because of a (totally fillable) shortage of military capabilities.46 Similarly, a scenario analysis by the International Institute for Strategic Studies argued that without the help of the United States, conventional forces from European NATO countries would not be able to push back against the hypothetical conquest of Lithuania and part of Poland by the Russian Federation.47 To ensure that they can successfully respond to a land attack from Russia, or a coordinated Russia-China operation, Europeans need to increase the quality and readiness of their defense apparatus. A policy brief by the NATO Defense College calls for multinational battlegroups in Poland and in the Baltics to increase their readiness in terms of support capabilities, such as artillery and air defense, and for European allies to fulfill their NATO 2018 Readiness commitment of providing several land combat brigades and maritime task groups.48 The authors also point out that to increase deterrence, European allies need sufficient and effective air and missile defense capabilities to protect critical infrastructure, as well as long-range conventional precision-strike weapons to limit Russia’s options for regional conventional attacks.

All these analyses indicate that expanded capabilities on the European side are crucial for a stronger NATO posture. Political tensions around the branding of European strategic autonomy have unfortunately poisoned this debate and complicated a very simple issue: European forces must be able to take effective action with or without the United States in the theaters that are crucial for European security.

## Protectionism

### Protectionism Bad

#### **Protectionism is bad – 5 warrants**

Goldberg & Reed, ’23 (PINELOPI K. GOLDBERG is Elihu Professor of Economics and Global Affairs and an affiliate of the Economic Growth Center at Yale University and TRISTAN REED is an economist with the World Bank’s Development Research Group, IMF, “GROWING THREATS TO GLOBAL TRADE”, June 2023, <https://www.imf.org/en/Publications/fandd/issues/2023/06/growing-threats-to-global-trade-goldberg-reed>) cg; ad: 5/6/24

Protectionism could make the world less resilient, more unequal, and more conflict-prone Four years ago, one of us wrote an article on the future of trade for the June 2019 issue of this magazine, celebrating the 75th anniversary of Bretton Woods. The message was that there was no strong evidence of a retreat from globalization, but international trade and the multilateral system that underpinned it were under attack, and their future would depend on policy choices. Since then, policymakers in some of the world’s largest economies have made choices to halt further international integration and, in several instances, to embrace protectionist or nationalist policies. Today, there is still no conclusive evidence that international trade is deglobalizing. When measured in US dollars, global trade growth slowed after the global financial crisis in 2008–09 and declined sharply at the onset of the pandemic in 2020. But since then trade has rebounded to the highest value ever. As a share of GDP, global trade has fallen modestly, driven mostly by China—which for years has pursued a “dual circulation” strategy of prioritizing domestic consumption while remaining open to international trade and investment—and India (see chart 1). This reflects the end of an extraordinary export boom both countries experienced in previous decades as well as fewer imports of intermediate goods than in the past. Yet, as a share of GDP, imports of intermediates by the rest of the world are still growing (see chart 2). The same is true of exports. American and Chinese tariffs introduced in 2018 did not reduce trade. They curbed trade between the US and China, as expected. But trade in the products most affected by tariffs grew among the rest of the world. In other words, trade was merely reallocated, not reduced. And the tariff war did not stop other countries—such as members of the African Union, the Association of Southeast Asian Nations, and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership—from pursuing regional or plurilateral trade agreements. The COVID-19 pandemic led many countries to temporarily restrict exports of medicines, and some halted shipments of wheat and other foods as prices spiked following Russia’s invasion of Ukraine. But many governments are still aggressively pursuing economic integration, for instance through deals that make it easier for professionals to work in foreign countries or that facilitate the flow of consumer goods through common safety standards. Trade may, of course, respond with a delay to changes in the policy environment. And policy itself may lag changes in public sentiment. Terms such as “national security” and “reshoring” have shown up more frequently in news articles and research papers. Perhaps most telling are recent polls of economists by the University of Chicago’s Booth School of Business. In March 2018, 100 percent of those surveyed were against the initial US tariffs. Yet in January 2022, respondents were skeptical about global supply chains: only 2 out of 44 economists disagreed with the statement that reliance on foreign inputs had made American industries vulnerable to disruptions. Hyperglobalization The era of “hyperglobalization” that took shape from the 1990s onward was associated with great economic achievement. Extreme poverty as defined by the World Bank was dramatically reduced and expected to be eliminated in all but a small number of institutionally fragile countries, partly thanks to dramatic growth in East Asian countries. Standards of living, as measured by income per capita, increased across the world. Consumers in economies open to trade gained access to an extraordinary variety of goods sourced from all over the planet at affordable prices. Smartphones, computers, and other electronics allowed people to be more productive and to enjoy more varied entertainment than previous generations had ever dreamed. Declining prices of air travel allowed people to visit other countries, exposing them to new cultures and ideas—an experience once reserved for the ultrawealthy. While many factors contributed to this rise in living standards, openness and other market-oriented policies played an essential role. Trade with (at the time) low-wage countries influenced goods prices and wages in advanced economies, benefiting consumers in these countries and workers in exporting economies. Inflation remained surprisingly low—despite quantitative easing and increasing debt in the US. Finally, the Western world enjoyed a historically rare long period of peace that fostered prosperity. The tight global interconnectedness achieved by the end of the 20th century was arguably a major contributing factor by giving everyone an incentive to behave. War in this hyperglobalized era meant disruption of global supply chains, with potentially dire consequences for the world economy—as we are in the process of finding out. Yet beneath the surface, tensions were building that led to a backlash against globalization. We chart three phases of this deglobalization movement. The first phase began around 2015 as anxiety about globalization and competition from low-wage countries gave rise to Brexit, US tariffs, China’s retaliation, and a resurgence of extremist views in Europe. Global backlash While the average person in the world was better off at the end of the 2010s, many workers in advanced economies were feeling left behind, doing worse than their parents. There is substantial economic research documenting these distributional effects, which had a distinct geographic component: communities more exposed to import competition from low-wage countries thanks to preexisting spatial industrialization patterns did worse than communities that were sheltered from imports. This, in turn, had important political consequences in the US and the UK. At the same time, globalization created big winners: multinational “superstar” firms that benefited from the hyperspecialization of global value chains, in the form of lower costs and higher profits, as well as a class of highly compensated individuals who reaped the rewards associated with expanding markets and new economic opportunities. Not only were some left behind; others were racing ahead. There has been a clear change in policy and public attitude toward global trade. How did we get here? What role have different factors played? And what could come next? It took time for mainstream economists to acknowledge these effects. But in many ways the effects were nothing new: they reflected the usual tension between overall welfare and distributional conflict generated by trade. However, the speed and intensity of these changes gave this tension a new dimension. Similarly, there was nothing fundamentally new about economists’ recommendations: most rejected protectionism as a solution and endorsed some form of redistribution from winners to losers. At the same time, Western governments were becoming increasingly concerned that competition with China was “unfair,” given its use of subsidies as well as restrictions imposed on companies seeking access to its market. This spurred demands for more confrontational policies toward China, especially because it was no longer a poor developing economy. Of course, there had been backlash against global trade before, notably at the 1999 Seattle protests. But these movements did not influence policy. There was little reason to believe that the backlash against globalization between 2015 and 2018 would have permanent consequences for the future of globalization either. After all, the world was too interconnected to revert to the old regime. Pandemic pressures The second phase of the deglobalization movement began with calls for resilience at the onset of the pandemic in 2020. But what is resilience? There is no clear benchmark. Defining and measuring resilience depend on the nature of the shock. COVID, for example, was both a supply shock—with key international suppliers facing lockdowns at different times, slowing deliveries—and a demand shock, as demand for medical goods and durable goods like cars and second homes grew rapidly. During COVID, short-term delivery delays and shortages due to the disruption of international trade were widely described as a crisis. But much of this was blown out of proportion, and in fact markets proved extremely resilient (Goldberg and Reed 2023a). The US, for instance, imports medical goods and supplies from a diverse group of countries. The one exception is face masks. But in 2020 shipments of face masks from China arrived within months, and this meant that shortages were completely alleviated. Such examples show that international trade increased resilience. Along the same lines, the US actually preserved trade relationships; importers traded with foreign partners more regularly and sought out new suppliers, even though overall trade volume fell. Other papers show, based on quantitative model simulations, that international trade makes economies more diversified and hence more resilient (Caselli and others 2020; Bonadio and others 2021). The intuition is that supply shocks are less correlated across economies than within them and that access to multiple suppliers makes it easier to respond to country-specific shocks. Overall, arguments against trade that emphasize the fragility of supply chains are not consistent with evidence. These arguments were used to stoke the protectionist sentiment that had originated in the first phase, but ultimately the initial effects were not enduring. Trade grew fast in 2021 as the world turned a corner in management of the pandemic. Geopolitical pressures The third phase began with Russia’s invasion of Ukraine in February 2022. For the public, this highlighted new risks from international specialization. As Russia cut gas supplies to Europeans and energy prices skyrocketed, the pitfalls of reliance on a single country for imports of a critical input became clear. The concerns were not intrinsically about Russia. But by extrapolation, countries began to wonder what would happen if they had to decouple from China overnight. Policymakers concluded, if they had not already, that it would be better to decouple immediately on their own terms. Around the same time, a new mindset was widely adopted—namely, that international welfare is a zero-sum game. The United States imposed a ban on exports to China of advanced logic and memory chips and the machinery to produce them. Semiconductor technologies certainly do have military applications, and the export bans could set back China’s military. But the technologies have many more applications in the civilian sector, and so these bans also retard civilian technological development. The world shifted from one in which trade, competition, and innovation in all countries were encouraged to one in which the most advanced economy sought not just to compete but to foreclose. At this point any forecasts are highly speculative, since, as before, outcomes will be highly dependent on policy choices. One possibility is that this is as far as the deglobalization movement goes; interventions to foreclose technology access will be limited to products with a credible dual use, while trade in other products will continue to flourish. But another possibility is that the world will end up fragmented in rival camps and that a new cold war will unfold, this time between the US and China (and their respective allies). The consequences of the latter scenario could be severe. New cold war Many models of long-term growth emphasize the role of population size in research and development. The world’s largest and most populous economies are expected to have new ideas and develop absolute advantages, as evidenced by their leading market positions in a variety of products. If scientific collaboration between China and the US breaks down, the world could have fewer solutions to the next pandemic and endemic diseases. More generally, separating from “non-friendly” partners means removing potential low-cost suppliers. When it comes to decarbonization, for instance, the cost of solar panels is substantially higher in the West than in China, and industry estimates suggest that tariffs have slowed installation. Addressing climate change is urgent. Every year lost results in more damage and substantially larger mitigation costs. Is this the price of greater resilience? Restricting global trade is unlikely to lead to resilience. As we argued earlier, resilience cannot be evaluated without reference to specific shocks. Trade exclusively with “friendly” countries may imply greater resilience to geopolitical risks—at least in the near term—but the concept of friendship is itself subject to constant change. It may, however, lead to less resilience to other types of shocks, such as the recent health shock. Within countries, inequality could increase. Greater trade barriers lead to higher prices, which mean lower real wages. Globalization may have contributed to more spatial inequality, but protectionism is not the cure: it will likely make the problem worse. Across countries, there is a risk of increased global inequality. Geoeconomic fragmentation could lead to more trade between high-income economies that are “friends.” Increasing emphasis on environmental and labor standards in trade agreements would raise entry barriers for very poor countries that find it difficult to meet these requirements. Without access to lucrative foreign markets, there is no clear path for poverty reduction and development in such economies (Goldberg and Reed 2022). But the greatest risk may be to peace. Cold wars have often led to hot wars. During the interwar period in the 1930s there was a dramatic shift away from multilateral trade toward trade within empires or informal spheres of influence. Historians have argued that this shift exacerbated tensions between countries ahead of World War II. We can only hope that the coming years will not be a replay of this pre-belligerence era.

#### Protectionism ensures widespread ag production issues

Trebilcock, ‘5 (Michael J.Trebilcock 12/3/5, Journal of International Law and International Relations, peer-reviewed scholarly journal that fosters interdisciplinary discourse at the nexus of international law and international relations.  In promoting critical, informed, and interdisciplinary debate on international affairs, the JILIR provides a forum for the advancement of knowledge, ideas, dialogue and dialectic in both International Law and International Relations., “Journal of International Law & International Relations”) cg

Proponents of self-sufficiency believe in protecting local production of food staples, arguing that local production supports jobs, builds community, and protects national food security68 and argue that trade liberalization is putting all these at risk. There are several responses to this argument. First, what distinguishes food production from other necessities, such as clothing, footwear, pharmaceuticals, automobiles and steel? Second, what distinguishes self-sufficiency at the national level from self-sufficiency at the state, local, or family level? Clearly the United States ought not demand that Texas diversify to produce wine, or that Michigan and Kansas diversify to produce citrus fruit. If each member state of the European Union aspired to be self-sufficient in food, this would fundamentally contradict the entire European economic integration enterprise. Furthermore, few people would advocate family self -sufficiency so that each family produces all its own food (and other requirements), returning us all to members of hunter-gatherer or peasant societies. Third, even adopting a national perspective and focusing on food, it would be surprising if the social pathologies said to be afflicting the agricultural sector are due to international trade. Agriculture has been and remains the most protected bastion in the international economy. Protectionism is the problem, not trade liberalization. The empirical evidence suggests that agricultural protectionism in the United States, Western Europe, and Japan entails average costs of over a thousand dollars per household per year for the countries concerned—a large and regressive hidden ‘tax’ on ordinary consumers of basic staples.69 Apart from these costs to consumers, it is agricultural protectionism, not liberalization, that has promoted environmentally damaging excessive mono-cropping and use of fertilizers and irrigation, as most starkly exemplified by the European Union’s Common Agricultural Policy, which over the post-war years has turned Europe from the largest importer of temperature zone agricultural products into the second largest exporter, and accounts for nearly half of the European Union budget.70 Moreover, it is important to remember that there are communities and farming families on both sides of the trade equation. For developing countries with a comparative advantage in food production, developed countries’ emphasis on self-sufficiency is viewed as an excuse for protectionism that prevents developing countries from fully realizing their growth potential by denying them effective market access for their exports. The case for agricultural protectionism on national security grounds—that we cannot risk being held hostage by potential enemies in war-time for basic necessities of life—is also uncompelling. Greater economic interdependency with respect to essential products is likely to reduce the risk of war—the primary historical rationale for the creation of the European Community. The emphasis on self-sufficiency also fails to recognize that globalization may have the effect of diversifying dependencies, thereby reducing them. Since no country could reasonably supply all of its economic needs domestically, some reliance on foreigners is inevitable. Economic integration can reduce exposure to any one foreign party by facilitating global competition, thereby allowing great diversification in the sourcing of products.

#### Protectionist policies are net worse—tanks global growth

Narissa Rahan 5/25/12, Washington DC based international trade negotiator and WTO expert, “Protectionism a Bad Idea”

THE international trading community has reacted with growing concern to protectionist measures implemented lately by a number of Latin American countries. In recent months, Argentina and Brazil have imposed import restrictions in an effort to protect their domestic industries.¶ Among others, Argentina is now said to require individual approval for imports of almost 600 products. Brazil has limited car imports from Mexico. Argentina has further rattled its foreign investors by expropriating Spanish-controlled energy company YPF.¶ There could hardly be a worse time for any country to step up protectionist measures. According to the International Monetary Fund, world output growth, which slowed to 3.9 per cent last year, is expected to slow further to 3.5 per cent this year.¶ Meanwhile, global trade growth is decelerating: after rebounding to 13.8 per cent in 2010, it dawdled to five per cent last year, and the World Trade Organisation (WTO) expects it to crawl to 3.7 per cent this year.¶ True, emerging markets and developing countries have been performing relatively strongly. But even China's recent trade figures were disappointing.¶ These countries, too, are not impervious to the woes of their more advanced counterparts. Worries of Europe falling into crisis and the United States' faltering job growth are hardly ebbing. At a time when improvements in the global economy remain disconcertingly fragile, stifling sources of growth like trade rather than preserving them means playing with fire.¶ Of course, not all countries are affected in the same way or extent when upping trade barriers. However, the more tapped in you are as a country into the global trading system, the greater the likelihood you will do serious harm to yourself by being protectionist.¶ According to a Reuters report, the Latin American region's imports and exports make up about 42.1 per cent of the region's gross domestic product, roughly a 40 per cent rise since 1980. As a region, it has more to lose simply because it has gained so much from trade over the last few decades.

#### Trade accelerates growth—consensus of economists

Peter **Lloyd 11,** professor of economics at the University of Melbourne, “Free Trade and Growth in the World Economy”

The unanimous view of trade economists today is that free trade is the best policy for a single small (=price taking) economy, irrespective of the policies pursued by its trading partners. This is the old story that free trade allows a country to specialise according to its comparative advantage. Departures from free trade, therefore, reduce national welfare. We are all thoroughly familiar with this story too. There are now numerous measures of the deadweight losses from border protection for most countries of the world and the gains from trade liberalisation, thanks to the efforts of the GTAP and the World Bank and other teams of cge researchers.

Yet, I want to argue that we still substantially underestimate the gains from trade liberalisation. The principal reason1 is that the standard gains from liberalising trade are comparative statics. They increase the level of real incomes and incomes per capita. The literature of the 1990s introduced an important distinction between the level effect and the rate of growth effect of trade liberalisation (for example, Grossman and Helpman, 1990). Old growth theory suggests that trade liberalisation may raise the rate of capital formation by lowering the price of fixed capital (Estevadeordal and Taylor, 2008) and possibly also increasing the rate of return on capital and the savings rate or net capital inflow. This increase in capital formation in turn raises the rate of growth of real outputs and real incomes. New Growth theory has added a number of other growth-inducing effects; trade liberalisation may increase the variety of capital and intermediate inputs, or increase the productivity of R& D (Taylor, 1999). The level effect is once-for-all whereas the growth effect is continuing.

A number of cross-sectional studies have found that countries that are more open to trade have higher growth rates; see especially the influential study of Sachs and Warner (1995). This became the consensus view. It supported advocacy of continued trade liberalisation in Developing Countries by economists and institutions such as the World Bank and the IMF.

#### Trade solves the economy—GDP and empirics

Daniel Griswold 11, director of the Center for Trade Policy Studies at the Cato Institute and author of Mad about Trade: Why Main Street America Should Embrace Globalization, “Free Trade and the Global Middle Class,” Hayek Society Journal Vol. 9

Whenever the U.S. Commerce Department reports rising imports and an expanding trade deficit, the economic priesthood pronounces it bad news for the economy. "Rising trade deficit could drag down economy," is a typical newspaper headline. As the Associated Press summarized conventional thinking a few months ago, "Growth slows when imports outpace exports, because more jobs go to foreign workers." This is wrong in theory and in practice. The stakes are high. Misguided worries about imports and trade deficits feed public anxieties, and can lead policy makers to reach for protectionist measures that do more harm than good. They can cause investors to misread the fundamental forces driving growth. Contrary to the prevailing orthodoxy, the U.S. economy shows no sign of suffering during periods when the trade deficit is expanding. The mistaken assumption that imports and trade deficits are a drag on growth depends on the seemingly plausible idea that anything we import is one less thing we make ourselves. The Bureau of Economic Analysis supports this error in its quarterly estimates of gross domestic product by reporting that a rise in imports always represents a "subtraction in the calculation of GDP." Don't believe it. Much of what we import doesn't displace domestic production so much as complement it. Imports fuel American industry by providing the raw materials, intermediate inputs and capital machinery our producers need to compete. Competition from imports spurs innovation, cost containment, and productivity gains. Lower prices for imported consumer goods allow households to spend more on home-grown services. The dollars we spend on imports quickly return to buy U.S. assets. In 2010, our trade deficit in goods of $647 billion was exactly offset by our trade surplus in services and investment income and our large capital surplus — the amount of U.S. assets, including Treasury bonds, purchased by foreigners, minus the foreign assets purchased by Americans. The grand balance of U.S. international transactions last year, as in every year, was zero. Contrary to the BEA's unhelpful wording, a rising level of imports doesn't "subtract" from gross domestic product. The problem is the way by which the government calculates GDP. It doesn't actually count what we produce, but rather what we spend — adding up what the government spends, what households spend, what we invest, and what we export. Imports are already counted in domestic expenditures in a way that makes them indistinguishable from domestic goods and services. If the BEA didn't subtract imports from total domestic expenditures, GDP would be overstated. So, when the BEA reports that imports "subtracted" two percentage points from economic growth in the past quarter, that doesn't mean that GDP would have grown that much faster without those pesky imports. It only means that other components — private and government expenditures, investment, and exports — were overstated by that amount. The subtraction reduces the overstatement, not real gross domestic product. In a recent study for the Cato Institute, I tested the conventional wisdom on imports and the economy. Since 1980, the trade deficit has grown as a share of GDP during five sustained periods: 1982-84, 1992-95, 1997-2000, 2001-06 and 2009-10. It has shrunk during three sustained periods: 1987-92, 2000-01 and 2006-09. I then examined how the U.S. economy performed during each of these periods in terms of real gross-domestic-product growth, equity prices (as measured by the Standard & Poor's 500 Index), manufacturing output, total civilian employment and the unemployment rate. Contrary to the prevailing orthodoxy, the U.S. economy shows no sign of suffering during periods when the trade deficit is expanding. To the contrary, real GDP grew more than three times faster at an annualized rate — 3.6%, versus 1% — during periods when the trade deficit was expanding, compared to those in which it was shrinking. A rising trade deficit was good news for investors, as well. The S&P 500 climbed an annualized average of 11% during periods when the deficit was "worsening" compared with less than 1% during periods when it was "improving." Despite worries that trade is causing the de-industrialization of America, manufacturing output expanded at a robust 5.2% a year during periods of rising deficits, and shrank by 2% a year when the trade gap was contracting. People who blame job losses on trade deficits should consider this: Civilian employment expanded at a healthy 1.4% a year during periods of rising trade deficits, while job growth was virtually zero during stretches when the deficit was shrinking. The jobless rate declined an average of 0.4 percentage points per year when the trade gap was on an upward trend, and jumped a painful one point per year when the deficit was trending down. Apparently, the only thing worse for the U.S. economy than a rising trade deficit is a falling one. Politicians obsessed with the trade balance should give up the goal of promoting exports over imports. The aim of U.S. trade policy should be to maximize the freedom of Americans to buy and sell in global markets for mutual gain, whatever the mix of goods, services and assets we freely choose to trade.

### Trade k2 Solve Poverty

#### Growth solves inequality – studies prove that the sole factor lifting people out of extreme poverty was economic growth

Zimet, ‘22 (Saul Zimet is a Website and Data Coordinator for HumanProgress.org at the Cato Institute and a graduate student in economics at the John Jay College of Criminal Justice at the City University of New York. (Saul Zimet, “Why Economic Degrowth Is Terrible for Everyone—Especially the Poor,” No Publication, 6-5-2022, Available Online: <https://fee.org/articles/why-economic-degrowth-is-terrible-for-everyone-especially-the-poor/?gclid=CjwKCAjw-vmkBhBMEiwAlrMeF62NTCDDQLAlnNtvNYJKtPDf9xbBHEUX8lADb_ghYJ49iEPPt3nmdhoCi9IQAvD_BwE>) cg; ad: 5/6/24

Growth and the Poor University of Oxford economist Max Roser has pointed out that the number of people in extreme poverty has fallen by roughly 137,000 individuals every single day for the past 25 years. That’s over a billion people—more people than there were on Earth just a couple centuries ago. This miraculous occurrence has been called “the most important fact about wellbeing in the world since World War II” by the Nobel Prize winning Princeton University economist Angus Deaton in his book The Great Escape. And as CNN host and Washington Post columnist Fareed Zakaria has observed, these data indicate that more people have escaped extreme poverty in the last fifty years than had done so in the preceding five hundred. Harvard University cognitive scientist Steven Pinker notes in his 2018 book Enlightenment Now that if this trend were to continue, the extreme poverty rate would reach zero by the year 2026. The COVID-19 pandemic and lockdowns set the global economy back a few years, but the virtual end of extreme poverty remains broadly within reach, which is an unprecedented circumstance to be in as a species. As Deaton and Pinker delineate in their aforementioned books, and as Harvard University Department of Economics chairman Benjamin M. Friedman explains in his book The Moral Consequences of Economic Growth, improving the material fortunes of the poor causes their physical health, educational opportunities, life expectancies, safety from violence, trust in their neighbors, and countless other standards of living to improve. As Pinker writes, “Though it’s easy to sneer at national income as a shallow and materialistic measure, it correlates with every indicator of human flourishing.” Notably, those brought out of extreme poverty, which have mostly been in places like China and India, were largely not helped by massive social programs but by a growing global market for their labor. If redistribution of pre-existing wealth were the cause of this phenomenon, then the reduction in extreme poverty would have been accompanied by a reduction in extreme wealth in some other subset of the population. To the contrary, there is no significant demographic with massive losses to match those massive gains. Rather, as Americans and other denizens of wealthy countries have become wealthier on average, their increased demand for overseas labor has brought people from farms to factories, from factories to office parks, and so on. That has been made possible by gross world product roughly doubling since 1990. This widespread growth has been unfolding ever since it began around the time of the industrial revolution, which is why over 90 percent of the human population lived in extreme poverty throughout all of human history before 1800, and why less than 10 percent live in extreme poverty today. It was economic growth, not redistribution programs, that has brought the masses out of extreme poverty like never before in human history. Growth as a Policy Target George Mason University economist Tyler Cowen explains in a Foreign Affairs article that, “In the medium to long term, even small changes in growth rates have significant consequences for living standards. An economy that grows at one percent doubles its average income approximately every 70 years, whereas an economy that grows at three percent doubles its average income about every 23 years—which, over time, makes a big difference in people’s lives.” To concretize this point, Cowen proposes a thought experiment in his book Stubborn Attachments: “Redo U.S. history, but assume the country’s economy had grown one percentage point less each year between 1870 and 1990. In that scenario, the United States of 1990 would be no richer than the Mexico of 1990.” It is not just wealthy Americans that would be worse off in such a scenario—the lower and middle classes of Mexico are much worse off than the lower and middle classes of the United States, and this is largely a function of the general success of each country’s economy.

### Democracy Good

#### Authoritarianism leads to extinction, democracy solves it

Belfield, ’23 (Haydn, Research Associate and Academic Project Manager at the University of Cambridge's Centre for the Study of Existential Risk, “Collapse, Recovery, and Existential Risk,” in *How Worlds Collapse: What History, Systems, and Complexity Can Teach Us About Our Modern World and Fragile Future*, p. 74-76) cg

A world dominated by totalitarian states would be more incompetent, more war-prone, less cooperative, and more inhibitive of progress than one dominated by democratic states. Our current world is not particularly competent, peaceful, cooperative, or progressive—a totalitarian-dominated world would be worse. It would increase the risk of another collapse and extinction and could shape the future toward less desirable trajectories (Beckstead, 2013). Totalitarian states are incompetent. They are bad at forecasting and dealing with disasters (Caplan, 2008).16 This can be seen most clearly in the great famines of Communist China and the USSR, in which millions died (Applebaum, 2017; Becker, 1996; Dikotter, 2010; Snyder, 2010). In comparison, functioning multiparty democracies rarely, if ever, experience famines (Sen, 2010). “Established autocracies” (or “personal”/“sultanist”) are particularly bad, as there are few checks or restraints on arbitrary rule and the whims and ideology of the single individual, even from other elites (Svolik, 2012). From the inside, the “inner circle” around Mao, Stalin, and Hitler seems incredibly chaotic, with elites strongly incentivized to conceal information and encouraged by the autocrat to squabble and feud—so they are divided (Conquest, 1992; Kershaw, 2008; Zhang & Halliday, 2006). If totalitarian states are worse at addressing social, environmental, and technological problems, then a world dominated by them would likely be worse at responding to risks of collapse and extinction. A world dominated by totalitarian states is more likely to have major wars. States with near-universal adult suffrage rarely (if ever) go to war with one another (Barnhart et al., 2020), so a world dominated by democracies has fewer wars. Miscalculation might be a particular problem for totalitarian states due to personalization and disincentives for accurate information, leading to well-known strategic disasters such as Hitler and Stalin’s blunders in World War II (Bialer, 1970; Noakes & Pridham, 2001), or at a smaller level, Saddam Hussein’s rejection of diplomacy (Atkinson, 1993). War makes collapse and extinction more likely, by raising the chance of weapons of mass destruction being used. Linked to this, totalitarian states are less cooperative than democratic states. While cooperation is possible (Ginsburg, 2020), their internal norms are characterized by paranoia and treachery, and their lack of transparency limits their ability to credibly commit to agreements. This is bad for all risks that require cooperation such as pandemics or climate change (Tomasik, 2015). Finally, continued social and scientific progress is likely to reduce risks of collapse and extinction. Social progress could reduce global inequality and other risk factors. Scientific progress could help address natural risks and climate change (Sandberg, 2018), differentially increase defensive rather than offensive power (Garfinkel & Dafoe, 2019), and solve safety challenges in AI or biotechnology (Russell, 2019). However, as we will now discuss totalitarian states would likely inhibit social progress. A central question from a longtermist perspective is: Which values should shape the future? I would argue that we should prefer it to be shaped by liberal democratic values. This is not to say that the current democracy-dominated world is perfect—far from it. The fate of billions of factory-farmed animals or hundreds of millions of people in extreme poverty makes that abundantly clear. However, democracies have two advantages. First, democracies have space for cosmopolitan values such as human rights, plurality, freedom, and equality. These are better than those that characterize life under totalitarianism: Fear, terror, subjection, and secrecy. Second, they have within themselves the mechanism to allow progress. In the last 100 (or even 50) years, the lives of women, LGBT people, religious minorities, and non-white people have dramatically improved. Our “moral circle” has expanded, and could continue to expand (Singer, 1981). The arc of the moral universe is long, but given the right conditions, it might just bend toward justice (King, 1968). A global society dominated by these values, and with the possibility of improving more, has a better longterm potential. A totalitarian-dominated world, on the other hand, would reduce the space for resistance and progress—distorting the human trajectory. We should be particularly concerned about “bottlenecks” at which values are particularly important—where there is a risk of “locking-in” some particular set of (possibly far from optimal) values. While they are currently far-off, future technologies such as artificial general intelligence, space settlement, life extension (of autocrats), or much better surveillance could enable lock-in (Caplan, 2008).17 Conditional on them avoiding new catastrophes, world orders dominated by totalitarians could be quite long-lasting (Caplan, 2008). Democracies can undermine authoritarian and totalitarian regimes through the following ways: Control, including conquest; contagion through proximity; and consent, promoting receptivity toward democratization (Whitehead, 2001). Democracies can actively undermine these regimes through war, sanctions, hosting rebellious exiles, or sponsoring internal movements. Passively, through contagion, they offer a demonstration that a better, more prosperous life is possible. For example, in the final years of the USSR, ordinary Soviet citizens were able to see that the West had a higher standard of living—more innovation, more choice, and more consumer goods. The elites were able to read books from the outside, and travel—Gorbachev’s contacts and friendships with European politicians may have made him more favorable to social democracy (Brown, 1996). Democracies can undermine the will and capacity of the coercive apparatus (Bellin, 2004). However, in a world not dominated by democracies, all these pressures would be far less. A world in which, say, totalitarian regimes emerged as dominant after World War II (for example if the USA was defeated) could be self-reinforcing and long-lasting, like the self-reinforcing relationship of Oceania, Eurasia, and Eastasia (Orwell, 1949). Orwell’s fictional world is characterized by constant low-grade warfare to justify emergency powers and secure elites, and with shifting alliances of convenience as states bandwagon and balance, thereby preventing any resolution. A totalitarian-dominated world order could be rather robust, perhaps for decades or even centuries. A long-lasting totalitarian-dominated world would extend the period of time humanity would spend with a heightened risk of collapse or extinction, as well as increased potential for distortion of the human trajectory and the possibility that a “lock-in” event may occur. This example illustrates the possibility of a “negative recovery,” resulting in a trajectory with less or no scientific and social progress and a less favorable geopolitical situation, which would threaten the destruction of humanity’s longterm potential.

**The absolute best studies verify the link between democracies and peace.**

**Imai, ‘20** (Kosuke PhD in Political Science @ Harvard, Professor in the Department of Government and the Department of Statistics at Harvard University, “Robustness of Empirical Evidence for the Democratic Peace: A Nonparametric Sensitivity Analysis”, <https://imai.fas.harvard.edu/research/files/dempeace.pdf>) cg

The democratic peace — the idea that democracies rarely fight one another — has been called “the **closest thing** we have to an empirical **law in** the study of **i**nternational **r**elations.” Yet, some contend that this relationship is spurious and suggest alternative explanations. Unfortunately, in the absence of randomized experiments, we can never rule out the possible existence of such confounding biases. Rather than commonly used regression-based approaches, we apply a nonparametric sensitivity analysis. We show that overturning the positive association between democracy and peace would require a confounder that is **47 times more prevalent** in democratic dyads than in other dyads. To put this number in context, the relationship between democracy and peace is at least **five times as robust as that between smoking and lung cancer**. To explain away the democratic peace, therefore, scholars must find far more powerful confounders than already those identified in the literature.

# Negative

## Overview

### Global Wealth Centralization

#### Critics argue that free trade agreements like the one proposed primarily benefit large corporations and exacerbate wealth inequality within both the US and EU. The agreement might lead to a further concentration of wealth at the top, while failing to deliver significant benefits for average workers and consumers.

#### Additionally, concerns exist about the environmental impact of a potential trade deal. Increased trade often translates to greater transportation distances and higher carbon emissions. The agreement should incorporate strong environmental regulations and promote sustainable practices within supply chains to mitigate these concerns.

### EU Autonomy

#### Increased trade between the US and EU could lead to a situation where the EU becomes overly reliant on the US, particularly in critical sectors like energy. This dependence could weaken the EU's bargaining power on the global stage and limit its ability to pursue independent trade policies that align with its strategic interests.

#### Furthermore, the EU has established itself as a leader in areas like data privacy and consumer protection, often with stricter regulations than those found in the US. A trade agreement could lead to a watering down of these regulations, compromising European values in favor of US business interests. The EU might be pressured to accept lower standards in areas like data privacy and environmental protection to facilitate trade, potentially undermining its regulatory framework.

### EU Economy

#### This contention argues that increased trade between the US and EU would actually hamper the EU economy. A few examples of how the EU would be negatively affected:

#### EU Tech Startups: The US has a vibrant tech ecosystem with established giants. An influx of US tech companies into the EU market could pose a challenge for smaller European startups, hindering their ability to compete and potentially stifling innovation within the EU.

#### Low-Skilled Labor: If the trade agreement leads to a focus on lower production costs, it could create a race to the bottom in terms of labor standards. This might lead to downward pressure on wages for low-skilled workers in both the US and EU, particularly in sectors like manufacturing and customer service.

#### EU Agriculture: The US is a major agricultural producer, with lower production costs in some areas. Increased US agricultural imports could undercut European farmers, particularly those specializing in products like corn, soybeans, and poultry. This could lead to farm closures and job losses in rural communities.

#### EU Clothing Manufacturing: A surge of cheaper US-made clothing due to relaxed trade barriers could force some European clothing manufacturers, particularly smaller businesses, to close down due to an inability to compete on price. This could lead to job losses in the textile and garment industry within the EU.

### US Economy

#### This contention argues that increased trade between the US and EU would actually hamper the US economy. A few examples of how the US would be negatively affected:

#### US Manufacturing: A surge of cheaper manufactured goods from the EU, known for its efficiency and quality, could put pressure on US manufacturing sectors. This could affect industries like automobiles, steel production, and textiles, leading to job losses in factories and associated service sectors.

#### Low-Skilled Labor: If the trade agreement leads to a focus on lower production costs, it could create a race to the bottom in terms of labor standards. This might lead to downward pressure on wages for low-skilled workers in both the US and EU, particularly in sectors like manufacturing and customer service.

#### US Service Industries: While the agreement might benefit US exports of manufactured goods, it could disadvantage certain service sectors if regulations are not carefully addressed. For example, stricter EU regulations in areas like finance and professional services could create hurdles for US companies trying to operate in the European market.

#### US Auto Industry: If the EU relaxes tariffs on German and Italian luxury car imports, it could lead to lower prices for European cars in the US market. This could put pressure on American car manufacturers like Ford and General Motors, potentially impacting their sales and workforce.

## Case Contentions

### Observation – Cost-Benefit Analysis

#### We stand in [affirmation/negation] that *Resolved: The United States should establish a comprehensive bilateral trade agreement with the European Union*.

#### We think you should evaluate this debate through cost-benefit analysis

#### ‘United States Should’ in the resolution calls for debate on hypothetical government action

**Ericson, ‘3** (Jon M., Dean Emeritus of the College of Liberal Arts – California Polytechnic U., et al., The Debater’s Guide, Third Edition, p. 4) cg

The Proposition of Policy: Urging Future Action In policy propositions, each topic contains certain key elements, although they have slightly different functions from comparable elements of value-oriented propositions. 1. An agent doing the acting ---“The United States” in “The United States should adopt a policy of free trade.” Like the object of evaluation in a proposition of value, the agent is the subject of the sentence. 2. The verb should—the first part of a verb phrase that urges action. 3. An action verb to follow should in the should-verb combination. For example, should adopt here means to put a program or policy into action though governmental means. 4. A specification of directions or a limitation of the action desired. The phrase free trade, for example, gives direction and limits to the topic, which would, for example, eliminate consideration of increasing tariffs, discussing diplomatic recognition, or discussing interstate commerce. Propositions of policy deal with future action. Nothing has yet occurred. The entire debate is about whether something ought to occur. What you agree to do, then, when you accept the affirmative side in such a debate is to offer sufficient and compelling reasons for an audience to perform the future action that you propose.

#### Particularly in the context of economic policy– cost-benefit analysis is the only way to come to a sound policy decision

Edge, ’21 (Delaney Edge @ Berkely Public Policy Journal and JD at Vanderbilt, “The Role of Cost-Benefit Analysis in Public Policy Decision-Making”, Berkely Public Policy Journal, <https://bppj.studentorg.berkeley.edu/2021/12/14/the-role-of-cost-benefit-analysis-in-public-policy-decision-making/>) cg; ad: 5/5/24

What is Cost-Benefit Analysis? Cost-Benefit Analysis (CBA) is a process used by governments to make and evaluate public policy through the quantification of consequences. The current scholarship recognizes it as a system used to crudely implement utilitarianism, which claims that actions are only right if they promote happiness or [pleasure](https://www.gutenberg.org/files/11224/11224-h/11224-h.htm). These are used to measure the overall welfare of society–the aggregate sum of the welfare of individuals is measured as the overall welfare of the [population](https://halshs.archives-ouvertes.fr/halshs-00634010/document). Although CBA has important implications on public policy and gives a solid foundation for evaluating possible policy decisions, its hyper-fixation on monetary costs can be problematic for legislating large, diverse, and complex societies. The frequent lack of attention to important factors, such as how welfare is measured and the normative impacts on society, makes it insufficient to be the sole method used to evaluate policies. CBA is a rough process of converting the consequences of a policy into monetary terms to determine that policy’s impact on the overall welfare of the population. It stems from a mix of utilitarianism and consequentialism, which claims that the rightness of an action is evaluated solely by its [consequences](https://doi.org/10.1017/S1358246106058012). CBA is done using ten steps, which are as [follows](http://students.aiu.edu/submissions/profiles/resources/onlineBook/E5V5H3_Cost-benefit%20analysis%20_%202018.pdf): Explain the purpose of CBA Specify the set of alternative policies Specify standing (decide whose costs and benefits count) Identify the impact categories, catalogue them, and select metrics that will be used Predict the impacts of the policies quanitively over the life of the project Revise all impacts in monetary terms (attach dollar values to the consequences) Discount benefits and costs to obtain present values Calculate the net present value of each alternative Perform a sensitive analysis of the options Make a policy recommendation These steps are designed to provide a systematic process that allows policymakers to see if a policy maximizes financial resources and promotes the overall welfare of society. Although not explicitly stated in CBA, an important factor in deciding whether the aggregate sum of welfare is proportional to the costs of a policy is the “value of a statistical life” or VSL. The current VSL ranges between nine and ten million and refers to the amount of money people are willing to pay to save a life or reduce the risk of [death](https://fivethirtyeight.com/features/what-should-the-government-spend-to-save-a-life/). VSL is important to CBA because it is used to evaluate whether the costs of a policy surpass a society’s VSL, or a person’s willingness to pay to implement that policy.

### Contention – Global Wealth Centralization

#### Trade between the US and EU prioritizes corporate interests over all which wrecks global trade standards, further centralizes global wealth, wrecks the environment, and is unsustainable – we must develop regional trade instead

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The meeting between United States President Donald Trump and European Commission President Jean-Claude Juncker Wednesday is widely seen as a crucial step to avoiding a full-blown trade war. But the content of the vaguely worded joint statement is deeply worrying for people on both sides of the Atlantic. If the U.S. and the EU follow through with their commitments, the new trade relationship would mean more fracking in the U.S. and an attack on European standards for genetically modified organisms, chemicals and other sensitive issues. But this should be no surprise, since both sides prioritize corporate interests over environmental and social concerns in their trade policy. Trump’s trade policies cater to big business lobbyists, especially when it comes to the fine print. For example, the U.S. is pushing China to ease the approval process and importation of genetically modified crops. American negotiators are trying to restrict labelling of junk food in the North American Free Trade Agreement renegotiation process, while environmental organizations are concerned that a NAFTA 2.0 would exacerbate pollution and climate change. Throw in the attempt by the Trump administration to use the economic and political power of the U.S. to extract maximum concessions from its trading partners and its attacks on international labor standards, and the current trade policy mostly looks like more of the same for big business — in a nationalist cloak. But the European Union’s supposedly “free and fair trade” strategy is also not the solution. Outside of some rhetoric, the EU continues to pursue corporate interests in its trade deals at the expense of people and the planet. A case in point are the ongoing negotiations for a free trade agreement with Indonesia — the fifth most populous country on the planet, one of the fastest growing economies and therefore a potentially lucrative market for European companies. Apart from some flowery language in the chapter dealing with sustainable development — which the EU refuses to equip with a proper enforcement mechanism — the core chapters of the agreement do not take sustainability criteria into account. There is no intention to promote the exchange of sustainable products or reduce the trade in unsustainable ones. The agreement scored only 4.5/20 points on Friends of the Earth Europe’s sustainability test. The EU plans to create a tribunal that would enable foreign investors to sue governments for rules and regulations that protect people and the environment when they interfere with their profit expectations. It is called the Investment Court System — a slightly reformed version of the infamous investor-state dispute settlement (ISDS) mechanism, which is just as dangerous. After being sued by several mining companies, the Indonesian government started to terminate agreements with corporate court provisions, including with European countries. Now, the EU is attempting to lock in corporate courts in the new trade deal with Indonesia. Similar trade deals are currently being negotiated and concluded by the EU with a number of countries around the world, including Mexico, Chile, Canada, Japan, Singapore, Vietnam, and other countries. This is no plan to protect ordinary citizens, or the planet. So what should progressives do? We need to oppose both the EU’s neoliberal free trade policy and Trump’s nationalist approach and advocate for a radically different trade model that puts people and the environment at its center. Such a model would foster the trade of sustainable goods and services rather than focusing on increasing trade flows; support sustainable agriculture and regional trade rather than a global trade in agricultural commodities; and create a framework to hold corporations to account internationally rather than granting investors more privileges. While the Presidents of the United States and the European Union are cooking up a new deal that would only benefit large corporations and polluting industries, it is up to movements and civil society on both sides of the Atlantic to work together and push for a new model of international trade that puts sustainability, human rights, and democracy at its heart.

#### In particular, the US and EU current addiction to growth and compounding debt inches us closer and closer globally towards economic and ecological collapse

Sagin & Çaglar, ‘23 (Sagin, A., Çaglar, Ü. (2023). Great Reset. In: Ari, A. (eds) Capitalism at a Crossroads. Springer Studies in Alternative Economics. Springer, Cham. [https://doi.org/10.1007/978-3-031-23257-2\_14. pp. 259](https://doi.org/10.1007/978-3-031-23257-2_14.%20pp.%20259)) cg

There is a relationship between the need for growth and debt, another addiction to the economic system. The economic system accumulates huge debt stocks inherent in the monetary system. Since debt is a claim on the future income, the ability of the economic agencies to pay it back is dependent on the increase in income. If income does not grow, the increasing debt-to-income ratio will rise the danger of insolvency. This addiction to growth, which destroys the environment and exploits the world’s resources, has led to inequalities and violent conflicts, failing to bring prosperity to most human beings. Because growth rates are decreasing globally, the prosperity of the powerful minority is not sustainable. Crises have gained a global character, affecting wealthy nations, and a systemic collapse has appeared. To understand the crisis-generating nature of the capitalist system, the relationship between money, credit, and banking needs to be analyzed. In the modern monetary system, banks are authorized to create credit out of nothing by lending deposits many times. Because credit functions as money, banks can create money that is not a physical entity but merely a number in a bank account. Considering that more than 90% of the money is supplied by banks in economies, it can be said that money emission was privatized in the modern economic system. Under these circumstances, what can deter banks from creating too much credit money? Theoretically, if there is no constraint, banks can create an infinite amount of money. In the beginning, banks had to keep the same amount of reserve as credit. There was no money multiplier. When a fractional reserve system had been put in force, banks had the authority to create money with just account entries without needing a backing physical currency. They began to generate instabilities in economies by increasing and decreasing the quantity of credit and money. During the Great Depression, FED’s nonactive behavior against a contraction in the money supply exacerbated the ongoing crisis. Learning from the Great Depression, the US government constrained financial activities, regulated banks’ activities with the Glass-Steagall Act of 1933, and protected the US economy from excessive credit growths and busts, which caused instabilities in money supply and economic activity. Following “the golden age of capitalism” from 1945 to 1971 came an age of slow growth. Ideas of removing constraints on financial activities were asserted, and in 1980, the US Congress eliminated restrictions on interest rates paid for bank deposits. Then, in 1996, the Glass-Steagall Act was abolished so that commercial banks could engage in investment activities in the finance sector. These developments freeing banks from the constraints on credit growth have undermined the tie between credit growth and GDP. Hence, the quantity of credit soared compared to GDP. In addition, credit turned toward financial activities which do not generate real income. As growth in credit and debt exceeded growth in real income, distinguishing or amortizing debt by increasing income became impossible, resulting in mounting debt. In time, accelerating financial innovations (i.e., derivatives and securitization) led to an explosion in financial transactions and contributed to asset price appreciations. Moreover, expanding credit raised asset prices, leading to increased demand for credit, and so a vicious circle has started by credit expansion, asset price increase, and increasing interest rates. This unsustainable boom in financial markets made the economic system quite fragile, causing financial crises. Today, the global monetary system can be described as a petrodollar system. Oil is sold in exchange for the US dollar, so every country must keep reserves in dollar. This creates extra demand for dollars. The US dollar functions as an internationally accepted means of payment, in other words, as the world money backed by nothing, and the increase in the world money supply is dependent on the deficit of the US balance of payments. This situation allows the USA to import goods and services without the obligation of selling goods and services produced in the USA and not having to keep foreign exchange reserves. Put it differently, the USA can finance its foreign deficits with its own money. This capability encouraged the USA to accumulate a vast debt stock. Though the international monetary and payment system puts the burden of balancing the trade imbalances on deficit nations, the USA, as an exception, has been able to sustain its debtor position. Usually, the floating exchange rate system is expected to appreciate surplus countries’ currencies. Accordingly, the Chinese renminbi and other surplus country currencies should have appreciated against the US dollar to eliminate their trade surpluses. However, China and other Asian surplus countries have preferred to intervene in the exchange market to prevent their currencies from appreciating and accumulating dollar reserves to continue to raise their exports and growth rates. This provided the Western countries, specifically the USA, with cheap goods imported from China and other emerging countries (Fidler & Nicoll, 2011). Lending these reserves in the US finance sector to get yield was a rational behavior for them. This financial flow from the surplus countries toward the USA due to global saving imbalances has fed the financialization in the world, starting from the USA. The Asian crisis of 1997 also directed the export-oriented Asian economies to accumulate large dollar reserves to hedge against exchange rate volatility and thereby protect themselves from increasing fragility in the international financial system. Heading to the USA in search of profit, these reserves contributed to the overexpansion of the US financial sector, giving rise to excess speculation. Finance, instead of manufacturing, has become the primary source of wealth accumulation. Because there is no discipline on today’s monetary system like gold imposed once, economies accumulated too many imbalances generating frequent dangerous boom and bust cycles (Table 1). 2.2 Policies of Capitalist Countries and Globalization Today’s economic system results from the developments since the industrial revolution in the eighteenth century. The industrial revolution provided the industrialized countries with consistent growth and material prosperity, but at the same time, the danger of demand insufficiency threatened the system. The solution was to find additional demand from abroad. In the early stages of capitalism, this was foreign trade, namely, exporting the excess production (Ivanova, 2013). The UK, the leading economy of the capitalist world, invested the trade surplus in deficit countries. This capital flow, together with the balancing effect of the international monetary system of the gold standard, contributed to keeping the system in balance. After World War II, large companies which are known as multinationals—mainly the US origin—are in a struggle for the fields of profitable reinvestment for their growing profits and capital to avoid the potential crisis of demand deficiency and to benefit from low costs began to shift the production toward low-wage countries in Asia. That meant a new division of labor by the internationalization of production made possible by sharp decreases in transportation and communication costs. The restructured production created a system of high consumption in the West, chiefly in the USA, albeit the low rate of growth, and decreasing real wages and export-led growth of the newly industrialized countries. Production has shifted to Asia with low consumption. These developments brought in saving imbalances and emerging economies addicted to exporting to the USA. The developments mentioned above in production coupled with financial liberalization in advanced capitalist countries. Deregulation of the finance sector created highly liquid capital markets in the West, particularly in the USA. Dollar denominated current account surpluses of China and other Asian countries flowed to the capital markets in the USA. These flows fueled the finance sector of the USA, leading to bubbles in sectors such as real estate, stock exchange, and derivatives. Additionally, they led to a growing interdependency between the USA and China and, on the other hand, turned China into a rival for the USA due to the shift of economic power toward it (Saull, 2012). China also has some fragilities in this system. First, while China grows fast relative to the rest of the world, its growth depends on exports to a limited number of wealthy nations, particularly to the USA. That is, China needs a growing market in the West to sustain its high growth rate. As seen during the 2007–2009 crisis, any contraction in these markets is impeding the growth of China. However, China is quite growth-addicted because of the changes in its social and economic structures. Every year, Chinese citizens migrate to the big cities in bulk from rural areas in the hope of finding jobs there. Therefore, China has to sustain a high growth rate in order to create millions of new jobs every year. The last crisis that resulted from the COVID-19 pandemic showed that a negative development in production in China, supply chains, or consumption in developed nations threatens the world production distribution system and brings out the possibility of the collapse of the world economy. According to Charles Kindleberger, a liberal world economic order needs a hegemonic power or a multilateral institution to operate smoothly, curing imbalances and providing international cooperation (Funabashi, 2009). The imbalanced and interdependent world system implies that the USA as a world hegemon is in decline and no other power to substitute it is sighted on the horizon (Saull, 2012). A multilateral institution with that capability does not exist either. Unlike what happened after World War II, the whole system may collapse this time rather than a hegemon. The USA–China relations occur at the center of the world economic system, and China has to preserve the pegged exchange rate policy to hold its competitive position. To be more precise, China has to control the renminbi’s value and accumulate dollars. Any change in its exchange rate or foreign reserve policy will lead the system to a crash. Indeed, in addition to distortions in the productiondistribution chain, China tries to get rid of substantial dollar reserves it accumulated to free itself from the fragile balance in the international monetary system. However, China’s attention can undermine the dollar’s value, which can trigger a global turmoil also involving China. Additionally, because of the low level of wages, the demand in the USA is dependent on credit growth, and the financial flows from emerging countries make it possible to reduce interest rates. Any interruption in these flows can lead to turmoil in the US financial system. Resulting asset price deflation, credit constraint, bank failures, a sharp decrease in aggregate demand, and widespread bankruptcies can bring a total economic collapse which obviously will spread to the world, causing the collapse of the international system. Alternatively, burst of bubbles in the US financial system, leading to a sharp shrinkage in financial markets, can throw the US economy into a great depression and, at the same time, into hyperinflation because of the existence of too much dollars, used for financial transactions. As a result, the US dollar can become worthless, which will end with resulting chaos for the rest of the world. The dollar is steadily losing the confidence of the leading players in the world economy (Kotarski, 2009), creating a fragile environment that can quickly become chaotic with an unanticipated event.

#### We have an ethical obligation to resolve inequality – it’s an existential risk due to ecological collapse and societal decay

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(i) Climate change As we learned in Section 3, inequality increases a wealthy country’s carbon footprint. This is a problem. First, climate change itself is an existential risk, particularly given uncertainty around its tail-end risks (Ord 2020, chaps. 4; 6). (Although, it is likely not the greatest existential risk (Ord 2020, chap. 5).) Second, climate change is likely what Ord calls a ‘risk factor’: increasing or reducing climate change will likely affect the total existential risk, even beyond the probability that climate change itself will cause an existential catastrophe (Ord 2020, 152). For example, increasing temperatures and more extreme weather imply that the fight for scarce resources such as sweet water will increase over the next decades (“Global Peace Index 2019: Measuring Peace in a Complex World” 2019). Furthermore, deteriorating living conditions might lead to climate refugees who, in part, will flee to developed countries, which could lead to institutional destabilisation and conflict. Finally, beyond extinction risk, climate change could put us on a suboptimal (non-extinction) trajectory: run-away climate change, for example, might put us on a path we cannot easily leave and which necessitates continuous costly adjustments, such as adapting to repeated flooding and adjusting agriculture to extreme weather irregularities. When aggregating those negative effects across time, those might add up to significant long-term costs. (ii) Institutional quality and conflict It is often argued that a country’s long-term performance depends to a significant extent on the quality of its institutions, including its political and legal institutions (Acemoglu, Johnson, and Robinson 2005). Economic research mostly focuses on explaining long-term differences in growth rates. As seen above, some researchers argue that high inequality will reduce growth rates, among other things, because it can worsen institutional quality. However, besides facilitating economic growth, public institutions have other functions that matter from a long-term perspective. For example, disaster preparedness, education, public health, foreign policy, science policy, and many other areas could influence long-term trajectories. If such things go badly, they could increase existential risk. Conversely, good institutions will help reduce existential risk. For many existential risk reduction strategies likely require public goods and collective action, which in turn require good public institutions (among other reasons, because some such public goods are unlikely to be provided by markets). So, it seems reasonable to assume that, with most other societal goals, good institutions can help deliver existential risk reduction. Here is a cheesy analogy: targeted actions like washing your hands regularly or getting a flu shot can reduce your risk of dying from an infection. But you will also do well investing in a strong immune system, as that is an ‘all-purpose goods’ in lowering your risk of dying from any bacterium or virus. Investing in good institutions might similarly be an all-purpose-good: rather than tackling individual sources of existential risk directly, we improve conditions for tackling whatever existential risks may come our way. There are at least two reasons why higher inequality could decrease institutional capacities for longtermist public goods. First, there is some direct evidence that, whatever the causal pathway, inequality reduces institutional quality (which in turn typically leads to more inequality) (Chong and Gradstein 2007; Savoia, Easaw, and McKay 2010). Second, high inequality can lead to elite capture. Empirical work on studying political and de facto legal power is difficult, yet there is a growing consensus that high levels of inequality can lead to elite capture and thereby reduce the long-term quality of legal and political institutions (Acemoglu and Robinson 2008; 2013; Bartels 2018; Bavel 2016; Chong and Gradstein 2007; Cummins and Rodriguez 2010; Savoia, Easaw, and McKay 2010). Further, if institutions are disproportionately geared towards elite interests, then they might be less likely to be geared towards positive longterm trajectories. We might see more rent-seeking and less investment in public goods. Moreover, if elite capture is strong enough, such capture, and the potential inequality that comes with it, can intensify going forward (Chong and Gradstein 2007). Now, one might object and wonder whether elite interests and longtermist interests will necessarily be misaligned. Could an enlightened elite not even be more longtermist than a more democratic system? Here are two potential arguments. First, wealthy donors fund a significant part of research and direct action on existential risk and longtermism (the Open Philanthropy Project, for example). Indirectly, inequality might thus reduce existential risk through such funding. Second, rich people might have a lower rate of pure time preference than less well-off people, which would make them more naturally aligned with investing in long-term causes. In response to the first argument, remember we here focus on income inequality reductions. Private funding only requires ‘enough’ wealth inequality going forward, it need not require elite capture. And reducing income inequality is unlikely to eradicate the required wealth inequality and the existence of big donors. In response to the second argument, we are somewhat sceptical that elite capture would translate a lower impatience rate into longtermist strategies in policy. A successful transmission would require influence to be systematic and well-coordinated across time and, probably, across different elite actors. Yet lobbying and elite influence must often capitalise on shorter windows of opportunities, which makes well-coordinated intertemporal, and positive longtermist, policy capture less likely. Of course, such considerations are speculative. But, in any case, we think that, on balance, there are stronger reasons to believe elite capture would increase – rather than decrease – existential risk. First, elite capture often comes with rent seeking, which lowers institutional quality (Chong and Gradstein 2007). Second, industries like oil, gas, weapons and others are often concentrated and well organised in exerting influence in law and legislation. Their interests and influence overall are likely to be more short-term than longtermist. Third, recent decades have seen a shift towards a stronger shareholder value orientation in corporate governance. A common criticism of this shift is that it incentivises more short-term decisions. Accordingly, corporate influence into public institutions will likely display short-termist bias too. Finally, we can of course imagine that ‘prolongtermist elite capture’ could happen and gamble on that possibility. However, if strong democratic and legal oversight and the power to check elite influence is lost, we might struggle to reverse our gamble. Second, high inequality is likely to reduce social capital and trust (Alesina and La Ferrara 2002; Knack and Keefer 1997; Rothstein and Uslaner 2005). Social capital and trust in public institutions in turn are important for effective public goods provision (Knack and Keefer 1997; Beugelsdijk, Groot, and Schaik 2004). Effective public goods provision, in turn, is important for (some) effective measures to reduce existential risk (and, more generally, to coordinate towards more valuable long-term trajectories). Therefore, high inequality could reduce societies’ capacities to effectively respond to large-scale challenges like existential risk. Finally, some limited direct evidence suggests societies with higher social capital and lower inequality exhibit better preventive and adaptive outcomes for environmental risks and can show greater resilience to external shocks (Bavel and Curtis 2019; Kahn 2005). For example, Matthew Kahn provides some evidence that more equal countries, when controlled for GDP, have significantly lower death rates in natural catastrophes (Kahn 2005). While smaller natural catastrophes are different from global catastrophic risk scenarios, resilience in such events might be somewhat indicative of societies’ resilience to catastrophic risks. So, good social and institutional conditions could help reduce existential risk. Consider next how, conversely, bad conditions might increase existential risk. A key driver of existential risk is conflict, both between and within nation-states (or what (Ord 2020, 175–79) calls a ‘risk factor’). Conflicts and arms races raise human-induced existential risks such as nuclear war, the outbreak of a bioengineered virus or the launch of misaligned artificial intelligence. Note that an existential catastrophe could be set in motion either purposefully or accidentally. Both are more likely during conflict. Nuclear warheads, cyberweapons, and bioweapons could all be used purposefully to attack enemy states, leading to potential global escalation. But as past nuclear incidents and close calls during the Cold War show, arms races also increase the probability of accidental catastrophes (Schlosser 2013). Esteban and Schneider find that formal and empirical evidence suggests that political and social polarization increases the risk of violent conflict, both intra-nationally and internationally (Esteban and Schneider 2008). If income inequality increases polarization, inequality may indirectly drive existential risk. Indeed, recent evidence suggests that income inequality can increase the degree of polarization between groups of citizens. Bonica et al. find that the degree of polarization within the US House of Representatives, for example, is accurately tracked by domestic income inequality, with correlation coefficients rising up to 0.95 depending on the chosen time-period (Bonica et al. 2013, 105–8). Of course, correlation does not imply causation and the correlation is likely at least partially the result of reverse causation or a confounding variable. That said, we should assign a non-negligible credence to inequality partially causing polarization. Moreover, inequality and polarisation might also play some role in getting polarising and populist candidates elected (Piketty 2018). In a preliminary analysis of US election data, Darvas and Efstathiou find that more unequal states were more likely to vote for Donald Trump, after controlling for variables such as income, race and education (Darvas and Efstathiou 2016). Populist politicians – like Trump, Bolsonaro and others – are likely bad news for existential risk reduction. They are less cooperative in delivering regional and global public goods and typically prefer riskier, and more conflictual and nationalistic policy styles.

#### They have misunderstood economic growth on a global scale – it can attempt to resolve some symptoms, but not the root cause.

Liu, ‘22 (John C. Liu was a Masters Candidate for Integrated Design & Management Program @ MIT. Rethinking Consumption & Production: Systems Design for Sustainable Lifestyles in the Global North (Doctoral dissertation, Massachusetts Institute of Technology). pp. 6-7. <https://hdl.handle.net/1721.1/145159>) cg; ad: 5/6/24

Climate change & sustainable development are two of the greatest challenges of the 21st century. The mandate is clear. According to the United Nations Intergovernmental Panel on Climate Change (IPCC) (2018), our world must achieve net zero greenhouse gas emissions by 2050 in order to prevent global temperatures from rising 1.5°C above pre-industrial level by the end of this century. At that point, the negative impacts on our environment & society will be irreversible. The United Nations Environmental Programme (UNEP) (2021) states that the world will need to halve annual GHG emissions in the next 8 years - an enormous undertaking for society at all levels. In response, governments, industries, communities, and individuals around the world are taking action at varying speeds. At the COP26 climate summit, 151 countries have submitted climate plans but commitments to deep emission cuts remain weak and ambiguous (Mountford et al., 2021). The UNEP (2021) estimates that these NDCs place the world on track to reach 2.7°C in temperature rise by the end of the century. Tensions exist between countries in the Global South that require funding to leapfrog fossil fuel technologies and countries in the Global North who are largest historical emitters. After leaving the Paris Agreement in 2017, the United States under President Joe Biden has reentered the treaty and has committed to a 50-52 percent reduction in GHG pollution from 2005 levels by 2030 (The White House, 2021). Biden’s effort has centered on his Build Back Better domestic bill, which seeks to assert US leadership in clean energy technologies and to rebuild America’s decade old infrastructure. The bill has unfortunately faced significant opposition to passage in congress and the outcome will determine United State’s climate credibility on the global stage. By the end of 2021, more than 2,200 companies covering 70 countries and 15 industries have made commitments to science-based targets to reach net-zero (SBTi, 2022). These commitments are voluntary and there is no authority that holds corporations legally accountable to their decarbonization plans. Institutional capital is leading the ESG movement and urging corporations to reimagine capitalism (Sorkin & Merced, 2022), yet both remain incentivized to make decisions that prioritize short-term quarterly performance and profit maximization. Private capital is pouring into climate technology in support of a renewable energy transition that will generate outsized financial return (The Economist, 2021). Communities are mobilizing to demand change from government and industry. Long-time grassroots organizations such as Greenpeace and the Sierra Club continue to raise awareness of environmental issues in the public arena. A new generation of activist organizations such as Extinction Rebellion and Sunrise Movement are aggressively pushing for political action on climate change. Individuals are making lifestyle changes after COVID-19 with some returning to pre-pandemic behaviors & norms and others charting a path forward to new ways of living (Echegaray et al., 2021). While consumers report they are concerned about the environment, they often fail to follow through on green purchases – also known as the attitude-behavior gap (Young et al., 2010). Climate anxiety is on the rise due to an uncertain future (Pihkala, 2020) and millions of Americans are leaving their jobs in the Great Resignation in search of fair working conditions (Parker & Horowitz, 2022) . In these turbulent times, the dominant narrative for addressing climate change that is circulated by government institutions and industry leaders is climate salvation by technological innovation brought about by stakeholder capitalism. A major issue with this narrative is that it presents an incomplete framing of the problem and therefore, proposed solutions will only address symptoms and not the root cause of our existential predicament. Technology is essential but it only buys time so we can address the underlying drivers of greenhouse emissions & material waste - consumption and its associated production. The elephants in the room are the unsustainable lifestyles of the affluent living in the Global North (Akenji et al., 2021). These lifestyles have emerged from a system of consumption & production constructed for the ideological pursuit of economic growth. In order to meet the targets of the Paris Agreement, countries must reduce aggregate production-consumption levels associated with energy & material use (Alfredsson et al., 2018). The radical changes needed for achieving sustainable development require a mindset shift – one that I hope this thesis can facilitate.

### Contention – EU Autonomy

#### Contention ( ) is EU Autonomy

#### Europe trying to become less reliant on America

https://www.nbcnews.com/news/world/ukraine-russia-trump-nato-europe-putin-war-rcna139444

LONDON — November’s presidential election may be nine months away, but Europe is already trying to Trump-proof itself, officials on the continent have told NBC News, fearing what a second term for the Republican might mean for America’s closest allies. During his first four years, former President Donald Trump shocked the Europeans by upending the transatlantic balance on which the postwar Western world was built. Their main concern is that a re-elected Trump would double down — halting aid to Ukraine and reneging on Washington’s promise to defend its NATO partners — to leave them more vulnerable to attack by Russia. “If Trump were re-elected, we would face a situation in Europe that has not occurred since the end of the Second World War,” said Norbert Röttgen, a veteran German lawmaker and ex-chair of the Bundestag’s foreign affairs committee. “Europe would have to stand up for its own security in an unprecedented way.” The paradox is that many of these critics, while reviling Trump’s tactics, rhetoric and motives, actually agree with his central point: Europe has for too long depended on the United States’ military might and geopolitical influence. The prospect of Trump back in the White House has only lent new urgency to those driving this effort, particularly in light of recent indications that he might be happy to leave Russian President Vladimir Putin free rein to act aggressively at home and abroad. Europe is far from united, however, with an expected far-right surge in June elections led by nationalist parties that share Trump’s Ukraine skepticism. On the other side of the aisle, those who want to bolster Europe’s defenses know it would be a costly, complex and lengthy process — hence the fierce debate currently raging over how to do so. “Nothing should be off the table to enhance Europe’s sovereignty in the face of a possible second Trump term,” said Valérie Hayer, a senior European Parliament lawmaker from France. “Europe has relied on the U.S. to provide its security for too long,” said Hayer, who leads the Renew Europe group, and is French President Emmanuel Macron’s top lawmaker in Brussels. “It’s high time for Europe to improve its own deterrence capacities and take its security into its own hands.” Many here believe that Trump would be economically protectionist and perhaps even launch new trade wars against Europe. But by far their main concern is about defense — namely against Russia. Europe’s economy dwarfs that of Moscow’s, but since the Cold War it has relied on the U.S. for defense against the Kremlin. Its two nuclear powers, the United Kingdom and France, have relatively small and untested arsenals, illustrated by the revelation this week that Britain recently had a failed nuclear submarine test launch. Europe’s conventional forces, meanwhile, would provide scant protection in a full-scale land war without American backing. Washington’s NATO allies have in recent years increased defense spending, spurred by Putin’s invasion of Ukraine. But Trump’s blunt ultimatum to NATO — pay more or we would not protect you — has convinced many across the continent that they need to accelerate and coordinate the production and supply of weapons. Jason Miller, a senior adviser to Trump, criticized Biden’s record in Europe, and said the president had presided over “death and destruction” on the continent. “President Trump got our allies to increase their NATO spending by demanding they pay up, but Joe Biden went back to letting them take advantage of the American taxpayer," he said in a written statement. "When you don’t pay your defense spending, you can’t be surprised that you get more war.” The former president may have focused minds, but he is not the sole cause of the reckoning European leaders are undergoing. Many in Europe recognize that, even if President Joe Biden wins in November, the isolationist ideas that Trump popularized among some Republicans will not disappear. European leaders and officials are, in this sense, not so much insulating themselves against a potential Trump administration but against a new normal in transatlantic relations.

#### Their success in becoming less reliant on the US is k2 overall EU prosperity – economic and military experts agree shifts in US policy make the EU less resilient to shocks

https://www.atlantik-bruecke.org/en/how-to-trump-proof-europe/

Key areas where the EU needs to prepare for the worst So what can Europeans do to prepare – to “Trump-proof” Europe, as it has been called? It won’t be easy. Europe will have to be more united than ever. And it will have to fill the enormous American leadership void, learning to help Ukraine defend against Russia, promote human rights, keep open trade flowing, safeguard its own borders (including its digital borders), fight climate change and champion democracy. Here are some key areas where the EU needs to prepare for the worst, even as it hopes for the best: Trade: Europe can shield itself from Trump’s protectionist policies by forging trade agreements with other nations and regional markets. It also should deepen its single market, particularly the financial, digital and service sectors. European Central Bank President Christine Lagarde says a more robust single market that better ensures the free movement of goods, services, people and capital across 27 member states would make it easier for smaller companies to raise funding and “facilitate and encourage innovation.” China: Trump might well threaten sanctions on major telecom operators who use Chinese equipment, so the EU should anticipate that possibility by reducing any critical dependencies on Chinese telecommunications products. Failure to do that might result in fragmentation of the EU telecommunications market. Energy: On the plus side, the share of EU pipeline gas imports from Russia declined from over 40 percent in 2021 to about 8 percent in 2023. But in the meantime, imports of LNG gas from the US tripled to over 50 percent of LNG gas imports. Might Trump pull a Putin on the EU? The EU must speed up its world-leading efforts at conservation and producing renewable energy. Digital security: EU member states manufacture relatively little of their own cloud-computing systems and telecommunications infrastructure. They depend heavily on both American and Chinese products. Fortunately France, Italy, and Spain are leading by accessing cloud-computing services which are provided by firms headquartered in the EU. Effective governance: The EU would be wise to address the institutional weaknesses that limit its ability to lead on the global stage. These vulnerabilities include requirements for unanimous vote approvals rather than majority votes. Francis Fukuyama, noted geopolitical strategist and Stanford University professor, laments how the EU’s consensus requirements “allow a single small country to block action by the whole.” Encouraged by Trump, Viktor Orban can be counted on to wield his frequent veto to undermine the EU unless the decision-making rules are changed. Military and defense: This is a tricky one. A number of defense experts and strategists strongly recommend that Europeans “establish a level of military readiness it has not possessed since the Cold War” and become ”a strong actor, militarily.” But the EU does not have a unitary federal government with a highly visible president who is viewed as the legitimate chief of the armed forces and whose military authority is recognized by all member states. So this comes off as wishful thinking. Nevertheless, in the middle of Russia’s 2022 invasion of Ukraine, Europe’s combined military and financial aid to Ukraine now exceeds that of the United States. European values: Perhaps the greatest threat that Trump represents to Europe is to its values: multilateralism, environmental responsiveness, the rule of law, and democracy itself. Through his actions and his rhetorical attacks, Trump tramples on these principles and sways public opinion. The EU needs to think hard about how, in order to withstand that pressure internally, it is necessary to defend the rule of law within its own borders.

#### In particular, EU leadership on emerging tech is necessary to build EU sovereignty and autonomy free from U.S. coercion

Csernatoni, ’21 (Raluca, visiting scholar at Carnegie Europe, where she works on European security and defense with a specific focus on disruptive technologies, “The EU’s Rise as a Defense Technological Power: From Strategic Autonomy to Technological Soverignty”,8/12/21, https://carnegieeurope.eu/2021/08/12/eu-s-rise-as-defense-technological-power-from-strategic-autonomy-to-technological-sovereignty-pub-85134) cg; ad: 5/6/24

STRATEGIC AUTONOMY ISN’T JUST DEFENSE, IT’S ALSO TECHNOLOGY

 Over the past two decades, the **impact of new and emerging tech**nologies **and increased digitalization** have **become the prime drivers of globalization and international competition**. **States** around the world **are making digital autonomy**, **tech**nological **supremacy, and innovation the cornerstones of their diplomatic, security, and economic efforts**. **The** European Union (EU) **is no exception.** The **coronavirus** pandemic **and** its **broader implications** have **further highlighted** the **importance of digital transformation in all aspects of society**, **as well as the need to reduce strategic dependencies in key, high-end technology areas, value and supply chains, and critical infrastructures**. **Against the backdrop of a deteriorating geopolitical and security environment**, **it comes as no surprise that European digital and technological sovereignty are at the center of current** EU **policy discussions.** There are indeed signs of a new and yet conceptually ambiguous narrative taking shape around building the EU’s technological innovation power. What exactly are the practical and policy implications of a new “technological sovereignty” narrative? And more importantly, what EU tech sovereignty efforts have been made in line with broader European strategic autonomy objectives? The **concept of European strategic autonomy is** certainly **not new**. It **initially emerged in discussions related to the EU’s space and security and defense policy strategies, as well as in terms of upping the** EU’s **game in military capability building.** Political discussions about European strategic autonomy indeed have a long and controversial history. The **term has deep historical roots in** French **strategic culture and thinking**, **and** since the 1990s, it **has** typically **referred to the notion that the EU should be able to carry out modest-size, out-of-area, and militarily well-equipped crisis management operations, especially in its own neighborhood, and** independently **of the** United States **and** the North Atlantic Treaty Organization. While the publication of the EU’s Global Strategy (EUGS) in June 2016 is credited for putting the concept of strategic autonomy on the EU’s foreign and security policy agendas, the reality is that various **EU institutions and member** state**s have long been discussing the need to upgrade the EU’s defense technological and industrial portfolio and crisis management capabilities**. **Key to such debates was the preservation of a competitive** European Defence Technological **and** Industrial Base. In the words of Josep Borrell, **the EU’s** high representative for foreign affairs and security policy and vice president of the European Commission, the **concept of strategic autonomy is** indeed **not new**, as it has **been extensively used in the military realm and for a long time was limited to issues related to European security and defense**. According to Borrell, **strategic autonomy is** also **a “process of** political survival**” for the EU, and its logic should be** expanded **to other sectors.** This **narrow security and defense focus** has **been recently expanded by the geopolitically focused European Commission** under President Ursula von der Leyen and **under the stated ambition to** revamp **the European power agenda in various strategic sectors**. **The underlying logic behind strategic autonomy has started to increasingly encompass discussions about technological protectionism and capacity building in new domains related to** digitalization**,** data**,** space**,** energy**, and new and** emerging tech**nologies.** The **new tech**nological **sovereignty** narrative **is meant to build EU-wide consensus around the need to preserve Eu**ropean leadership and autonomy **in** various **key tech**nological **areas**. It is the **EU’s attempt to put forward a** pragmatic **and** autonomous **approach to avoid** dependencies **and geopolitical** coercion **in critical techn**ological **sectors.** The stakes could not be higher. Indeed, the incumbent commission has started to actively circulate various notions of sovereignty derived from discussions on strategic autonomy and defense sovereignty by populating the discursive landscape with related concepts such as technological, digital, and data sovereignty. This **expansion is revealing increasing fears that more protective autonomy in other policy areas than security and defense is needed to safeguard the EU’s economic and strategic interests and European values**. **Hence, the impact of terms such as sovereignty, power, and strategic autonomy floating around the technology, digitalization, and data spheres should not be easily disregarded.** These terms give strategic meaning to EU action and institutionalize different sectoral approaches to sovereignty building. They are also **indicative of** recent **EU-led policy, regulatory, and funding efforts in the industrial, technological, and digital domains**. But which are the most significant initiatives designed to consolidate the EU’s quest for various sovereignties, and do they amount to a coherent and integrated approach?

#### Countries follow on --- clearer EU stance on tech regs galvinzes broader support for EU leadership

Franke & Torreblanca, ’21 (Ulrike, Senior policy fellow at the European Council on Foreign Relations, Jose Ignacio, Senior policy fellow and head of the Madrid office of the European Council on Foreign Relations, a position he has held since the launch of ECFR across Europe in 2007.(“GEO-TECH POLITICS: WHY TECHNOLOGY SHAPES EUROPEAN POWER, 7/21, <https://ecfr.eu/wp-content/uploads/Geo-tech-politics-Why-technology-shapes-European-power.pdf>) cg; ad: 5/6/24

What Europe needs to do ECFR has put forward recommendations on how to address all these sources of vulnerability, from 5G and undersea cables to military AI. The EU needs to improve its data sovereignty by adopting strict regulations on data privacy and ensuring that these are exported to countries and companies that access Europeans’ data. EU member states should create an ecosystem in which smaller 5G players that focus on software and virtualisation can scale up their operations and cooperate effectively with larger European and US companies. The EU should heavily invest in exporting technologies and practices that protect democracy and help achieve technological sovereignty, and in learning from others’ experiences in this realm. But more important than these individual fixes is deeper engagement with the external implications and geopolitical power elements of technology. This engagement has an external element of reaching out to partners and an internal element of ensuring close cooperation between the EU and its member states. Outreach to partners The EU needs a global strategy for improving its partners’ access to reliable and safe technology. Otherwise, the bloc will leave a space that others will fill. Democracies would be further weakened and impoverished. Autocracies would thrive. Europe would be wrong if it thought it could set out its own rules and standards and let the rest of the world adapt. The Brussels effect, by which Europe silently exported its data privacy regulation to the rest of the world, will not easily repeat itself. GDPR happened when technology was still under the geopolitical radar. Now, technology has been (geo)politicised and both governments and industry actors know how closely intertwined power, technology, and regulation are. Both China and the US are reaching out to third countries. The US has programmes such as The Clean Network, which aims to help its allies end their use of Chinese 5G. The Chinese Belt and Road Initiative includes a digital component. And Chinese firms, with governmental support, export facial recognition and surveillance techniques to autocracies around the world. The challenge for the EU is in working with like-minded countries and multilateral bodies – such as the Organisation for Economic Co-operation and Development (OECD), but also regional arrangements such as those in Latin America, Africa, and the Indo-Pacific – to develop fair, open, and values-driven technological standards. The EU should deploy the incentive of access to its digital market to strengthen its alliances. The bloc should use its financial institutions to incentivise EU firms to invest in countries that are seeking to adopt these critical technologies but, at the same time, want to reduce their technological dependence on China. The EU should also consider establishing a comprehensive and compelling tech package that would allow it to become a geopolitical player in the area. This ‘tech compact’ should include: upgrading existing or prospective trade agreements to grant improved access to the EU digital services market to countries that comply with EU standards in areas such as data flows, privacy, and AI; offering technical assistance to governments and parliaments wishing to align with the EU on regulatory issues; offering funding guarantees for connectivity investments; coordinating positions on technical standards in multilateral organisations; and offering cyber security and democracy-protection packages. In contrast to other great powers, whose tech offers are often based on coercion and the exploitation of weakness, the EU should stand for a principled approach based on partnerships, mutual interests, consent, and solidarity. Also, as it is already doing, the EU should continue scanning its internal market for vulnerabilities in critical technological sectors, identifying high-risk vendors, and ensuring reciprocity in market access to these technologies for countries that restrict or curtail digital trade. It will not be sufficient for the EU to merely approve internal regulations in the expectation that others will accept them, such as in the case of the GDPR. For example, the bloc is already operating on bilateral agreements with like-minded countries such as Japan to implement data privacy clauses that ensure the free and safe flow of data. But this is not enough in itself. The EU should aim higher – through multilateral institutions such as the OECD and the International Monetary Fund, or through groupings such as the G20 – to establish a global data privacy regime whose standards are valid for most democracies, if not for all countries (as those ruled by authoritarian regimes may opt out). A key component of this is the transatlantic relationship. A major agreement on data privacy with the US would help break the current dynamic of regulatory fragmentation, helping both the country and the EU jointly take on China and other illiberal regimes. The importance of cooperation between the EU and its member states The European Commission and other Brussels institutions are positioning the EU as a powerful actor in the global debates about tech regulation. But not all member states appear to feel the same sense of urgency. As of today, 21 member states have now published AI policy documents in which they identify areas of focus, develop recommendations, and decide funding priorities. These strategies reveal that most EU member states primarily see AI through an economic lens. Almost all the strategies were written by or under the leadership of economics ministries (or variations thereof) or, less often, ministries of innovation. With very few exceptions – such as France – most EU countries do not engage with the challenges posed by the way that the development and use of AI might affect the international balance of power. Even fewer discuss or even mention the impact of AI on defence. If the EU moves forward on technology issues without the support of its member states, it risks losing credibility and the capability to influence others. Worse, it could leave empty spaces in Europe that external actors fill. But, if the EU and its member states work together closely on technology issues, the bloc will be strengthened – and will lead by showing that its rules and regulations, such as those on privacy or trustworthy AI, work at home. In this, the EU can benefit from member states’ diplomatic reach in various regions. It is crucial for Europe to recognise and consider the international second- and third-order effects of any actions it takes in the technological space. It needs to acknowledge that these actions have an impact on its geopolitical power. They influence the EU’s soft power as a role model, its positioning relative to other major players’ plans, and its geopolitical room for manoeuvre.

#### EU strategic autonomy solves multilateralism, which solves econ, climate, and tech---US foreign policy swings undermine it

Alcaro, ’21 (Jana, Research Coordinator and Head of the Global Actors Programme, International Affairs Institute (IAI), Rome.,, “Strategic Partnerships and EU Security and Defence” in “European Strategic Sovereignty and Multilateralism: Lessons from the Iran Nuclear Dea”, European Parliament, [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO\_STU(2021)653634\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO_STU%282021%29653634_EN.pdf)) cg; ad: 5/7/24

The notion that the EU and its member states should pursue greater autonomy in international affairs has gained increasing salience in intra-EU debates. In 2016, the EU Global Strategy elevated the attainment of a higher degree of autonomy in security and defence to a strategic imperative.37 In 2018, the Juncker Commission38 embraced a view of strategic autonomy that extended to other policy areas, such as the economy and trade, climate and energy, as well as digital and technology regulations. Strategic autonomy has remained since a dominating theme in official EU discourse, as attested to (amongst others) by the selfdepiction as ‘geopolitical’ of the Von der Leyen Commission39 and the HR/VP Josep Borrell’s call on the EU to embrace power.40 While increasingly salient, strategic autonomy has also been controversial. Detractors dismiss it as a misleading notion that creates the illusion of an EU capable of achieving independence from the US, which remains the ultimate security guarantor of several (most) EU member states.41 While understandable, such concerns are misplaced. Autonomy is not about independence. It is about reducing the vulnerability of the EU and its member states to the political use of asymmetric interdependencies by other countries, starting with systemic rivals but including also allies. Examples include Russia’s leveraging its energy supplies, China using access to its market to force technology transfers, and the US weaponising financial interdependencies through extraterritorial sanctions.42 It is not by chance that autonomy has become increasingly tied to the notion of ‘European sovereignty’.43 This connection does not stem from a (non-existent) demand to confer statehood on the EU, but points to the strengthening of the Union as the best way to enable EU member states to act according to their own norms and laws. In these terms, greater autonomy of the EU is tantamount to a stronger defence of the sovereign rights of its member states. Partly, the demand for stronger autonomy results from the evolution of the EU into an ever more integrated polity, endowed with more competencies and correspondingly greater ambitions. Arguably more important, however, has been the emerging multipolarity of international politics. The latter is usually ascribed to the growing economic prowess of such countries as China, which seek to promote their own models of governance of global issues. Yet, an equally decisive factor has been the difficulty of US policymakers to forge an enduring consensus on how the US should conduct itself in international affairs. The ever-wilder oscillations of America’s foreign policy have emboldened its rivals and disoriented its allies. Critically, US foreign policy swings have eventually resulted in a diminished commitment to the system of multilateral institutions, treaties and regimes that the US itself did the most to create in the decades after World War II.44 This trend peaked during the Trump years, when the US deliberately pursued a policy of contestation (of the World Trade Organisation and the International Criminal Court, to mention just a few) and disengagement (a partial list of international arrangements the US left under Trump include the Paris Accord on climate, the World Health Organisation, the Intermediate-range Nuclear Forces and Open Skies treaties, as well as the Iran nuclear deal). As the US distanced itself from multilateral institutions, China made efforts to increase its sway within them, targeting in particular technical agencies such as the International Standards Organisation and the International Telecommunication Union to bring global technology standards closer to Chinese ones.45 Seen from the EU, this is a vicious cycle in which multilateral institutions are simultaneously undermined from without (by the US) and within (by China). The outcome may be a dysfunctional multilateral order or one that more closely reflects China’s model of authoritarian capitalism. 46 Either outcome would negatively affect the EU and its member states’ security and prosperity, as it would reduce European influence in existing multilateral institutions. The strengthening and expansion of the latter are therefore essential in making the EU and its member states capable of navigating the agitated waters of a more competitive international system. The ability of EU member states to live by their own laws and rules is thus inextricably linked to multilateralism.

### Contention – European Economy

#### Contention ( ) is the European Economy

#### The EU’s growing reliance on US and China, mixed with geopolitical tensions as a result of Ukraine, put Europe’s economy on the brink of collapse – only revitalizing the local economy bolsters it

Bergmann & Steinberg, ’24 (Max Bergmann is the director of the Europe, Russia, and Eurasia Program and the Stuart Center in Euro-Atlantic and Northern European Studies at the Center for Strategic and International Studies (CSIS), Federico Steinberg is visiting fellow with the Europe, Russia, and Eurasia Program at the Center for Strategic and International Studies (CSIS) in Washington, D.C. , CSIS, “Europe’s Fiscal Crossroads”, May 8, 2024, <https://www.csis.org/analysis/europes-fiscal-crossroads>) cg; ad: 5/12/24

This white paper is part of the Project on the Future of Europe, a project from the CSIS Europe, Russia, and Eurasia Program examining the European Union's growing geopolitical role and the implications for the United States and Europe. It seeks to raise awareness in the United States of the European Union's future trajectory, which will be critical to building a stronger transatlantic partnership. Europe finds itself at both a geopolitical and fiscal crossroads. On the one hand, the European Union is no longer in danger of collapse after a decade of crises. The bloc is beginning to play a stronger global role, with European Commission president Ursula Von Der Leyen endeavoring—and largely succeeding—to lead a “geopolitical commission.” But on the other hand, Europe is facing growing threats and acute challenges to both its security and its economic and governance model. Russia’s invasion of Ukraine and the threat posed by energy dependence and climate change have awakened Europeans to the need to invest in both defense and the energy transition. Europe also fears the possibility that the United States will be less engaged in ensuring European security, especially under a potential second Trump administration. Additionally, the need to support Ukraine and facilitate its European future has revived the potential of EU enlargement, which will require considerable resourcing. Lastly, the rise of China and its predatory business practices has prompted the European Union to take economic security seriously and advance efforts to “de-risk.” As Mario Draghi aptly summed up in the Financial Times, the era of relying on the United States for defense, China for exports, and Russia for energy is over. The former president of the European Central Bank and former Italian prime minister posited: “The geopolitical, economic model upon which Europe rested since the end of the second world war, is gone.” Russia’s invasion of Ukraine and the threat posed by energy dependence and climate change have awakened Europeans to the need to invest in both defense and the energy transition. Yet Europe is also finding that this new era of geopolitical competition is costly. Despite having created a monetary union with a common currency, the euro, and a powerful central bank, the European Union lacks a fiscal union and a common fiscal policy. The entire EU budget is less than $200 billion per year (about 1 percent of EU GDP), with 33 percent of that money going to agricultural subsidies. It also has tight fiscal rules (the so-called Stability and Growth Pact) that limit debt and deficit levels for EU member states. A recently agreed reform increases spending flexibility, but the new rules also put pressure on member states to reduce deficits. This is the quandary facing Europe. It must meet the demands of this new geopolitical era, support Ukraine and strengthen its own defense, provide European public goods, and tackle the climate crisis, but it lacks the appropriate political and institutional mechanisms to fund these investments. The question is, “where will the money come from?” This white paper outlines Europe’s fiscal terrain and presents potential paths forward for the European Union. Whether Europe develops its collective fiscal capacities is of tremendous geopolitical importance and of relevance to the United States. NATO’s defense spending goal of 2 percent of GDP is directly tied to Europe’s fiscal landscape and EU fiscal rules. Moreover, Europe’s capacity to accelerate the energy transition, reduce its energy insecurity, increase its competitiveness, and ensure its economic security crucially depends on the creation of a fiscal union to finance European public goods. Europe is thus at a crossroads. It will not fall apart, as feared in the previous decade, but it could easily stagnate economically and geopolitically without major advances in its fiscal integration. For the European Union—and therefore Europe as a whole—to become a relevant geopolitical actor, Brussels will need to develop its own fiscal capacity.

#### That puts at least 100M at a risk for poverty in Europe alone

European Economic and Social Committee, ’23 (European Economic and Social Committee, “EU records highest level of inflation since euro introduction: 96.5 million people at risk of poverty”, July 14th 2023, https://www.eesc.europa.eu/en/news-media/news/eu-records-highest-level-inflation-euro-introduction-965-million-people-risk-poverty) cg; ad: 5/5/24

Inflation in the European Union is at its highest since the euro was introduced. Currently, 96.5 million Europeans are at risk of poverty and social exclusion: these citizens are the most affected by a broad increase in the prices of goods and services, rising energy costs and loss of purchasing power. Bankruptcy declarations in the EU have reached the highest level ever recorded. According to a Eurostat index, the level of bankruptcy in the EU is now 113.1 compared to the benchmark of 100 in 2015. In a recent Eurobarometer survey, 41% of respondents said that prices, inflation and the cost of living were among the biggest problems facing their country, ahead of health (32%) and the economic situation (19%). These are just some of the alarming figures revealed in the EESC opinion drafted by Felipe Medina Martín and adopted at the July plenary session.

#### Ensures environmental destruction, social unrest, and widening inequality

McClennan, ‘21 (Marsh, writing with the SK and Zurich Insurance Groups, Global Professional Services firm, advised by the National University of Singapore, the Oxford Martin School at Oxford University, Wharton Risk Management and Decision Processes Center at the University of Pennsylvania, “The Global Risks Report 2021,” World Economic Forum, https://www3.weforum.org/docs/WEF\_The\_Global\_Risks\_Report\_2021.pdf) cg; ad: 5/5/24

The immediate human and economic cost of COVID-19 is severe. It threatens to scale back years of progress on reducing poverty and inequality and to further weaken social cohesion and global cooperation. Job losses, a widening digital divide, disrupted social interactions, and abrupt shifts in markets could lead to dire consequences and lost opportunities for large parts of the global population. The ramifications—in the form of social unrest, political fragmentation and geopolitical tensions—will shape the effectiveness of our responses to the other key threats of the next decade: cyberattacks, weapons of mass destruction and, most notably, climate change. In the Global Risks Report 2021, we share the results of the latest Global Risks Perception Survey (GRPS), followed by analysis of growing social, economic and industrial divisions, their interconnections, and their implications on our ability to resolve major global risks requiring societal cohesion and global cooperation. We conclude the report with proposals for enhancing resilience, drawing from the lessons of the pandemic as well as historical risk analysis. The key findings of the survey and the analysis are included below. Global risks perceptions Among the highest likelihood risks of the next ten years are extreme weather, climate action failure and human-led environmental damage; as well as digital power concentration, digital inequality and cybersecurity failure. Among the highest impact risks of the next decade, infectious diseases are in the top spot, followed by climate action failure and other environmental risks; as well as weapons of mass destruction, livelihood crises, debt crises and IT infrastructure breakdown. When it comes to the time-horizon within which these risks will become a critical threat to the world, the most imminent threats – those that are most likely in the next two years – include employment and livelihood crises, widespread youth disillusionment, digital inequality, economic stagnation, human-made environmental damage, erosion of societal cohesion, and terrorist attacks. Economic risks feature prominently in the 3-5 year timeframe, including asset bubbles, price instability, commodity shocks and debt crises; followed by geopolitical risks, including interstate relations and conflict, and resource geopolitization. In the 5-10 year horizon, environmental risks such as biodiversity loss, natural resource crises and climate action failure dominate; alongside weapons of mass destruction, adverse effects of technology and collapse of states or multilateral institutions. Economic fragility and societal divisions are set to increase Underlying disparities in healthcare, education, financial stability and technology have led the crisis to disproportionately impact certain groups and countries. Not only has COVID-19 caused more than two million deaths at the time of writing, but the economic and long-term health impacts will continue to have devastating consequences. The pandemic’s economic shockwave—working hours equivalent to 495 million jobs were lost in the second quarter of 2020 alone—will immediately increase inequality, but so can an uneven recovery. Only 28 economies are expected to have grown in 2020. Nearly 60% of respondents to the GRPS identified “infectious diseases” and “livelihood crises” as the top short-term threats to the world. Loss of lives and livelihoods will increase the risk of “social cohesion erosion”, also a critical short-term threat identified in the GRPS.

#### The current economic state of the EU is unsustainable – it MUST develop it’s own economic capacities

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The European Union will struggle to make progress in addressing the collective European challenges it is facing without massive investment. Yet it is trying to achieve vital goals—ensuring Ukraine’s survival, decarbonizing, rebuilding EU militaries, and enhancing competitiveness—without an adequate budget that supports these objectives, finances basic European public goods, and contributes to the macroeconomic stability of the eurozone. The current debate, however, is focused not on the financial tools needed to achieve preset objectives, but on reducing debt imbalances. While it is important for the European Union to ensure the long-term sustainability of national budgets, it is also important to gauge the financial capacity of the European Union as a whole to take on the current challenges. Finally, if the European Commission were to issue large quantities of debt on a permanent basis, the international role of the euro would be strengthened. The euro is already the second-most internationally traded currency after the dollar, but it still lags in terms of some of the key functions of an international currency, such as serving as a reference for private and official use. Beyond economic factors, the euro has also lacked the political support to become a more entrenched reserve currency. But things have changed. The erosion of the so-called liberal economic order and the increasingly hostile external environment have alerted the bloc’s leaders to the urgent need to bolster their defense and strengthen economic security. The euro is one of the remaining reliable foundations upon which Brussels can strengthen its geo-economic might. The euro, an orphan currency at its inception, can thus find more backing now than could previously have been imagined. Thus, a permanent fiscal capacity or a fiscal union in the European Union would greatly contribute to the project of making the bloc a geopolitical actor.

### Contention – Manufacturing

#### 14 Straight months of decline in the manufacturing market puts the US on the brink of a recession – the only other times we’ve seen this have been the ‘Dot Com Bust’ and Great Recession of 2008

Winters, ’24 (Jeffrey Winters is editor in chief of Mechanical Engineering magazine, American Society of Mechanical Engineers, “Manufacturing Slowdown in Hot Economy”, January 10th, 2024, <https://www.asme.org/topics-resources/content/blog-manufacturing-slowdown-in-hot-economy>) cg; ad: 5/12/24

Many charts of historical economic data include stripes to indicate months where the economy was in recession. That’s useful because it enables even non-specialist observers to see that some trends change direction at the start of a downturn. Since the starts and ends of recessions are declared only after looking back over six month (or more) or data, seeing something (such as new housing starts) improve would provide a heads up that the worst is over. Or seeing some indicators (such as the manufacturers’ new orders) turn for the worse could give businesses time to plan for softening demand. At present, consumer demand is anything but soft, and according to the U.S. Bureau of Economic Analysis, the economy grew at a 4.9 percent annual rate in the three months ending in September 2023. Inflation, which had been running at rates not seen in a generation, has started to cool, though prices remain at a level much higher than were seen just a couple of years ago. The unemployment rate is well below what many economists would contend is full employment. One area of softness is manufacturing. And that could have major implications. Manufacturing does not drive the U.S. economy today the way it did in the 1960s or before. In terms of the value added to the GDP, manufacturing contributes only 11 percent, less than real estate and on par with combined retail and wholesale trade. But manufacturing is concentrated in specific parts of the country—or more exactly, individual manufacturing industries are concentrated regionally—which makes small slowdowns in specific sectors particularly hard felt. One example of this effect was in the years between 2014 and 2016, when oil flooded the international market and prices crashed by more than two-thirds over the course of 18 months. For motorists and businesses that consume a lot of oil—airlines and freight-hauling companies, to name two—the resulting price relief was welcome and contributed to healthy GDP growth. But for the oil and gas industry and the parts of the country that depend on them, the oil price crash was a small-scale catastrophe. Due to the spread of the oil and gas industry to parts of the country that have reserves in shale formations, the pain from the drop in oil production was felt in places such as Pennsylvania and Ohio, that might not have considered themselves to be oil country. And the knock-on effects, such as the reduced need for pipeline steel and equipment to support new drilling, were felt throughout the industrial Midwest. 2015 and 2016 were not recession years in the United States as a whole, but there were many places where those years were hard. One of the key leading indicators for the economy as a whole is the Manufacturing Purchasing Managers’ Index (PMI) compiled by the Institute of Supply Management (ISM), a professional organization based in Tempe, Ariz. ISM surveys purchasing and supply executives to determine the conditions of their businesses, asking specifically about such factors as new orders, inventories, and prices. If new orders are down or inventories are growing, that is an early signal of an economic slowdown. The survey result is reported as a so-called diffusion index, with the number of managers reporting decreases subtracted from the number reporting increases, and the balance point set at 50 percent. ISM reported on January 3, 2024, that the December PMI registered at a level of 47.4 percent, the 14th straight month where the index indicated a contracting manufacturing sector. ISM identified 16 industries that were in contraction in December: • Printing and related support activities; • Apparel, leather, and allied products; • Plastics and rubber products; • Machinery; • Nonmetallic mineral products; • Textile mills; • Petroleum and coal products; • Paper products; • Wood products; • Fabricated metal products; • Computer and electronic products; • Miscellaneous manufacturing; • Furniture and related products; • Electrical equipment, appliances, and components; • Transportation equipment; • Chemical products. The length and breadth of this contraction in the Manufacturing PMI is alarming. The previous two times manufacturers reported bad conditions for so long were during the post-Dot-Com recession of 2001 and 2002 and the Great Recession that followed the Global Financial Crisis of 2008. Considering how much emphasis the Biden Administration has put on reviving the U.S. manufacturing sector, such results should be considered disappointing. However, while the contraction is broad, it isn’t particularly deep. Every recession since the 1970s has seen the Manufacturing PMI drop below 45 percent, a level this downturn hasn’t reached. And the verbatim responses reported by ISM sound downright upbeat for 2024. “We are seeing stronger demand from our American Automotive OEM customers now that the United Auto Workers strike has been resolved. Looking at a very strong first quarter of 2024,” reported a manager in the primary metals industry. “We are forecasting a somewhat strong year for 2024,” reported another purchasing manager in the fabricated metal products industry. “We’re currently mildly optimistic for how next year will play out.” It remains to be seen whether the growing optimism in manufacturing is warranted. It’s also uncertain whether there may be localized impacts where contracting industries are concentrated. But turning around manufacturing would be one way to ensure the broader economy doesn’t fall into recession in the coming year.

#### Free trade has empirically hampered the US manufacturing base – only revamping and investing in the US manufacturing industry can ensure US competitiveness globally

Collins, ’23 (Michael Collins is President of MPC, IndustryWeek, “Reviving Manufacturing Is the Only Way to Economic Growth”, September 28th 2023, <https://www.industryweek.com/the-economy/public-policy/article/21274610/reviving-manufacturing-is-the-only-way-to-economic-growth>) cg; ad: 5/12/24

3. GDP devoted to manufacturing In his report “The Twin Secrets of Economic Growth,” economist Jeff Ferry of the Coalition for a Prosperous America says that “two important indicators provide the best explanation of the secrets of economic growth”: the share of a nation’s gross domestic product devoted to manufacturing, and the net level of goods and services exported as a share of GDP. Importantly, Ferry provides data that makes clear that “manufacturing is a key contributor to growth because it is the only sector that can create multi-decade broad-based increases in labor productivity, which is the key to rising wages.” Ferry goes on to say that “a nation with a significant current account deficit is always in trouble because it is losing share of either its foreign market or its domestic market or both”[i]. It also results in loss of economic growth. Consequently, America now suffers from low productivity and a decline in GDP growth. The only answer is to refocus on increasing manufacturing’s share of GDP and to reduce the trade deficit. 4. Growth of the trade deficit Current account trade balance is a census department title for the export of goods and services. A trade deficit occurs when a country imports more goods and services than it exports. Economists who support free trade and trade deficits so that we can import cheap goods seldom mention that millions of people have lost their jobs, inequality is rising, we have lost industries and technologies and we had to finance $12 trillion of debt. I believe that the only way to improve economic growth and living standards is to reduce the trade deficit, increase exports and grow manufacturing as a percentage of GDP. The Five Reasons the Manufacturing Sector is Important 1. R&D and American innovation. Just about everybody from the conservative right to the liberal left believes that innovation is the primary strategy that America must depend on to compete in the global economy. But the loss of our technologies through partnerships, unfair trade, technology transfer and outsourcing has shown that we are fast losing our technologies to countries like China. Outsourcing and technology transfer agreements are a contradiction to any innovation strategy. Fifty-eight percent of private R&D comes from manufacturing, not services, so increasing manufacturing R&D in the U.S. is the key to an innovation strategy. 2. Advanced technology products. An analysis by the Brookings Institution defines 50 U.S. industries as advanced technology industries (ATIs). Thirty-five are manufacturing industries, including optoelectronics, nanotechnology, artificial intelligence, advanced robotics, advanced materials, self-driving cars and weapons systems. In fact, this technological leadership is the key to economic power and remaining the largest economy in the world. But America has been running trade deficits in the ATI since 2002, and many of these technologies are now made overseas. If we can’t stop this ongoing loss of technology or reshore manufacturing industries, there is little chance that we will be able to compete with a strategy of innovation 3. Exports. In 2022, we exported $2.1 trillion of goods and imported $3.3 trillion of goods, for a trade deficit of $1.2 trillion. Sixty-seven percent of our exports are manufactured goods—so if we are going to have any chance of increasing exports, the only answer is to reduce the trade deficit and decrease outsourcing. Services are only 27% of our exports, so increases of service exports simply won't do it. 4. Manufacturing is key to our national defense. A government-wide assessment of America’s manufacturing and military industrial base identifies almost 300 vulnerabilities, ranging from dependencies on foreign manufacturers to looming labor shortages. We can't have strong national security if we continue to outsource components and critical materials to low-cost countries. The only way to stop these critical products and technologies from falling into the hands of our competitors is for the government to declare some of them critical to national security and declare them off limits to foreigners. 5. Manufacturing as the foundation of global power. From the rise of England in the 19th century, to the rise of America, Japan, and Germany in the 20th century and the rise of China, Taiwan, and Korea in the 21st century, manufacturing has been the key to the growth and power of each country. In my article, Is U.S. Manufacturing Losing Its Toolbox?, I showed that machine shops, machine tools, forging, stamping, semiconductors, hand tools and many machinery industries that are the tools of production are all declining. The primary point is that to remain a global power, America must have a strong manufacturing base. No other sector in the economy can achieve these goals. We won’t maintain our position as the world’s largest economy as a service economy. All of these charts seem to indicate that in 1979 America reached the “high noon” of the American Century and we have been declining ever since. Unless the government and industry leaders decide to do something about it, I am afraid the country is in for a hard economic landing. U.S. multinational corporations have hacked a prime cut out of the carcass of America by outsourcing, and it is about time they pitch in and help us out of the mess they and the government have created. Former U.S. Trade Representative Robert Lighthizer summarized the dilemma when he said, “No country ever became rich by consuming; they got rich by producing.”

#### Weaking US Economic competitiveness risks great power war and existential threats to the balance of power.

Warsh, ’22 (Kevin; Shepard Family Distinguished Visiting Fellow in Economics @ Hoover Institution; American Enterprise Institute, “Money Matters: The US Dollar, Cryptocurrency, and the National Interest” in American Renewal, Ch. 16) cg

Until recently, most official measures of economic and employment growth appeared strong, but something is seriously amiss in the nation. US inflation is running at a rate not seen in more than 40 years. National debt is now greater than national output. Approval ratings for major American institutions have fallen dramatically. More than three-quarters of all Americans believe the country is on the wrong track.1 The chasm is bigger and more consequential than captured by a single statistic or remedied by a particular piece of legislation. Still, the US dollar has more than held its own. The greenback is trading near its strongest level since 2002, including against the next four most widely held sovereign currencies. Year-to-date (as of September 13, 2022), the dollar is 12 percent stronger against the euro, 20 percent stronger against the Japanese yen, 15 percent stronger against the British pound sterling, and 8 percent stronger against the Chinese yuan. Relative dollar strength, however, may say less about the United States and more about fortunes in the rest of the world. The value, prevalence, and durability of the US dollar—and the concomitant financial and economic architecture—are crucial to American economic stability and our standing in the world. The dollar has proven an important signal and symbol of American economic power since World War II. It makes the financing of the US government less costly. It bestows a significant comparative advantage on American business. It also lowers the costs of consumer goods. The dollar, termed the exorbitant privilege, reinforces American strength.2 Benefits of dollar dominance, however, extend far outside the United States. The dollar is a global public good: The world is better off managing its affairs around a single currency. There is good reason the dollar’s use in global trade, international bond issuance, and cross-border borrowing significantly outstrips the US share in these activities.3 The dollar’s persistent, outsize role in global markets is also a function of network effects: The more people use the dollar, the more valuable it becomes. And the harder it is to dislodge. The dollar’s more recent strength owes significantly to an about-face at the turn of the year by the Federal Reserve. Having failed to act on a timely basis to dampen incipient inflation, the Fed is now belatedly raising rates. Other major central banks, including the European Central Bank and Bank of Japan, have been considerably slower to change course. They appear relatively more devoted to policies championed by the Fed in prior years. Some central banks appear more accepting of higher levels of inflation or more persuaded it is transitory. No matter the rationale, the relative interest rate divergence has caused the dollar to surge. Policy regime change by the Fed in August 2020 catalyzed and amplified the new era of high inflation. The Fed set forth a newfangled policy framework that kept monetary policy inert even as the economy and inflation surged.4 In 2021, US economic output reached record levels, economic growth accelerated to its fastest rate in decades, and the unemployment rate fell to near-historic lows.5 In an ahistorical action, the Fed maintained the loosest monetary policy amid the boom. What’s more, the Fed supported highly expansive spending by Congress, which the Fed accommodated in 2021 by buying a majority of net Treasury issuance. At the time of writing this chapter, the price level is growing more than four times the Fed’s price stability target of 2 percent.6 The country is suffering from a growing cost-of-living squeeze. The new era of price instability confounds business plans and preoccupies the mindshare of households, further harming the real economy. There is a high price to pay for high prices. Tipping Point Amid dollar strength, US policymakers should avoid complacency. The US dollar has the advantage of incumbency. The advantage, however, is not necessarily permanent.7 It’s hard to judge precisely the degree to which the foundation that underpins the dollar is showing cracks. Weakness can be profound even if unobservable. A currency reigns supreme until it doesn’t. The British pound sterling was dominant through most of the 19th century until World War II.8 The German deutsche mark suffered a similar fate during the fall of the Berlin Wall.9 Tipping points cannot be identified with precision. They are best avoided by steering clear altogether. Instead, the United States seems tempted to touch the tipping point. For some perspective, the dollar’s share of international reserves declined significantly since the turn of the century. The money held as reserves by the world’s central banks, however, has not migrated to the euro, the British pound sterling, or the Japanese yen. According to a recent International Monetary Fund paper, about one-quarter has migrated into the Chinese renminbi (RMB) and the balance to “nontraditional reserve currencies”—namely, the currencies of many smaller economies.10 The allocators of reserves appear to be searching for an alternative—or, at least, hedging their bets on the dollar’s status. Significant threats to dollar dominance—economic, geopolitical, and technological—merit attention by market participants and economic authorities. I discuss each in turn. Fiscal profligacy in recent years is worrisome. Federal spending is running 32 percent higher than its pre-COVID-19 level, 3.5 percentage points higher relative to gross domestic product (GDP) than in recent decades.11 And high debt levels, which are now well in excess of GDP, are strongly correlated with lower levels of long-term economic growth. High levels of inflation represent a clear and present danger to the US economy. If the central bank tolerates a prolonged period of high prices, the specter of stagflation rises, and the dollar could well lose its vaunted position. As events overseas remind us, the price of stopping a dictator goes up over time. The same is true of inflation. High levels of intragovernmental transfers constitute financial repression, another economic risk to dollar dominance. In 2021, the US economy grew about 5.7 percent, and for reasons difficult to fathom, the Fed still purchased a majority of net new Treasury issuance. Quantitative easing was conceived in the global financial crisis as an emergency measure. It morphed into normal operating procedure. Wisdom is not the word for this sort of alchemy—when one part of government is the de facto long-term buyer of the nation’s own debt—in all seasons and for all reasons. Other troubling factors could also serve as catalysts for the dollar to be dethroned, especially if the United States fails to adapt to the changing environment. History teaches that currency dominance is not just about economics. Strong economic governance and military might are twin bulwarks to ensure America’s benign power and currency strength. America played the decisive role in ensuring a global economic and security commons since World War II. Threats to freedom by America’s rivals, however, are not some relic of the past. The postwar global balance of power is being attacked on many fronts: Russia’s invasion of Ukraine, Iran-backed terrorist attacks throughout the Middle East, and China’s growing appetite to expand its sphere of influence. The swift and scarcely resisted takeover of Hong Kong is one glaring example. China’s plan to assert greater influence over countries in the South China Sea and East China Sea is part of the strategy. In response to new threats in the 21st century, the US accelerated its use of economic sanctions as a principal tool of statecraft. This development caused antagonists to look for new ways to make themselves less susceptible to Western, dollar-based sanctions regimes. China’s leaders possess the means and will to build a new rival architecture, as they are wont to emphasize, with Chinese characteristics. If a new geopolitical architecture prevails—by some imprudent mix of Chinese force and American fatigue—the dollar’s globally dominant role could well be undermined. Decoupling the world’s two largest economies would not be limited to trade and investment or munitions and might. It would most probably include the proliferation of a non-dollar reserve currency in a bipolar world. During the past several years, China pushed for the broader adoption of the RMB in international commerce. Progress has been limited, even though China is among the world’s most globally integrated economies. China is a strong economic force, but the lack of transparency, lack of liquidity, and unreliable rule of law has been a meaningful obstacle to broader use and adoption of its fiat currency. I do not expect China’s fiat currency to dislodge the US dollar on the world stage in the next decade. But the coupling of two powerful trends—the emergence of great-power rivalry and the technological revolution in financial infrastructure catalyzed by the creation of blockchain technology—represents a consequential threat to the extant American led financial architecture. Unless American policymakers recognize the new technology frontier, the US runs the risk of losing the privilege of currency dominance. The US should not sit on its laurels. Nor should it follow China’s lead in creating a broadly available, end-to-end central bank digital currency (CBDC). Instead, I proffer a quintessentially American model, whereby the US would marshal the new technology to deepen the use case and profile of the dollar consistent with America’s interests and values.

## Global Wealth Centralization

### Free Trade Hurts Developing Nations

#### Free trade decimates developing nations

Mattoo, ’13 (Aaditya Mattoo is the Chief Economist, East Asia and Pacific The World Bank, VoxEU, “An EU-US trade deal: Good or bad for the rest of the world?”, Oct 10 2013, <https://cepr.org/voxeu/columns/eu-us-trade-deal-good-or-bad-rest-world>) cg; ad: 5/8/24

Our evidence broadly confirms the intuitive results spelled out above. Regional harmonisation significantly increases intra-regional trade in affected industries. Exports to the region of excluded developed countries also increase, but exports of excluded developing countries decline. These asymmetric effects may arise because developing-country firms are hurt more by an increase in the stringency of standards and benefit less from economies of scale in integrated markets. Otsuki et al. (2001) also found that when the EU decided in the late 1990s to harmonise aflatoxin standards across member states, eight states (including Italy, the Netherlands and Spain) drastically tightened previously acceptable national standards and as a result, African exports to Europe of cereals, dried fruits and nuts may have declined by as much as $670 million. Chen and I also found that mutual-recognition agreements promote trade both within the region and with the rest of the world. But if they contain restrictive rules of origin, then intra-regional trade increases at the expense of trade with other countries, and developing-country exports suffer most.

#### Impossible to have free trade that is environmentally conscious

Teeboom, ’19 (Leon Teeboom, Hearst Newspaper Journalist, CHRON, “Negative Effects of Free Trade”, Feb 12th 2019, <https://smallbusiness.chron.com/negative-effects-trade-5221.html>,) cg; ad: 5/8/24

Others agree that the environment is another casualty of free trade. Put simply, you can't have free trade and "save the planet," says Alf Hornborg, a professor of human ecology at Lund University in Lund, Sweden, noting: "For centuries world trade has increased not only environmental degradation but also global inequality. The expanding ecological footprints of affluent people are unjust as well as unsustainable. The concepts developed in wealthier nations to celebrate 'growth' and 'progress' obscure the net transfers of labor time and natural resources between richer and poorer parts of the world." Lund echoes the arguments discussed previously: that free trade causes global inequalities, poor working conditions in many developing nations, job loss, and economic imbalance. But, free trade also leads to a "net transfers of labor time and natural resources between richer and poorer parts of the world," he says. Free trade is driving the growing global problem of greenhouse gases, because workers in developing nations end up producing goods at a far lower cost and in inferior working conditions, generally using older, and dirtier, energy sources such as oil and coal, Hornborg argues. This occurs while the economies globally consume more of the diminishing natural resources on the planet, and fail to develop clean fuel technology, such as solar and wind power. Putting all of these factors together – job loss, economic imbalance, deplorable working conditions, and environmental degradation – and free trade falls.

#### Free trade causes rampant poverty in developing countries

Piplani, ’22 (Gargee Piplani, Cal Berkeley, Journal of Arts & Humanities, “The Detriments of Free Trade on Developing Countries”, Issue Vol. 11 No. 1 (2022): January, <https://theartsjournal.org/index.php/site/article/view/2131>) cg: ad: 5/8/24

Worldwide, scholars continue to discuss free trade agreements and whether they achieve their intended purpose of bolstering international trade. Some assert that free trade aids smaller, struggling nations, by balancing exchange rates and providing cheaper labor. Others argue that free trade hurts these developing nations and their economies by putting them under a façade of economic growth. Upon examination, the detriments that free trade poses for developing countries include halting industrial development, stagnating poverty reduction, causing infant industries to compete with developed ones, and unfair disadvantages. The detriments of free trade on an international scale are evident, and outweigh its benefits, therefore a new worldwide economic principle must be implemented instead. This may include a return to the previous model of the General Agreement of Tariffs and Trade (GATT) or adopting protectionist policies. Regardless of the next trade model implemented, the current free trade system must be abolished to allow developing countries to achieve high levels economic growth without significant barriers. on the negative side of any economic equation: It's bad for job growth, bad for working conditions, bad for global equality, and bad for the environment.

### Modern Economics is Wrong

#### Neoclassical economics’ reliance on financialization and shareholder capitalism plunders the working class, guarantees economic, ideological, and analytic collapse.

Marszalek & Scarzec, ‘22 (Pawel Marszalek is professor and Head of Department at Poznan University of Economics; Katarzyna Szarzec is a researcher and professor at Poznan University, “The Good, the Bad or the Ugly: Financialization Through Heterodox and Mainstream Lenses”, Bank I Kredyt 54(3), 2023, 239-258, <https://bankikredyt.nbp.pl/content/2023/03/BIK_03_2023_01.pdf>) cg; ad: 5/9/24

The causes of financialization Bearing in mind this polarization of research methods and approaches, it is not surprising that no single determinant of financialization was identified and accepted as being the most important. Nor is it surprising that heterodox economists were those who paid more attention to financialization issues. They argued that when analysing the determinants of financialization it is necessary to consider a combination of many, mutually stimulating factors, both at the microeconomic and macroeconomic levels. The former refers to enterprises, households and specific markets, while the latter refers to the state’s decisions (i.e. those of governments and central banks) made in the area of social and economic policy, and regulations. The determinants of financialization identified by heterodox economists have often been divided into micro and macroeconomic ones (see e.g. Bhaduri 2011; Palley 2007). The micro causes of financialization can be further divided into changes in the structure and functioning of financial markets and changes in the behaviour of non-financial entities. Among the macro causes one might identify social and economic policy and socio-demographic factors. All the determinants are presented in Diagram 1, and the most important of them are briefly described below. At the very core of financialization stand financial innovations and technological changes that made it possible to trade money very quickly (Fiasanos, Guevarra, Pierros 2016). Technological factors (mainly IT technologies), leading to the so-called economy 4.0., were particularly eagerly used by financial institutions in projecting and distributing brand new types of financial instruments. Financial innovations (e.g. securitization and structured financial products like ABS, CDO’s or CDS), in turn, have played a key role in the development of recent financial practices. As Lapavitsas (2013) argues, innovations, financial liberalization, increasing pace and magnitude of financial transaction, speculative trading, asset securitization, shadow banking, internet finance, etc., have been shifting economic activities to financial markets (which has led to the gradual separation of finance from the real economy). All these factors have allowed the financial sector to overcome regulatory barriers and contributed significantly to the fast progress of financialization, both in individual countries and globally (Davis, Kim 2015; Pozsar, Singh 2011; Jurek, Marszałek 2014). Another boost to the creation of financial innovations was given by the liberalization of economies, which enabled massive capital flows. This process became visible in the US economy in the 1980s, and subsequently accelerated, with the Glass-Steagall Act being gradually relaxed by the Fed and eventually repealed in 1996. At the same time, US financial institutions, becoming increasingly active and aggressive in the global markets, lobbied for loose regulations (Komai, Richardson 2011). Finally, the reform of FDIC (The Federal Deposit Insurance Corporation) into FDICIA (Federal Deposit Insurance Corporation Improvement Act) in 1991 institutionalized the ‘too big to fail’ doctrine (Komai, Richardson 2011) and increased incentives for moral hazard on the part of banks (see also Kregel, Tonvenarochi 2014; Orhangazi 2008; Toporowski 2010). The specific manifestations of financialization and, at the same time, its determinants, are also the aftermath of the following factors: the increase of the financial sector’s share in GDP (including banks and other financial institutions) as well as the increase of its share in total employment (Krippner 2005; Sawyer 2017). At the same time, it is also manifested in the high global penetration of financial institutions’ transactions among countries, the substantial financial penetration of developed countries into developing countries, and the faster growth rate of the total amount of international capital flows over the growth of world output (Bonizzi 2013). Among the microeconomic determinants of financialization connected with the activity of non- -financial agents, representatives of heterodoxy pointed to the increasingly important position of financial operations in the overall activity of non-financial enterprises. This means that financial 248 P. Marszałek, K. Szarzec products have become an element of the offer of these entities (Milberg 2008). Moreover, non-financial enterprises have started acting according to the ‘risk and return’ paradigm. Such phenomena as pharmacy financialization, commodity financialization, water financialization, financial talents, and financial investment funds controlling the scale of industrial capital, have gradually become more common (Basak, Pavlova 2016). As a result, a larger proportion of non-financial corporate profits was generated from financial channels (Krippner 2005). This was connected with another factor: the increased role of financial activities as a determinant of the pay packages of the top management of non-financial corporations. In particular this includes corporate CEOs, whose incentives shifted towards more risky decisions and financial investments (Lazonick 2013). When it comes to the macro determinants of financialization, the economic and social policies introduced in developed countries since the 1990s are indicated. They were a projection of the predominant neoliberalist worldview that contributed to market liberalization and subsequently to the acceleration of the supremacy of finance. Two terms – neoliberalism and financialization – became closely related in the political and economic debates. In particular, one should mention here the actions of policymakers being made in accordance with the principle of the limited role of the state in economic life6 (e.g. by departing from the welfare state doctrine and economic interventionism, to liberalization, privatization, and changes in pension systems). Those actions resulted in making the labour market more flexible (e.g. by weakening the role of trade unions, limiting the level of the minimum wage and unemployment benefits), rigorous price stability, and promoting globalization by the liberalization of capital flows and macroprudential policy (Palley 2012; Hein 2012; Toporowski 2010). Some of the macro determinants are connected with institutional changes, such as the collapse of the Bretton Woods system and the expansion of flexible exchange rates, the full dominance of fiat money within monetary regimes, the new political agendas set forth by Thatcher and Reagan in the 1980s, as well as the creation of the ECB (gradually) leading to central bank independence, zero inflation targeting, and the abandonment of the goal of full employment in favour of the so- -called New Consensus Monetary Policy (Arestis, Sawyer 2005). These processes brought about a clear deflationary policy bias in central banks (Palley 1996). At the same time, the tendency towards free market orientation was succeeded by a policy regime in which fiscal instruments played a critical role in economic activity, which additionally created demand for financial instruments. It is worth noticing that many of the described micro and macroeconomic causes of financialization were a consequence of applying the principles and recommendations (and ideological optics) of mainstream economics in practice. Thus, one might say that mainstream ideas contributed in a way to spreading and fostering financialization. For mainstream economists, the growth of the financial sector is a natural process of market development and tends to bring benefits for the economic system as a whole. They were aware of financialization but did not perceive the phenomenon as a problem in any way. Quite the contrary, they supported the development of finance as being consistent with the mainstream theories and their policy recommendations (based on the New Neoclassical Synthesis). It would be an oversimplification to state that mainstream economists did not devote much attention to the causes of financialization. It would be rather more accurate to say that they perceived those causes from a completely different perspective than did heterodox economics. They regarded them not as factors contributing to the harmful and disastrous phenomenon of financialization, 6 Yet, the role of the state (government) in financialization is rather ambiguous and very complex (see Ratajczak 2020). The good, the bad or the ugly... 249 but rather as factors allowing for the introduction of a desirable mainstream political agenda. Thus, somewhat surprisingly, one might state that both theoretical strains of theories agree on the causes of financialization. The difference lies in their perceptions of financialization and its consequences: mainstream economists treat it and its effects as a natural economic phenomenon,7 while heterodox economists focus on its harmful nature and negative effects. 5. The effects of financialization It should come as no surprise that the effects of financialization are multifaceted and complex. The main effect is the importance of financial institutions and markets, and their growing autonomy in relation to the rest of the economy (including supervisory and monetary authorities). Among heterodox economists it is believed that the effects of financialization are purely negative. According to them, it generates serious problems that are economic and social in nature. In the first case, the process has: complicated business activities outside the financial sector and contributed to a greater dependence of economic entities on what happens on volatile financial markets; shortened the time horizon of economic decisions; created the pressure to undertake risky ventures; and accelerated the pace of economic life. Under such circumstances, enterprises (especially small and medium-sized ones) and households depend to a large extent on the financial system, and modify their activities according to the requirements of financial institutions that provide them with financial services.8 Those entities also embody a specific “financial culture” and behaviour. Financialization also involves the complicated activities of policy makers and financial supervision institutions. It became increasingly difficult to enforce the prudential compliance of financial institutions due to the blurring of differences between types of financial institutions, the emergence of large financial holdings, the use of various “creative” accounting techniques, and the extensive use of financial engineering. Moreover, the growing burden of public debt has also made many governments dependent on funds raised in financial markets. Governments have, in a way, become “hostages” to financial institutions. Implementing monetary policy has also become more complicated, as financialization has changed the institutional foundations of money creation, the form and nature of money, and the relationship between a central bank and commercial banks. All these economic consequences of financialization were reflected in the following three processes: the weakening of economic growth (Assa 2012; Jayadev, Epstein 2005), the changing shape of the business cycle (Palley 2007), and the growing vulnerability of economies to financial crises, with the most expressive manifestation of this being the Global Financial Crisis 2007–2009 (Hein, Detzer, Dodig 2016; Toporowski 2010). Financialization also generates serious problems of a social nature. It creates specific attitudes, previously inherent only in the market economy, particularly in its aggressive variant. This in turn, contributes to social exclusion (Lavoie 2013), increases inequalities in society (Kedrosky, Stangler 2011; Sawyer 2017), causes unfavourable tendencies in the structure of wages and their amount (Orhangazi 2008; Palley 2012) and promotes egoistic, extremely utilitarian attitudes (Fine 2013). While heterodox economists are very critical of financialization, the mainstream, as was already mentioned, usually praised financialization, suggesting it contributed to increasing the overall prosperity through so-called ‘financial deepening’ (development of financial markets and instruments). For them, financialization is a manifestation of market efficiency and the effective allocation of resources.9 Financialization was also praised as a factor conducive to globalization – which for mainstream economists is clearly a positive process – and a remedy for the so-called ‘financial repression’ hypothesis (Shaw 1973). The deregulated and liberalised financial markets following (but also accompanying) financialization were greeted with the approval of mainstream economists, the World Bank and the IMF, becoming a key part of the Washington Consensus (Williamson 1990). Those institutional solutions were recommended for implementation as a part of the financial systems reforms package for developing countries, aiming at getting ‘interest rates right’ (World Bank 1989). Deeper and liberalized financial markets, larger financial institutions operating on the supranational level, and the intense financial activity of non-financial entities, were welcomed as a new, successful stage of the capitalist economy. With the so-called Great Moderation (Bernanke 2004) in the global (and especially the US) economy since the mid-1980s and the triumph of free market liberal democracy, this finance-led capitalism, approved in a way by mainstream economists, appeared to be good for the whole economy as well as for individual agents. Mainstream economists also praise and support the impressive increase in private households’ stock market participation – even through institutional investors rather than direct ownership. They described it as the ‘democratization of ownership’, and as ‘shareholder’ capitalism. Therefore, all the arguments in favour of allegedly negative financial attitudes and behaviour were rejected. Instead, they argued that greater involvement in financial investments and operation might rather be interpreted as a manifestation of rationality and seeking the best investment decision. Such an optimistic perception of financialization and its effects, presented by mainstream economists, was undermined by the outbreak of the global financial crisis. It brought about profound changes in the financial systems and the real economy in many countries, changes in the hierarchy of financial institutions, and decreased trust in banks and other financial institutions. These shed new light on the conditions necessary to ensure economic stability. Importantly, mainstream economists finally admitted that it was financialization and the processes and phenomena connected with it, identified and described by heterodox economists, which were the cause of the crisis. According to Vercelli (2019), the consensus point of view of mainstream economics on the causes of the crisis was that: – the subprime crisis triggered a “bank run” in the shadow banking system; – the effects of this bank run were rapidly transmitted and amplified by the new “originate and distribute” model of banking, which created incentive problems; – the excessive risk generated by the two abovementioned factors contributed to the collapse of the world financial system. These problems, however, have not been treated as contrary to the mainstream agenda. As Mishkin (2010) pointed out, “none of the lessons from the financial crisis in any way undermines or invalidates the […] basic principles of the science of monetary policy developed before the crisis.” Yet, as Vercelli (2019) stresses, after the initial critical self-evaluation of mainstream economics, the criticism started to fade rather fast in favour of a re-assertion of its validity, and since 2010 the financial system has been progressively discharged of its responsibilities. The crisis came to be explained as an aftermath of some mistakes in economic and social policy, and the result of some factors deviating from mainstream recommendations on organization and functioning of the financial and economic system, not as the consequence of the flaws in the overall mainstream programme. Heterodox economists, on the other hand, for several reasons, were not able to impose their narrative and convincingly express and explain the problems brought about by financialization.

#### Neoclassical economics is a pseudoscience that wishes to know *nothing* about warfare. The proliferation of interstate conflict is central to maintaining the mythos of peaceful economic growth.

Allio, ‘20 (Renata Allio is an economic historian, professor, and researcher at the University of Turin, Italy, [“War in Economic Theories Over Time Assessing the True Economic, Social and Political Costs”, Palgrave Macmillan, 4/21/2020, ISBN: 978-3-030-39617-6) cg; ad: 5/9/24

The Peaceful World of Economics I The disinterest of economists in the themes of warlike conflict is particularly evident in university-level teaching of economics, generally undertaken by professors who take marginalist doctrine as their reference point. Neither in the past nor today has war been considered of interest in university textbooks. Besides, economic history texts, especially the more recent ones, have dedicated little or no space to the war economy, considering it more or less as an anomalous situation not worth taking up because it would not offer anything useful for developing interpretive ideas of a general character. The war economy was altogether particular, run by the “socialist” state (Mises’s definition) and orientated above all to furnish military supplies and obtain victory. It appeared as a break, as a cut-off, which bore no interest for the study of economic laws. While the silence in university courses in economic history and economics in the 1960s and 1970s received some justification, nowadays, war is not even mentioned, even though it still has a major influence on the economies of many countries. Similarly, the texts for management, company finance and company and industrial accountancy courses do not offer any particular idea about the companies that produce for war, evidently considering them as not unlike those who produce for the civil economy, in their management organization, independently of the fact that they may be state controlled or operate under a semi-monopolistic and/or monopsonic regime. As far as militarism and the arms race were concerned, along with their influences on the economy are concerned, it fell to Michael Mann (1980, pp. 27–28) to complain about the post-war silence of both liberal and Marxist economists. In particular, he analysed dozens of books and hundreds of articles written in the 1960s and 1970s by authors of the Marxist tradition that dealt with the capitalist state. Mann showed that almost none of them contained a single word on what was one of the principal activities of many capitalist states: “preparing for, or conducting war”. The same result can be obtained from the collection published by Bob Jessop in the “Cambridge Journal of Economics” in 1977 on theories related to the capitalist state and its functions. As far as the history of economic thought is concerned, Edmund Silberner published a book in Paris in 1939 on war in economic thought from the sixteenth to the eighteenth century, extending this to the nineteenth century in 1957. In it, he complained that apart from his own studies, no exposé doctrinal had been dedicated, in France or elsewhere, to an examination of the relationships between wars and political economy. It does not seem that there have been subsequent studies of a general character, except for two very brief summaries, both in French: a “Que sais-je?” series book La Guerre by Gaston Bouthoul published in 162 R. Allio 1959 and the previously cited thick volume by Armelle le Bras-Chopard (1994) concerning theories and ideologies related to war, which includes a brief chapter on economic theories. In 1971, Seymour Melman, an engineer by training and Professor of Industrial Economics at Colombia University, published a collection of essays concerning the American military economy, the particular characteristics of war industries, their impact on the economy overall and the problem of reconversion of military production to civil production. He stressed in the preface how reflections, concepts and data that were presented on that occasion were not taken into consideration in economics texts. Just as well, studies in industrial management did not offer analyses of the administrative characteristics of military-oriented companies. More generally, he recalled that war and its massive economic implications on both micro- and macro-levels were systematically ignored by economists. Melman returned to the question of the “peaceful world of economics I” in 1974 (Melman 1974, p. 127), to show how university textbooks for first year economics students mentioned neither the war economy nor the existence of military industry corporations. His observation still holds perfectly true for today’s reality. The texts Melman examined in 1974, those in widest use at the time, did not deal in any way with the problem or at most conceded one to three paragraphs to the argument. In particular, none of the textbooks stressed the unproductive nature of economic growth that derived from war investments. Paul Samuelson provided some space for war in his well-known textbook Economics (1948), which had then reached its eighth edition. He criticized the general optimism derived above all from the studies made by Clive Trebilcock on the spin-off technology that cascaded down from the military sector to be adopted beneficially in civil industry. Samuelson also spoke of the inflationary role of expenditure on the war underway in Vietnam, but even he did not make any distinction between productive and unproductive economic growth, thereby underestimating the damage of the war economy. The peaceful world of economics I, according to Melman, appeared then as “an orderly civilian world, making and exchanging goods and services. In this world, individual consumers and private profit-making 6 firms dominate the field, although there is a ‘public sector’ and government ‘regulates’ industry and the levels of economic activity. Military industry, by implications, is one industry among others, and is not differentiated in quality, in terms of control, or in effects on the rest of the economy. The corporation serving the Pentagon is not distinct from other corporations” (Melman 1974, p. 147). None of the texts provided data on the worrying growth of American state enterprise in the military armaments sector. No one asked if this state capitalism, in its form of “Pentagon Capitalism”, was or was not becoming the dominant force in industrial capitalism in the United States and the effects that could derive from this domination. No one faced up to the problem of a new type of industrial enterprise controlled by the state, which, unlike private corporations, did not aim at reducing costs in order to maximize profits. Productivity was obviously recognized as a fundamental aspect in economic growth, but the damage caused by the military appropriation of capital and human resources was not correlated with progress in productivity. For the world of the economic experts in the President’s council, the war economy simply did not exist (Melman 1970, p. 151). The tools required in evaluating the operations of military industries and their management were not provided to the students of the day, as is still the case now, not just for American students, who as a result were and are kept far from making critical evaluations (Melman 1970, p. 151). Contemporary neoclassical economists do not ask about the relations between the economy and war, either historically or immutably. More simply, they do not ask why war takes place and persists in the capitalist world in a generally freetrading global economy. It is students of other disciplines or pacifist militants who operate outside the university environment who write more to ask what are the advantages of disarmament or rearmament or what are the economic causes and effects of wars. Nevertheless, recent years have seen the appearance of university courses and textbooks dedicated to peace economics, understood as a branch of economic science, which investigates latent or open conflicts between states, organizations and social groups. The research methods used are the instruments of rational choice and contemporary economic analysis. According to Caruso it is not limited just to the study of conflicts, but instead presents an intrinsically normative nature […] therefore peace economics enters with full rights in the modern economics of institutions, thanks to the fact that institutions, interpreted as ‘the rules of the game’ that discipline potential conflicts between rational actors, constitute, in the final analysis, the drivers in long-term of the development of society. (Caruso 2017, pp. 17– 18).

#### Economic rationality is false – meta-analysis of existing studies proves that there is little evidence that demonstrates effective predictions

Nitsch et al 2022 (Comparative Psychology, Institute of Experimental Psychology, Heinrich-Heine-University Düsseldorf, Düsseldorf, Germany, Felix J. Nitsch, Luca M. Lüpken, Nils Lüschow, and Tobias Kalenscher July 26, 2022 “On the reliability of individual economic rationality measurements” Psychological And Cognitive Sciences 119 (31) e2202070119 <https://doi.org/10.1073/pnas.2202070119>) cg; ad: 5/9/24

In the present paper, we investigated the reliability of behavioral measurements of rationality as a characteristic of individual decision makers. Across multiple original and published datasets, we found that the reliability of the two most prominent rationality indices (and variations thereof) is moderate to poor. This result held independent of the choice domain (social choice, food choice, choice under risk, or choice under ambiguity), choice complexity (two or three goods), study context (laboratory or online), incentivization (incentive compatible or hypothetical), study population, sample size, task structure, measurement length, and time gap between measurements. Hence, given data from multiple datasets with sufficient methodological diversity, our conclusions not only apply to a specific configuration of rationality measurements but speak with reasonable generality for contemporary research practice. More broadly, our results align with recent work on the reliability of measurements of risk preferences, sensitivity to losses, and self-regulation (33–35).# Reliability indicates how much of the total variance in the variable of interest is attributable to true difference and not caused by measurement error. Hence, one potential explanation of moderate to poor reliability could be the presence of high measurement error (large denominator in the fraction) in the revealed preference methodology (e.g., 38). Our data offer two arguments against this explanation. First, allowing participants to revise a subset of choices (i.e., fixing potential mistakes, a source of measurement error; see study 3) did not increase reliability. Second, an analysis of the variance components in the data tentatively suggested that within-subject variance, as a proxy for measurement error, was sufficiently low for measurements with at least 20 trials. Another explanation for moderate to poor reliability is a lack of true differences between participants: it could be possible that it is difficult to distinguish between participants because they do differ enough with respect to economic rationality. In line with this explanation, most participants across all datasets descriptively behaved with high consistency, and taking individual measurements of CCEI and HMI yielded approximately two times worse predictive accuracy for another measurement within the same individual than simply assuming the population mean (SI Appendix). In conjunction with the absence of high measurement error, this tentatively suggests that the low reliability of contemporary measurements of individual rationality (that is, the inability to distinguish between individuals) was indeed driven by a lack of interindividual differences in rationality.ǁ As has been argued previously for other behavioral measurements, the lack of reliability poses a challenge to the contemporary search for sociodemographic or psychological correlates of economic rationality. Pragmatically speaking, our results show that a simple increase of trials or using a different task interface is not sufficient to fix this problem (unless the sample size is increased substantially); rather, individual differences must be increased. Possible avenues to explore here are, for instance, to ask participants to make decisions under stress or time pressure, increasing the difficulty of the decisions or using a manipulation (i.e., a between-groups design).

#### Fiscal policy as a catch-all for resolving the contradictions of capitalism obliterates the global south. Market-based solution is reformist logic that only engenders a new neoliberal strategy.

Herrera, ’22 (Rémy Herrera is a French economist, researcher at the CNRS (Centre national de la Recherche scientifique, National Center of Scientific Research). He has worked in financial auditing and in international institutions, including the OECD and the World Bank. He is the author of numerous books and scientific articles on economics, and teaches in several universities, especially at the Centre d’Économie de la Sorbonne. He regularly collaborates with the CETIM (Center Europe Third World), notably by supporting it in its advisory role with the United Nations. Overcoming Capitalism to Protect Humanity and the Environment: Revitalizing Marxism for Modern Socialist Transitions. In: Confronting Mainstream Economics for Overcoming Capitalism. Marx, Engels, and Marxisms. Palgrave Macmillan, Cham. [https://doi.org/10.1007/978-3-031-05851-6\_9. pp. 260—265](https://doi.org/10.1007/978-3-031-05851-6_9.%20pp.%20260%E2%80%94265)) cg; ad: 5/6/24

9.4 Against Some False Alternatives Faced with the extremely serious environmental threats of the present and the future, many proposals for “reformist” solutions have been formulated—without, however, ever calling into question the foundations of the capitalist system, or even, more often than not, the orientations of the neoliberal strategy. This is very generally the case with the conclusions of the major conferences on the environment (such as the “Earth Summits” of 1992 in Rio de Janeiro, of 2002 in Johannesburg, and so on), as well as with the theoretical backgrounds of the major international treaties on the climate, first and foremost among which are the indispensable (but too limited) U.N. Framework Convention on Climate Change of 1992 and one of its direct extensions, the Kyoto Protocol. The latter was multilaterally negotiated in December 1997, opened for ratification in March 1998, and entered into force in February 2005. The stated aim is to achieve a schedule of preventive actions intended to predict, measure, and attempt to mitigate the anthropogenic disturbances whose effects are considered the most dangerous on climate change. It seems a priori impossible not to adhere to the objectives of this agreement—unless one is an “expert of the Copenhagen Consensus.” How can one not be in favor of reducing greenhouse gas emissions, considered as the major cause of global warming—unless one is a member of the U.S. government? Nevertheless, it was difficult for a progressive, to be satisfied with the modest “target” set by this Protocol at—5.2% of global carbon dioxide reduction by 2012 (calculated from 1990) for industrialized countries, when a very large majority of scientific researchers of the Intergovernmental Panel on Climate Change (IPCC) argued that an immediate decrease of at least 50% would have then been necessary to maintain pollution at current levels.20 Given the magnitude of the challenges facing humanity, the measures proposed by the Protocol were full of good will, but derisory. All the more so since the so-called “flexibility” mechanisms that it promoted present quite worrying dangers, in particular that of the “rights to pollute” market. This scheme attempts to attribute a “price” to the negative externality (or external diseconomy) that pollution represents on a market that is administratively organized on behalf of transnational corporations, which are allocated “carbon credits.” Basically, these market mechanisms turn nature—starting with the earth’s atmosphere—into a merchandise and participates in the launch of a gigantic movement of modern “enclosures.” As a matter of fact, pollution becomes a “right,” as the expression “pollution right” proclaims it. Pollution will thus be the object of a trade, that is, “emission trading scheme.” This is, in our view, definitely a false and dangerous alternative. From the start, the direction that was taken was the wrong one. The richest agents can buy tradable emission permits on the market that will allow them to remain the biggest polluters, without changing their environmentally destructive behavior. Conversely, the poorest agents are encouraged to sell their “rights,” without trying to implement development policies likely to improve their living conditions. In addition, there is a risk of “carbon sink versus water sink” crowding-out effects when “clean development” programs (in the South) replace official development assistance (from the North). The implementation by transnational firms of some of these projects, thanks to which they earn new credits, has sometimes led to the expulsion of peasant communities from their own land, in order to impose “anti-CO2 crops.” Countless fiscal-ecological scandals have been reported, where companies have been able to benefit from the scheme and receive public subsidies by increasing both their profits and… their greenhouse gas emissions.21 Without a regulatory and control body other than the transnational corporations themselves,22 multiple cases of fraud in the declaration of pollution levels or usurpation of the “carbon neutral” label—sometimes an ethical pretext for opening up new markets—will continue to be recorded. For the role of the State is not to submit to the power of the markets, in the name of “reformism” and the quest for an untraceable “capitalism with a human face”; it is to impose external limits on capital and its logic of expansion, in order to succeed in protecting humanity as well as the environment against capital’s destructive tendencies. Remaining within the framework of profit maximization and based on a State-supported commodification of natural resources, the strategy chosen by the Kyoto Protocol to achieve its objectives is the surest way… to never achieve them. It differs only in degree, not in kind, from the strategy advocated by the Copenhagen Consensus. Since the experimentation of the first local emission permit markets in the United States, the activity that has developed mainly on these new environmental exchanges,23 from the Chicago Climate Exchange to the European Powernext, is carbon speculation. And the latter remained very active even after the 2008 crisis. Many other false alternatives exist, which do not place politics at the heart of ecology, nor the structures of capitalism at the center of the problems of the climate crisis. One of them is the thesis of “degrowth.” It has had some success among the “alterglobalist” movements of recent times. We should rather speak of degrowth theses, in the plural, since the heterogeneity of these works—and their quality—is extreme24 ; to the point of often being able to rally the approval of activists sincerely devoted to the struggle for a more livable world on this or that specific suggestion presenting a real relevance. Such is the case, for example, of the call to save resources and to avoid waste, but also to control the passions of consumer society. The rejection of consumerist delusions is no longer only highly desirable; it has simply become indispensable—provided that we do not fall into the opposite excess, i.e., the “praise of poverty.” The latter, advocated by some Northern activists, is indeed undoubtedly difficult to hear by the one billion human beings of the South currently living in slums of the urban areas, not to mention the poor peasants in the rural zones. But the criticisms that can be formulated against these theses must be made taking into account this fact: many of the proponents of degrowth are authentic progressives, who should be brought together with the other militants who fight for a better world, rather than divided. Everyone should agree on the fact that it is up to the ultra-rich, who are also the biggest polluters and wasters, with the most powerful transnational corporations they own, to make the most substantial efforts; and not to the poorest—whether in terms of classes or nations.25 This temporary infatuation linked to “degrowth,” in the air of time, can be explained to a large extent by the disarray caused by a double failure: on the one hand, the proven impotence or extreme difficulty of the party and trade union organizations of the traditional left to integrate the now absolute imperative of environmental protection into the heart of their programs, and on the other hand, the inability of the huge majority of the “green” movements to admit that, if ecology is indeed political, their salvation will not come through an ever more docile submission to the power of neoliberalized social-democracy. They must realize that democracy—including in the “management” of the planet’s natural resources—is inseparable from social progress, which itself is totally irreconcilable with the pursuit of neoliberal capitalism. Nonetheless, a certain number of supporters of degrowth get lost in confusions that harm the credibility of the project they intend to promote. This is the case when they tend to confuse “growth”—a quantitative indicator (admittedly questionable) of increased production—with “development”—a concept with a qualitative and above all strategic dimension, which makes it much more complex to define.26 The authors of degrowth also often slip from the criticism of economism, justified and sometimes very relevant, to that of economics in general, and therefore of economic policy—that is, one of the essential instruments of any project of social transformation. Given the asymmetries and inequalities that characterize the capitalist world system, “degrowing” would very probably run the risk of accentuating the most worrying current problems at the social level (imbalances in the labor markets, dismantling of social protection, etc.) as well as at the environmental level (worsening of pollution due to a decrease in energy efficiency, for example). The heart of the problem resides in the fact that, in their vast majority, the partisans of degrowth do not consider that the very responsible for the environmental catastrophe that is looming is the capitalist system, which they do not call into question as such. Unacceptably there still remains in their speeches, as in those of many ecological activists, a frequently tolerated equivalence between the term “capitalism”—obviously still taboo for some—and those of “progress” or “modernity.” In this way, as soon as the alterglobalism of degrowth evacuates from its discussions the inescapable question of the structure of ownership of capital and that of democratic popular participation in economic decisions, it will condemn itself to being only the illusion of “another” capitalism. But such other capitalism than the one that today threatens all of humanity with death is not possible. Definitively. And it should be understood as soon as possible. Before it is too late. As long as no consistent solutions to the global problems which are those of the capitalist world system are envisaged, implying a real alternative to capitalism itself that allows for a decrease in the energy intensity of production—and not of this production—the good intentions of economic Malthusianism, based on beliefs more than on science, will remain wishful thinking. As long as the means of technological progress are not found to reduce energy consumption in a more equitable way and to carry out the difficult transition from a waste of fossil energies to a much more balanced management of these energies and of clean renewable resources, while simultaneously building a solidarity, united project of social emancipation of the workers of the North and effective reinforcement of the sovereignty of the peoples of the South, the empty hopes of a fundamentalist and/or a-political ecology will postpone sine die the reality of a decrease in greenhouse gas emissions. Without breaking with this capitalist mode of production and consumption, the arguments will always be deployed, despite nuances and subtleties, within the framework of a representation of a State and economic agents, or citizens, subjected to the forces of globally dominant capital. So, in the absence of substitutes for fossil fuels and of sufficiently dynamic technical progress, the shortage of energy resources, first and foremost oil, is likely to lead the whole system into a “forced degrowth” that would probably not take the path that alterglobalists want to take. And the machinery of capitalism, by depriving the poorest masses of the satisfaction of their most essential needs, in the silence of market price adjustments, would continue to manage their genocide.27

### Global Capitalism Bad

#### Capitalism causes and exacerbates inequality – times of economic decline only makes the rich richer, while the marginalized take the largest hit.

Oxfam, ‘23 (Oxfam is a global organization that fights inequality to end poverty and injustice. Oxfam has provided relief services during various global crises, including the Israeli–Palestinian conflict, North Korean famine, 2011 East Africa drought, 2012 Sahel drought, Nepal earthquake, and Yemeni crisis. “Survival Of The Richest: How Billionaires Are Amassing Eye-watering Wealth Amid Crisis”; January 2023, <https://www.oxfam.org/en/take-action/campaigns/survival-of-the-richest>) cg; ad: 5/9/24

Ten years ago, Oxfam first sounded the alarm at the World Economic Forum, about extreme levels of inequality. Since then, billionaires have almost doubled their wealth and astoundingly since 2020, the richest 1% have snatched-up almost twice as much as the rest of the world combined. ¶ Hundreds of millions are facing impossible rises in the cost of living, and millions are reeling from the pandemic which has already killed over 20 million people. These crises all have winners. The very richest have become dramatically richer and corporate profits have hit record highs, driving an explosion of inequality. ¶ The very existence of billionaires and record profits while poverty and inequality are both on the rise damning proof of a failing economic system. As a starting point toward reducing extreme inequality, the world should aim to dramatically reduce the wealth and number of billionaires between now and 2030, both by increasing taxes on the top 1% and adopting other billionaire-busting policies. ¶ To better understand the rise in energy and food prices, we need to look beyond the logic of supply and demand. Growing evidence points to corporate profits as a significant driver of inflation. Not only are companies passing increased input costs onto consumers, but they are also capitalizing on the crisis, using it as a smokescreen to charge even higher prices. ¶ Oxfam’s analysis of 95 food and energy corporations found that they made $306 billion in windfall profits in 2022; 84% of this being paid to their shareholders, making the already rich, even richer. Governments could raise vital revenue to help fight inequality by implementing one-off taxes on excessive profits and wealth during crises. ¶ The traditional explanation for soaring inflation is that it occurs when demand exceeds supply and pushes up prices, but this logic only partly explains the rising cost of energy and food. The invasion of Ukraine by Russia did lead to reduced gas supply which contributed to an increase in the global price of energy. In the case of food, prices were already rising sharply long before the war, and the interruption of grain supplies from Ukraine made this problem worse. ¶ Food and energy corporations have maintained high prices without the threat of being undercut by competition, and as prices on their end fall, these savings are being passed to their shareholders rather than consumers. This greed-flation led to food and energy companies more than doubling their profits in 2022, paying out $257 billion to wealthy shareholders, while over 800 million people go to bed hungry every night. ¶ There historically have been progressive measures to curb excessive wealth and power of the super-rich during global crisis by increasing taxation of the richest. We can learn from Costa Rica that increased its top rate of income tax by 10 percentage points, from 15% to 25%, and Bolivia and Argentina introduced wealth and solidarity taxes on their richest citizens. This spirit of solidarity boosts public spending and to fight inequality and limit suffering of ordinary citizens. ¶ When economic crisis hits, ordinary working people are first in line for pay cuts and job losses. In 2020, COVID-19 sparked lockdowns and an unprecedented global economic slowdown. This led to working-hour losses approximately four times greater than during the global financial crisis of 2008, with women and racialized groups being the hardest hit. ¶ Oxfam analysis shows that at least 1.7 billion workers worldwide will have seen a real-terms pay cut in 2022, making it more challenging to feed their families or keep the lights and heating on. We urgently need greater taxation of the ultra-rich and corporations as a measure to fight inflation and inequality.

#### NATO is the primary hand of the U.S. capitalist machine – extending rentier capitalism by securing markets through interactions for military bases – Only Workers based revolt can challenge the imperialism of the capitalist machine

**AL TARIQI, ’22** (A. “What is NATO? Why do we call for its dismantling?”, originally posted on the Socialist Resurgence’s website, marzo 26, 2022, <https://litci.org/en/what-is-nato-why-do-we-call-for-its-dismantling>) cg; ad: 5/6/24

In previous posts and in our work in the Revolutionary Socialist Network, Workers’ Voice and Socialist Resurgence, along with our RSN comrades, have stated our unequivocal opposition to the Russian aggression in Ukraine and our support for the self-defense of the Ukrainian people. We demand the immediate withdrawal of Russian troops from Ukraine and call for solidarity with Russian antiwar protesters, for an end to their repression, and for an immediate release of all detainees. Does this mean that we support calls emanating from North America and Europe in support of further military expansion in Europe and the ongoing arms race? Does this mean that we support NATO? Unequivocally, we say no. The barbarity of the Russian invasion tempts those who oppose it to launder the reputation of NATO and of the U.S. imperialist project at its heart, to concede to false narratives about its supposed defensive nature rather than its true character as an aggressive and imperialist alliance. A look at its history and current function as a creature of US imperialism is necessary to combat such illusions. NATO: A brief history The origins of NATO (North Atlantic Treaty Organization) go back to 1948, when the United Kingdom, France, and the Benelux countries (Belgium, Netherlands, and Luxembourg) formed a military alliance out of fear of potential German and Soviet aggression after World War II. By 1949, the founding members began to see this as insufficient. Soon thereafter, the United States and Canada joined. Subsequently, the alliance formed three commands: Europe, the Atlantic, and the English Channel (the last dissolved in 1994). France withdrew from military participation in 1966, rejoining in 2009. When West Germany was admitted in 1955, the USSR responded by forming the Warsaw Pact, giving the lie to the original NATO founders’ perception of Soviet aggression. As Marxist geographer David Harvey explains, “Cultivating fear (both fake and real) of the Soviets and Communism was instrumental to this (cold war) politics. The economic consequence has been wave after wave of technological and organizational innovation in military hardware.” The arms industry—a form of monopoly capitalism often referred to as the “military-industrial complex”—has always been at the heart of NATO, as it sought to balance the numerical superiority of the Warsaw Pact’s armed forces with technological superiority, including medium range nuclear weapons. Article 5 of the NATO treaty states that an attack on any signatory would be regarded as an attack on the other members. This “collective defense” pact was first invoked in 2001 following the Sept. 11 attacks on the United States. Currently, 30 countries are NATO members, 28 of which are in Europe (the U.S. and Canada are the two non-European members). The most recent entrant is North Macedonia, a former Yugoslav province, admitted in May 2020. NATO’s courting of Ukraine—especially after the Western-supported 2013-2014 “Euromaidan” protests and the 2014 Russian annexation of Crimea—all the while maintaining that it refuses to directly militarily intervene there, has generated the ambiguity contributing to the current crisis. It also coincided with the increase of Ukraine’s debt with the IMF and the application of neoliberal austerity policies. After the collapse of the USSR in 1991, the Warsaw Pact was dissolved but NATO kept growing. Since the late 1990s it has expanded to 14 new countries. This military encroachment has been largely naturalized by U.S. and European governments as a guarantee of peace, but its root causes have not been really explained. In the United States, the likes of The New York Times and PBS have been among the worst in this regard, constantly drilling audiences with Pentagon talking points and focusing almost entirely on issues of logistics rather than the larger geopolitical context. Instead, we offer a materialist explanation, specifically contextualizing NATO’s aims both within U.S. imperialist ambitions and within the emergence of rentier capitalism since the 1990s. To summarize, as many have discussed, the U.S. regime rejected a “peace dividend” after the defeat of the USSR. This is puzzling only when we fail to consider how central to U.S. capitalist profits both the expansion of U.S. military bases since World War II and the military-industrial complex since the 1990s have been. U.S. imperialism and expansion of bases At the time of this writing, U.S. President Joe Biden is visiting Europe for an emergency NATO summit, along with meetings of the G7 and the European Council, in what the bourgeois media is depicting as an “honor lap” of sorts after the shambolic Trump years. Read without the fog of bourgeois sentimentality, European capitalist politicians are welcoming Washington back as their prodigal king. This trip occurs in the immediate aftermath of Biden’s pledge to devote $3 billion from the $13.6 billion Ukraine “aid” package to increase U.S. NATO troops in Europe, and another $700 million to support Foreign Military Financing and to foster U.S. counter-espionage activities ISR (intelligence, surveillance, and reconnaissance). This move can only be seen by the Russians as an escalation. As of July 2021, the U.S. operates about 750 bases in at least 80 countries and spends more on its military than the next 10 countries combined. Since the Pentagon publishes incomplete data, the number of bases may be even be higher. A significant number of these bases are located in NATO member countries: Germany (119 bases), Italy (44), the UK (25), Portugal (21), Turkey (13), and Belgium (11). Moreover, the U.S. deploys approximately 173,000 troops in 159 countries. Again, NATO member states host a large proportion, at least 60,000, of these troops, with the following breakdown: Germany (33,948), Italy (12,247), UK (over 9000), Spain (over 3000), Turkey (1600+), Belgium (1000+), and Norway (700+). Interestingly, one of the agenda points of Biden’s summit with the Europeans will be to discuss NATO’s long-term deployment plans. In 1997 the U.S. and Russia signed an agreement in which the U.S. promised not to deploy troops permanently in frontline states. In 2014, after Russia annexed Crimea, the U.S. began to exert a military presence in both Poland and the Baltic states, but “in rotating deployments to honor the letter of that agreement,” as reported by the Guardian. However, the Russian invasion of Ukraine has voided the deal, in the eyes of the U.S. and its NATO allies. Now the U.S. is pushing for permanent basing, which has long been the desire of the Baltic states. The idea that U.S. bases and troops intervene in foreign countries to provide security and to promote human rights is belied by the real history of U.S. bases, as described in an excellent book, “Bases of Empire,” edited by the anthropologist and director of the Cost of War Project, Catherine Lutz. As Lutz shows, U.S. bases have many functions, none of which promote the security or human rights of host populations. For example: • Basing comes with Status of Forces Agreements (SOFAs), not just with NATO countries but anywhere Uncle Sam goes. These grant U.S. soldiers immunity from local laws. • Bases expand U.S. military capacity to wage war—for example, when the U.S. used its bases in Guam, Thailand, and Philippines during the Vietnam War. • Bases provide “R&R” for invading U.S. soldiers, inflicting the misogyny and racism of many of these troops on local populations. • The CIA used secret bases in Laos to ship heroine to U.S. troops in Vietnam. • Bases facilitate the shipment of U.S. materiel to its theaters of invasion and intervention. • Bases enable the U.S. to manipulate local governments and to exert influence on them to change laws in the interests of U.S. capital. • Base agreements often come with U.S. investment and trade treaties tying countries into U.S. trade relations and forcing liberalization and privatization. The ultimate goal of NATO today is to secure the support of governments allied to the U.S. in the region, offer so-called “protection” and IMF/WB “financing” in exchange for austerity policies and privatization, as well as pushing forward imperialist policies abroad which benefit U.S. capital. It is a military alliance to back a concrete economic and political project. All of this helps explain why Biden and NATO see the Russia war on Ukraine as an opportunity to escalate imperialist intervention. However, it is not just old school military intervention and basing that is at play. Since the 1970s, U.S. imperialism has morphed into something more indirect yet equally sinister: the promotion of rentier capitalism. Rentier capitalism: Minerals, militarism, and FIRE The decline in U.S. manufacturing generated a profitability crisis, going back to the early 1970s. To revive profitability, U.S. capitalism shifted toward “rentier” sectors such as the arms industry (aka. The military-industrial complex or MIC), finance-insurance-real estate (FIRE), and oil, gas, and mineral extraction (OGM). Rent-seeking capital, as opposed to surplus-value generating capital—for example, manufacturing or agriculture—seeks profits through monopolization of property, whether in the form of resources, financial assets, or so-called intellectual property. Often, rent-seeking capital is described as the search for profit without the contribution of social value (think of the activities of your typical sleazy landlord). Rent-seeking capital, specifically the MIC, FIRE, and OGM sectors, has risen to dominance in the United States over the past generation, and the promotion of these sectors has been the raison d’etre both of domestic national politics and of NATO in that time. Since 1991, the alliance has primarily served U.S. interests, shifting European and other U.S. allies’ focus from their domestic spheres toward that of U.S. “national security.” As economist Michael Hudson has explained, NATO has become, in effect, Europe’s foreign policy ministry, dominating domestic economic interests. “Rejection of the peace dividend,”seen in Marxist terms, refers to the fear of the U.S. ruling class losing control over NATO and dollar-area states as they have sought increased trade with both Russia and China. MIC interests such as Raytheon, Boeing, and Lockheed-Martin generate their profits from “monopoly rent,” specifically from sales to NATO countries and Middle East oil exporters. These companies’ stocks rose sharply right after the Russian invasion, explains Hudson. Germany, for example, announced that it will raise arms spending to over 2 percent of GDP. Meanwhile, the Nordstream 2 pipeline connecting Russia with Central and Western Europe has been seen as a major threat by the U.S. energy capitalist sector. Exerting intense pressure on European countries, especially Germany, to remain in U.S.-controlled supply networks and, more generally, isolating Russia (and Iran) from global energy markets, have been important motives for U.S. policy in recent years. Finally, there is FIRE: Its profits are generated primarily through land rents paid to the banks in the form of mortgage interest and debt amortization (the paying off of debt over time in principal and interest). Approximately 80 percent of US and UK bank loans go to the real estate sector, in whose interest it is to maximize “capital gains” from rising land rent and the privatization of economies, inserting rent-seeking monopolies into public services, education, health care, and transport. It is these three sectors of capital that dominate both domestic politics in the United States and NATO policy in Europe. None of this is to say that we agree with the campist line that Russia, or China, represent some sort of balance of power, let alone an emancipatory alternative to the NATO-dominated world order. In this clash between competing imperialisms, it is the workers both of Ukraine and of Russia that stand to suffer most. No workers—Ukrainian, Russian, or otherwise—have an interest in either of the imperialist camps. Just as the working class is the only class that produces the wealth of society, it is the only social force that can permanently end wars. We therefore agree with and amplify the statement by our comrades in the Revolutionary Socialist Network: “It’s the internationalist solidarity of the workers of the world, in total independence of imperialist powers, that can force the retreat of Russian troops and put an end to these wars by overthrowing our own ruling classes.”

#### NATO is a weapon of control that exists purely to forward capitalism and its markets

Gliniecki, ‘22 (Ben Gliniecki, 2-23-2022, "The Real Role and History of NATO: A Reply to Keir Starmer," Socialist Revolution, <https://socialistrevolution.org/the-real-role-and-history-of-nato-a-reply-to-keir-starmer>) cg; ad: 5/9/24

Recently, British Labour Party leaders, “Sir” Keir Starmer, published a cringeworthy love letter to western imperialism in the Guardian newspaper. His frothy excitement about NATO and his cartoonish patriotic chest-beating are an attempt to paint himself as a champion of the British establishment and an enemy of the left. But his **article is a mess of lies and imperialist propaganda from start to finish.** Starmer showers praise on the military alliance of western imperialists, cynically—and nauseatingly—comparing it to Britain’s National Health Service as one of “the great achievements of the 1945 Labour government”; a “transformational legacy” that apparently has Labour’s “proud,” “unwaverable,” and “unshakeable” support. “To condemn NATO is to condemn the guarantee of democracy and security it brings,” the Labour leader writes. **We wonder if Afghan workers and youth feel the same way, 20 years after NATO forces invaded their country.** Starmer says NATO is a “defensive alliance that has never provoked conflict.” But over the last 30 years, NATO has zealously participated in **aggressive military action in Iraq, Yugoslavia, Afghanistan, Somalia, and Libya.** At the same time, it has continually expanded eastwards towards Russia, surrounding the country with troops and military equipment. Starmer’s fairy stories are akin to those that we are taught at school and force-fed by the media—about the **good guys in the West and the bad guys in the East**. Such claptrap is only fit for children, not thinking workers and youth. Western Aggression In reality, NATO was founded in 1949 not as an instrument of peace, but **as a weapon** to fight the Cold War. **It has remained a weapon ever since.** **It is a military alliance,** which gets three-quarters of its funding from the USA; and which says that if one member is attacked, then every other member must respond with force. After the collapse of the Soviet Union, the **Russian economy entered free fall. Chaos reigned, and** Russia was on its knees. The **western imperialists seized the opportunity to expand their markets** and spheres of influence eastwards. **NATO has been a key part of this strategy**. In 1999, former Warsaw Pact countries Poland, Hungary, and the Czech Republic joined NATO. In 2004, they were joined by Estonia, Latvia, and Lithuania. Slowly but surely, Russia’s borders were being ringed by members of a hostile military alliance. Starmer describes Russia as “the aggressor” and a “bully.” But **which of NATO and Russia has hawkishly expanded into the markets and territories of the other’s former allies**? **Which has been placing troops and military hardware on the borders of the other for many years**? NATO’s provocations towards Russia continued. In 2003, a rabidly pro-US government was brought to power in Georgia. US advisers helped train the Georgian army, and encouraged them to test the limits of Russia’s defensive capability. At a 2008 summit in Bucharest, NATO members agreed that Georgia and Ukraine, both bordering Russia, would join the alliance in the future. Whipped up by these events, Georgian president Saakashvili attacked the autonomous region of South Ossetia in 2008, where over 90% of the population are Russian citizens.

### Global Decoupling Good

#### Yes decoupling – data, empirics, happening now

Krugman, ‘23 (Paul Krugman joined The New York Times in 2000 as an Op-Ed columnist. He is distinguished professor in the Graduate Center Economics Ph.D. program and distinguished scholar at the Luxembourg Income Study Center at the City University of New York. In addition, he is professor emeritus at the Princeton School of Public and International Affairs, "Wonking Out: Why Growth Can Be Green" The New York Times, published 2-17-2023, <https://www.nytimes.com/2023/02/17/opinion/economic-growth-green-degrowth.html>) cg; ad: 5/2/24

As you may know (although a surprising number of people don’t), the Biden administration has taken a huge step forward in the fight against climate change. The strategically misleadingly named Inflation Reduction Act is mainly a climate bill, using subsidies and tax credits to promote green energy. Environmental experts I follow believe that it’s a very big deal, which, if successfully implemented, will greatly reduce greenhouse gas emissions. It’s not quite as aggressive as the climate plans in Biden’s original Build Back Better legislation, but modelers estimate that it will accomplish about 80 percent of what B.B.B. was trying to do. The biggest factor making this kind of climate initiative possible, after so many years of inaction, is the spectacular technological progress in renewable energy that has taken place since 2009 or so. This means that we can greatly reduce emissions using carrots instead of sticks: giving people incentives to use low-emission technologies rather than trying to regulate or tax them into giving up high-emission activities. And the politics of carrots are obviously a lot easier than the politics of sticks. Strange to say, however, at this precise moment — the most hopeful moment for the environment, as far as I can tell, in decades — my inbox has been filling up with woeful claims that environmental protection is incompatible with economic growth. These claims are oddly bipartisan. Some of them come from people on the left who insist that the planet can’t be saved unless we give up on the notion of perpetual economic growth. Others come from people on the right who insist that we must give up on all this environmentalism if we want to preserve prosperity. So let’s talk about why such claims are all wrong. Part of the problem is that many people don’t understand what economic growth means, imagining that it necessarily involves producing the same things you were producing before, in the same ways, but just at a larger scale. But that’s not at all what growth means. Currently, America’s real gross domestic product is about a third larger than it was in 2007. But the economy of 2023 isn’t just the economy of 2007 scaled up by a third. Production of some goods has gone way down — coal production has been cut roughly in half. Official growth measures also try to take quality changes into account: We’re producing fewer cars than we were in 2007, but measured real output in the motor vehicle industry is higher, because government statisticians believe that recently produced cars are better in several ways than older models are, and try to estimate how much people would have been willing to pay for those improvements. Above all, real G.D.P. says nothing about how stuff is produced. A kilowatt-hour of electricity counts the same whether it was generated by burning coal or wind power, but the environmental impact is completely different. As a result, there’s no reason a growing economy must place an increasing burden on the environment. In fact, environmental quality is often better in rich countries, with high G.D.P. per capita, than in middle-income countries — a phenomenon the economists Gene Grossman and Alan Krueger dubbed the environmental Kuznets curve. Consider, for example, a comparison between the New York metropolitan area and Delhi, India. Delhi has a larger population but a much smaller G.D.P. So does New York’s big economy mean a highly stressed environment? To take a very visible indicator, how does air quality in the two cities compare? As anyone who’s visited both places knows, New York air is, well, relatively OK, while Delhi air … isn’t. So there is no necessary relationship between economic growth and the burden we place on the environment. It’s true that the Industrial Revolution greatly increased pollution of all kinds, and countries like India that are still in the early phases of their own economic development are by and large paying a large environmental price. But at higher levels of development, delinking growth from environmental impact isn’t just possible in principle but something that happens a lot in practice. Here’s a favorite chart of mine from the invaluable Our World in Data website. It shows carbon dioxide emissions per capita in Britain, where the Industrial Revolution began. The early phases of industrialization were indeed associated with a huge rise in emissions. But more recently emissions have fallen back to the levels of the ’50s — the 1850s: How did Britain do that? Part of the answer is that over time the British economy switched from relying on coal to relying on hydrocarbons, which when burned generate less carbon dioxide. Britain also learned to use energy more efficiently over time. But more recently a big factor has been the rise of renewable energy, especially, in Britain’s case, wind power: So when you hear an environmentalist say something like, “We live on a finite planet, so we can’t have unlimited economic growth,” what they’re actually revealing is that they don’t understand what economic growth means. Furthermore, in practice, they’re lending aid and comfort to anti-environmentalists, who want us to believe that protecting the environment is incompatible with rising living standards. That said, while it’s possible to decouple growth from environmental harm, that’s not automatic. To combine rising living standards with an improving environment, we need policies that encourage the use of technologies that cause less environmental damage. The good news is that the United States is finally implementing such policies. Still, we need a lot more action along those lines — not just in America but in the rest of the world. So we can do this — but we need to try, and not give in to counsels of despair.

#### Study confirms decoupling possible and necessary long-term

Murshed, ‘23 (Department of Economics, School of Business and Economics, North South University, Dhaka, 1229, Bangladesh. Department of Journalism, Media and Communications, Daffodil International University, Dhaka, Bangladesh"Can using energy resources productively and promoting good governance boost carbon productivity? An economic growth-environmental degradation decoupling analysis on 116 global countries," SpringerLink, <https://link.springer.com/article/10.1007/s11356-023-28215-3>) cg; ad: 5/2/24

In modern times, economic growth needs to be sustainable but at the same time, caution has to be maintained so that the environmental conditions are not harmed in the process. Hence, it is essential to decouple economic growth from environmental pollution for promoting low-carbon growth worldwide. Though the previous studies have mostly analyzed how environmental pollution can be reduced, not much emphasis was given to assessing how economic growth can be enhanced while limiting environmental damages in tandem. Hence, this study examined how carbon productivity is determined by EUP improvement, good governance, financial development, FDI receipts, and international trade in 116 global economies. Overall, the analytical findings revealed that EUP improvement initially cannot decouple economic growth from environmental pollution by inhibiting carbon productivity. However, later on, using energy productively does manage to decouple economic growth from environmental pollution by boosting carbon productivity. Accordingly, the EUPcarbon productivity nexus was found to exhibit a U-shaped relationship. Besides, the results also endorsed the carbon productivity-boosting effects associated with good governance, financial development, and international trade while more receipts of FDI were not seen to exert a significant impact on carbon productivity. On the other hand, the robustness test results affirmed that these impacts are heterogeneous across different categories of national income groups, carbon productivity, energy productivity, governance, and regional locations. Nevertheless, the results confirmed that countries having comparatively higher levels of energy productivity and better quality of governance are more likely to decouple the growth of their respective economies from environmental pollution. In line with these fndings, the following decoupling policies are recommended. First, emphasizing the need for using energy resources productively, it is important to make optimal use of energy resources, especially the fnite fossil fuels. This can prevent unnecessary wastage of these scarce natural resources and help in containing the adverse environmental consequences associated with energy use. However, in order to use energy more productively than before, new technologies need to be developed which can enable more production of output using less quantity of energy. Accordingly, scaling research and development-related investment is required, particularly for discovering new techniques that can assist in improving the overall rate of EUP. In addition, it is also important to attract energy sector-related FDI which can be assumed to exert a technological spillover efect that can bridge the technological constraints that inhibit EUP improvement. Besides, the replacement of electricityintensive appliances with relatively less electricityintensive alternatives can be assumed to improve EUP rates further from the consumption-side channel. Second, there is no alternative other than improving the quality of governance since promoting good governance can shield the environment from carnages linked with more economic growth. Thus, it is of utmost importance for the government to become more connected with the public and answer to the environmental pleas made by the common people. Besides, eliminating corrupt practices, enhancing bureaucratic accountability, increasing provisions for the public to exercise their voices, establishing political stability, and implementing the rule of law can be expected to limit the environmental problems that accompany economic growth.

#### Global Decoupling Possible

Economist, ‘22 ("Economic growth no longer means higher carbon emissions," published 11-08-2022, accessed 7-13-2023, <https://www.economist.com/finance-and-economics/2022/11/08/economic-growth-no-longer-means-higher-carbon-emissions>) cg; ad: 5/2/24

All told, some 33 countries have in recent years cut emissions while maintaining growth. Around three-fifths are European, meaning, as was the case during the Industrial Revolution, the old continent is leading the way. But the group also includes America, where emissions fell by 15% between 2007 and 2019 even as gdp per person rose by 23%, as well as others that have joined more recently. These include Australia, where emissions have fallen by 9% since peaking in 2012, and Israel, where they have fallen by 12% in the same period, even as both economies have grown. It would be wrong, however, to characterise decoupling as a luxury reserved for the most affluent countries. Thanks to energy-efficiency improvements, emissions in eastern Europe have fallen since the collapse of the Soviet Union, at the same time as living standards have converged with western Europe. Argentina, Mexico and Uruguay have also joined the decouplers. In Mexico, for instance, emissions have fallen by 16% since their peak in 2012. Around the world, before the covid-19 pandemic distorted the numbers, more than 1bn people lived in countries with falling emissions and growing economies. Territorial emissions, which reflect domestic production, began to fall much earlier. In Britain they peaked in the 1970s, before oil shocks and strikes decimated the country’s industry. But their decline merely reflected the fact that more manufacturing was taking place abroad: British clothes were being sewn in Dhaka instead of Derby, which led to no reduction in global emissions. The figures in this article mostly come from analysis of data produced by the Global Carbon Project, a greenhouse-gas-monitoring outfit. These include estimates of the emissions from imports, and so capture the vast majority of a country’s carbon footprint. In other words, Britain’s figures include emissions from imported t-shirts made in Bangladesh. The more recent decline in emissions is therefore the real deal. Part of the explanation is that the countries to which manufacturing has been outsourced now emit less carbon themselves, notes Viktoras Kulionis of Pictet Asset Management. In all but a couple of dozen industrialising countries gdp growth produces fewer carbon emissions than used to be the case, a phenomenon which is known as “relative decoupling”. In 2008 China’s exported emissions peaked at around 1.5bn tonnes of carbon-dioxide equivalent, before falling to 1bn in 2019, owing to improved efficiency and a move from chemicals and metals exports to less carbon-intensive electronics ones. Emissions imported by the oecd group of mostly rich countries peaked in 2006, at 2bn tonnes of carbon-dioxide equivalent. They have since fallen by more than a third to 1.3bn. But the shift mostly reflects a watershed change in how energy is used in the West. Decoupling can occur for two reasons: either because output becomes less energy-intensive, or because the energy used becomes greener. For the past decade or so, it has mostly happened because of the former. The energy intensity of gdp—the supply needed to produce a dollar of national income—has fallen faster than gdp has grown. This can be seen in America. The country is often considered a polluter par excellence. In fact, its territorial emissions peaked in 2005. Since then, the energy intensity of its gdp has fallen by nearly a quarter. So even though America’s gdp has risen by 29%, emissions have fallen by 15%. Similarly, four-fifths of the fall in German emissions since 1990 reflects lower energy intensity. Only the remaining fifth comes from the use of greener energy. Falling energy intensity is the result of changes to the structure of rich-world economies. A visitor to Coalbrookdale in the 18th century compared its smoke, heat and fire to a vision of hell. Nowadays the old furnace lies cold; the last foundry, which made parts for Aga ovens, closed in 2017; and the site has become a tourist attraction. It is a symbol of Britain’s shift from an industrial economy to a service-based economy—a shift which has big implications for emissions. As Nick Eyre, a climate-policy expert at the University of Oxford, notes, an extra trip to the theatre requires much less energy than making additional pots and pans. The move from manufacturing to services has happened across the rich world. Industry’s share of American gdp fell from 17% in 2007 to 14% by 2019. In Germany, a country known for its manufacturing prowess, its share fell by two percentage points in the same period. Even in Mexico, one of the poorer countries to have decoupled, its share dropped from 27% to 25%. The task now is to accelerate decoupling. One reason for optimism is that so far it has happened without colossal outlays or much political consensus. Many of the West’s high achievers have emissions-trading schemes, or other forms of carbon pricing, but even laggards have managed to reduce their carbon footprints. Increasing use of renewables in electricity generation, as well as electrifying the heating of homes and transport—whether through electric cars or encouraging public transport—has the potential to make a big difference. But perhaps the greatest reason for optimism is the evidence that poorer countries are industrialising in different ways from their predecessors. Data from the Global Carbon Project suggest that Egypt, the cop27 host, reached peak emissions in 2017. India and Vietnam, which are becoming a bigger source of exports as trade shifts away from China, are considerably greener than their economic rival. In 2007, when China’s economy was roughly as big as India’s is today, it emitted around twice as much carbon dioxide. India and Vietnam are still powered by coal. The difference is they are making much more efficient use of it.

### Squo Solves – Tech

#### Squo solved – tech giant legislation.

Kang, ‘22 (Cecilia Kang, 4-22-2022, "As Europe Approves New Tech Laws, the U.S. Falls Further Behind", No Publication, <https://www.nytimes.com/2022/04/22/technology/tech-regulation-europe-us.html>) cg; ad: 5/7/24

In just the last few years, Europe has seen a sweeping law for online privacy take effect, approved far-reaching regulations to curb the dominance of the tech giants and on Saturday reached a deal on new legislation to protect its citizens from harmful online content. For those keeping score, that’s Europe: three. United States: zero. The United States may be the birthplace of the iPhone and the most widely used search engine and social network, and it could also bring the world into the so-called metaverse. But global leadership on tech regulations is taking place more than 3,000 miles from Washington, by European leaders representing 27 nations with 24 languages, who have nonetheless been able to agree on basic online protections for their 450 million or so citizens. Massive regs from EU. Satariano 22 [Adam Satariano, 3-24-2022, "E.U. Takes Aim at Big Tech’s Power With Landmark Digital Act", No Publication, https://www.nytimes.com/2022/03/24/technology/eu-regulation-apple-meta-google.html, DOA: 6-23-2022 //ArchanSen] The European Union agreed on Thursday to one of the world’s most far-reaching laws to address the power of the biggest tech companies, potentially reshaping app stores, online advertising, e-commerce, messaging services and other everyday digital tools. The law, called the Digital Markets Act, is the most sweeping piece of digital policy since the bloc put the world’s toughest rules to protect people’s online data into effect in 2018. The legislation is aimed at stopping the largest tech platforms from using their interlocking services and considerable resources to box in users and squash emerging rivals, creating room for new entrants and fostering more competition. What that means practically is that companies like Google will no longer be able to collect data from different services to offer targeted ads without users’ consent and that Apple may have to allow alternatives to its App Store on iPhones and iPads. Violators of the law, which will take effect as early as later this year, could face penalties of up to 20 percent of their global revenue — which could reach into the tens of billions of dollars — for repeat offenses. The Digital Markets Act is part of a one-two punch by European regulators. As early as next month, the European Union is expected to reach an agreement on a law that would force social media companies such as Meta, the owner of Facebook and Instagram, to police their platforms more aggressively. With these actions, Europe is cementing its leadership as the most assertive regulator of tech companies such as Apple, Google, Amazon, Meta and Microsoft. European standards are often adopted worldwide, and the latest legislation further raises the bar by potentially bringing the companies under a new era of oversight — just like health care, transportation and banking industries. “Faced with big online platforms behaving like they were ‘too big to care,’ Europe has put its foot down,” said Thierry Breton, one of the top digital officials in the European Commission. “We are putting an end to the so-called Wild West dominating our information space. A new framework that can become a reference for democracies worldwide.”

#### Already have existing trade – no need for more

Csernatoni, ‘19 [Raluca Csernatoni, PhD in International Relations from Central European University, 2019. The EU’s Technological Power: Harnessing Future and Emerging Technologies for European Security. Peace, Security and Defence Cooperation in Post-Brexit Europe, 119–140. doi:10.1007/978-3-030-12418-2\_6) cg; ad: 5/1/24

This comes at a moment when National Defence Technological and Industrial Bases (DTIBs) in Europe have increasingly come under pressure to produce competitive defence capabilities, due to budgetary restrictions and defence market forces. There is no denying the fact that the centre of gravity for security and defence technology R&D and innovation has shifted from the national and military levels to the corporate and civilian ones, because of a variety of factors, such as economic austerity reasons and the sharp decline of national defence R&D investment programmes in the post-Cold War period in Europe. In this regard, the maintenance of a strong EDTIB was set out to become a top mission for the EDA and the European Commission, by improving security and defence capabilities, the military expenditure of member states and by focusing on enhancing European security via the development of innovative and competitive high-end technologies. Political will has been developing in the EU concerning high-tech security and defence capacity build-up, as demonstrated by the policy initiatives and strategies recently spearheaded by the EDA and the European Commission to empower the European defence technology and innovation sectors. The rapprochement between the EDA and the European Commission has increased significantly as shown by their combined efforts to converge national strategic needs and advocate for a more coherent pan-European common defence policy. The 2016 policy initiatives, the Implementation Plan on Security and Defence (SDIP) and the European Commission’s European Defence Action Plan (EDAP), are prefiguring a new practice of collaboration between the EDA and the Commission to create a stronger European defence market, to revitalise the European defence industrial base and to encourage member states to spend more on defence research and emerging technologies. The European Commission’s launch of the Preparatory Action (PA) on CSDP-related research and in partnership with the EDA as the hub of defence research is indicative of such moves. The PA is a support programme in the form of a one-off and of limited duration budget (Crespo 2015), which shifts financing opportunities for the European defence industries from EU member states to the EU per se. The European Commission has proposed the PA back in 2014 for testing the added-value of CSDP-related research within a permanent EU framework, outside the limits of the Horizon 2020—The EU Framework Program for Research Innovation type of civilian or dual-use R&D programmes. At the time, if proven successful in the time-frame of 2017–2019, the PA was heralded as a potential game-changer in the field of European defence research, paving the way for permanent funding from the part of the European Commission to support CSDP-related research. In an unprecedented strategic move, it also opened the EU financing machine for defence technologies research and development beyond the limiting constraints of civilian or dual-use R&D and Research and Technology (R&T) under the structural funds such as the Horizon 2020. The European Defence Fund (EDF), presented in the European Commission’s EDAP from 30 November 2016 is case in point, becoming the first supranational financial tool to directly and exclusively fund cross-border European defence research projects, with a view to developing innovative and high-end security technologies. In light of the above, a clear and resolute direction can be observed, with conclusive steps taken in strengthening, deepening, and widening the EU-level defence collaboration. There is no denying the fact that the European Commission has had an agenda-setting role, taking important steps to improve efficiency and cooperation in the defence sector: it increased its efforts to complete the Single Market for defence; it strengthened the competitiveness of the European industry; and it bolstered the European defence research by maximising synergies between civilian and military research (European Commission 2014). These steps are also achieved through the SDIP and the EDAP, the European Commission and the EDA working closely together with member states to outline these initiatives. By taking into account such developments, the chapter proposes a two-tiered research strategy, by first exploring the emergence of a European trans-sectoral security field via a new configuration of power relations and a convergence of interests at the intersection of different national, supranational and corporate levels in the case of future-oriented and high-tech research and development. Second, it examines the role of EU-led innovation and governance of such technologies in the specific cases of artificial intelligence and autonomous robotics. The chapter builds on an interpretive methodology that mobilises qualitative content analysis of various types of textual data, such as official discourses, key reports, policy documents, speeches and declarations, press releases, academic research, grey literature from think tanks and expert evaluations. Consequently, the chapter investigates the EU’s agenda-setter potential as a key driver in galvanising the European high-tech and defence sectors to bridge the technological-innovation gap across intergovernmental-supranational, civil-military and public-private nexuses in Europe to bring about a ‘European comprehensive approach’ to future and emerging security technologies. In doing so, it also problematizes the possible implications of Brexit on the European governance and development of future and emerging technologies. Finally, it highlights the EU’s efforts in translating technological innovation in these fields into a potential governance edge and the transformation of the EU into a technological powerhouse.

## EU Autonomy

### Coop k2 EU Model

#### EU strength prevent global conflict and transnational threats---extinction

Balfour, ‘19 (Dr. Rosa Balfour, Senior Transatlantic Fellow at the German Marshall Fund of the United States, PhD in International Relations from the London School of Economics and Political Science, MA in History from Cambridge University, MSc in European Studies from the London School of Economics and Political Science, Senior Advisor to the European Policy Centre, Associate of LSE Ideas, “The European Foreign Policy in a Hostile Environment”, The Progressive Post, 4/11/2019, <https://progressivepost.eu/debates/next-economy/european-foreign-policy-hostile-environment>) cg; ad: 5/2/24

In a brittle world without enduring strong international alliances, the debate on Europe’s ‘strategic autonomy’ has gained new resonance, but it should not shadow the EU’s unique key international assets in the global economy and multilateral order. Working with global networks to promote norms and public goods is key to push back on nationalism, the rise of geopolitics and transactionalism. Strategic autonomy’ and ‘complementarity with NATO’ usually appear in the same sentence in the European debate – the latest doctrinal iteration to be found in the EU Global Strategy of June 2016. The ensemble reflects Europe’s need to rely on its transatlantic relationship for security and territorial defence, empowering it to carry out foreign policy too. The EU’s greatest foreign policy achievement of enlarging to Central Europe after the Cold War, pursued in tandem with NATO expansion, is testimony to this pairing. Since the end of 2016, the US President’s international preferences undermine directly or indirectly Europe’s security. Whether it is the insistence on greater burden-sharing, US action in the Middle East, or trade disputes with China, current US policies put Europe’s security – already challenged by Russian action in Eastern Europe and the Middle East – at risk. European leaders have started to question whether the transatlantic relationship needs to be preserved no matter what, or whether Europe should emancipate from it. The debate on ‘strategic autonomy’ is animating recent efforts in the field of security and defence. It refers to the ability to make and carry out decisions on defence, to conduct military operations autonomously, and to have the industrial capabilities to do so. Even if this level of strategic autonomy were agreed upon, it would take a generation for Europe to affect the world stage. The focus on strategic autonomy speaks to present insecurities in European societies, but not to the EU’s international legitimacy where, possibly, the European Union has better opportunities to develop means of political autonomy which befit its history and international identity. The emerging debate on economic sovereignty is addressing for the first time the degree to which the EU can make political use of some of its economic and financial tools, such as the Euro as an international currency. After all, the EU and its Member States remain the world’s largest trade bloc and donor. On the multilateral stage, Europe faces an increasingly hostile environment but remains the best hope to pursue universal principles, such as human rights and the rule of law, which underpin the resilience of that multilateral system. How to partner with other countries and actors around the globe to push back on attacks to international order is no longer a second order priority. If the way ahead appears clear, achieving it is a tall order. The rationale for collective action for the EU seems obvious – the ‘politics of scale’, or to be stronger together rather than weaker apart – but historically difficult to achieve. The multiple threats and risks on Europe’s doorsteps have only minimally bridged the strategic divergence that continues to beset the continent, and the rise of the populist radical right is beginning to undermine existing European external policies, not to speak of a higher level of ambition. Looking at global politics from a non-European perspective, how Europe’s friends and partners around the world will welcome a bid for greater autonomy – politically, economically, and strategically – still needs to be seen. The EU’s worldview that it has acted as a ‘force for good’ is not uncritically accepted. After all, that ethical stand was also possible thanks to the EU’s belonging to a stable and hegemonic West. If Europe wants to engage with the world and simultaneously strengthen its strategic identity it needs to square some circles. Without giving into the facile critique that realism and geopolitics render multilateral principles obsolete and warrant hard-nosed politics, Europe should leverage its assets, which are irrevocably embedded in multilateralism and cooperation. Climate change, conflict prevention and mediation, and an open and fairer international trade system are among the assets that the EU can concretely work towards globally. To do so it needs to engage flexibly with global actors, focusing more on multilevel networks including civil society rather than on the traditional partnerships between governments, some of which are no longer benign or useful. Both will require a dose of humility in listening to non-European world views and of pragmatism in seeking appropriate strategies and paths forward. Last but not least, if Europe wants to imagine its own history of prosperity, democracy and peace as still relevant to the debates taking place in the rest of the world, it also needs to think about the global future sustainability of welfare, taking progressive politics outside national boundaries and engaging in a more global and open debate about public common goods.

#### Continued EU development of emerging tech development strategies is critical to solidify the EU’s model as the global standard for tech regulation

Ringhof & Torreblanca, ’22 (Julian, Visiting fellow at the European Council on Foreign Relations through Mercator Stiftung’s Mercator Fellowship on International Affairs programme., Jose Ignacio, Senior policy fellow and head of the Madrid office of the European Council on Foreign Relations, a position he has held since the launch of ECFR across Europe in 2007., The geopolitics of technology: How the EU can become a global player”, 5/17/22, pp. 3-5, <https://ecfr.eu/wp-content/uploads/2022/05/The-geopolitics-of-technology-How-the-EU-can-become-a-global-player.pdf>) cg; ad: 5/2/24

The EU: a geo-technology player in the making

In the last decade, **the EU has** gradually **woken up to the geopolitical implications of digital tech**nologies. This awakening can be linked to a series of events beginning in 2013 with the disclosures by former NSA employee Edward Snowden followed by Russian interference in the 2016 US presidential election, the Brexit referendum, the 2019 European Parliament election, and various EU member states’ national elections. The Cambridge Analytica scandal in 2018 helped put the spotlight on big US technology companies and the need to better regulate them. Similarly, the onset of international discussions over the Chinese 5G provider Huawei that same year raised greater awareness of EU technology vulnerabilities. In parallel to this, **the global impact of the EU’s 2018 General Data Protection Regulation** (GDPR), even if unexpected, **turned the EU into a** global technology actor **and showed it the way to leverage the attractiveness and power of its internal market.** **Equipped with** these influential regulatory tools, **the EU is now seeking to become the global leader in the regulation of digital tech**nologies. EU digital legislation is no longer just inward-looking. **The union** now **proactively seeks to leverage its regulatory capacity and nurture digital partnerships and alliances to globally project its values**. Building on previous successes, **the EU is now in the process of implementing innovative regulatory regimes for** AI, data governance, **and** digital platforms **that**, like the GDPR, **have the potential to go global.** This **new geopolitical logic underpins several new EU geo-technology initiatives**. In the EU-US TTC, launched in 2021, the union and the US are currently negotiating enhanced cooperation in technology and standards development, digital regulation, connectivity investments, and the security aspects of advanced technologies. The swift and harmonised EU and US export controls on advanced technologies imposed on Russia after the invasion of Ukraine in February this year are the first success story of this new transatlantic technology cooperation. Beyond the EU-US TTC, **the EU has announced a new TTC with India**, **launched its first digital partnership with Japan**, **while negotiating additional partnerships with Singapore and So**uth **Ko**rea. With the Global Gateway initiative, **the EU seeks to link digital development investments in lower income countries with values-based digital regulation and geopolitical thinking.** The **EU** has also **taken steps to reduce its tech**nological **vulnerabilities and asymmetric dependencies through investment in technological capabilities**. These efforts have been heavily influenced by China’s technological assertiveness, the US-EU technology clashes during the Trump administration, and most recently the Russian invasion of Ukraine. Along these lines, **the EU has developed new** instruments **and** cooperation **mechanisms**, **such as the Toolbox for 5G security and the Joint Cyber Unit, to secure EU cyberspace** To further strengthen its technological capabilities and reduce its asymmetric dependencies, **the union is decisively investing in the development of critical tech**nologies **including** semiconductors, through the European Chips Act; supercomputing, through the European High-Performance Computing Joint Undertaking; **and** 6G development, for example, through the Hexa-X project. Moreover, **the EU has rolled out a host of strategies addressing issues at the nexus of digital tech**nology **and geopolitics**, **including the 2030** Digital Compass**, the** Strategic Compass**, the** Cybersecurity Strategy, **and the** Standardisation Strategy. The breadth of the issues addressed in these various efforts underscore the ubiquity of geo-technological dynamics across diverse policy fields. While the EU was building its digital standing, Russia invaded Ukraine for the second time. As so often, war became an accelerator of existing trends. Long before Russia’s invasion on 24 February, Ukraine had become ground zero for Russian digital and hybrid warfare, with hundreds of thousands of cyber-attacks and mass disinformation campaigns intended to destabilise the country, undermine Ukraine’s democratically elected government, confuse Western public opinion, and ensure the global south will rally around Russia. In its response to the war, the West has deployed massive sanctions on advanced technologies with the intention of paralysing Russia’s industrial base and weakening its military capabilities. And while the Kremlin has prohibited and blocked several foreign digital platforms in Russia to impede the flow of outside information into the country, many other Western technology companies independently decided to cease operating in Russia. Both developments foreshadow a new digital iron curtain. The **war in Ukraine has** already **demonstrated that digital tech**nologies now **shape the response to international conflict.** The legislative and policy measures taken so far by the EU are commendable. However, there is still much to do. The EU continues to be a technology research powerhouse, but its success in the commercialisation and the securing of significant market shares in digital technologies has been limited. Today, Europe is lagging in the development of advanced technologies including semiconductors, AI, and cloud and high-performance computing. As the EU rolls out initiative after initiative, a cohesive strategy is missing to tie these measures together to improve coordination, set priorities, and identify gaps. Due to a lack of information, resources, and engagement the union is currently not realising its full potential – and not reaping the full geopolitical benefits of its digital policy efforts. Because such an overarching framework is lacking, important information is not flowing between the relevant Brussels and member state institutions and towards the EU delegations around the world that play a crucial role in forwarding European digital foreign policy interests. Both the European Commission and the member states have identified these challenges. The commission’s 2030 Digital Compass, approved in March 2020, said that the EU needs a “comprehensive and coordinated approach to digital coalition-building and diplomatic outreach”. This is a position shared by the member states, which at the 12 July 2021 Foreign Affairs Council (FAC) called for the EU high representative and vice president (HRVP) and the commission “to formulate a comprehensive, ambitious European external digital policy in coherence with existing internal policies”. The diagnosis is clear. If the EU wants to become a global technology actor, it must develop and deploy digital diplomacy tools. The next three sections spell out in detail how to deliver on this mandate and propose a policy approach along three dimensions: values, security, and markets. More precisely, they lay out a path: 1. to promote a human rights-focused and rules-based global technological order; 2. to secure the EU, its partners, and other like-minded countries in the analogical and digital worlds; 3. to promote fair, open, sustainable, and inclusive digital markets.

#### The EU can shape multilateral norms, especially in emerging tech---JCPOA proves.

Puglierin, ‘21, (Dr Jana Puglierin is Head of the Alfred von Oppenheim Center for European Policy Studies. From September 2013 to December 2015 she was a program officer at the DGAP’s Future Forum Berlin (Berliner Forum Zukunft). Prior to this she was an advisor on disarmament, arms control, and non-proliferation at the German Bundestag, where she also worked on matters relating to German and European foreign and security policy., “Strategic Partnerships and EU Security and Defence” in “Achieving Strategic Sovereignty for the EU”, European Parliament, [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO\_STU(2021)653634\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO_STU%282021%29653634_EN.pdf)) cg; ad: 5/2/24

4.2 EU Strategic Sovereignty, Partnerships and Multilateralism The case of the JCPOA provides evidence of how multilateralism is functional to European strategic sovereignty, but it is also illustrative of how the EU can effectively use its strategic partnerships, especially the one with the US, and multilateralism to mutually reinforce one another. If the E3/EU have done so on an issue of high politics over which they only have limited influence, there surely is much potential for the EU to shape multilateral norms, institutions and regimes in policy areas in which it wields more power, such as trade and regulations.53 The fact that great power competition increased as the crisis with Iran unfolded creates structural incentives for the EU, the US, the UK and other like-minded countries to seek convergence. By closing ranks with its allies, the EU increases its ability not just to resist pressure from systemic rivals such as Russia or China but also to engage them from a position of strength. Containment of Russia’s geopolitical sway in Europe, countering information warfare and protection from the political use of China’s investment policy and technology exports are structural interests around which the EU can build a renewed partnership with the US and others.

#### The EU can set global tech norms---DSA, DMA, and Denmark prove.

Heering, ’21 (Jonas Heering is an M.A. candidate in German and European Studies and a candidate for the Certificate in Diplomatic Studies. His research at ISD examines how EU and US officials can use diplomatic tools to counter authoritarian "sharp power,” with a focus on disinformation campaigns. At Georgetown, he also co-chairs the Transatlantic Policy Symposium and is a producer at The Europe Desk podcast. He currently works as a research assistant for ISD, as well as for Georgetown's Mortara Center for International Studies and Department of Government. Prior to Georgetown, he interned with the Center for Strategic and International Studies and the Heinrich Böll Stiftung in Washington, D.C. He graduated summa cum laude from Texas Christian University with a dual degree in Political Science and Management, “Analysis | The United States needs a tech diplomacy strategy”, Medium, https://medium.com/the-diplomatic-pouch/the-united-states-needs-a-tech-diplomacy-strategy-1a488241fffc) cg; ad: 5/2/24

Earlier this year, Denmark became one of the first countries in the world to release a tech diplomacy strategy. The strategy comes at a time when governments across the world are clashing with “Big Tech.” On the one hand, democratic governments are seeking to mitigate the threat that digital technologies pose to the fabric of their societies, as the EU’s announcement of its Digital Services Act (DSA) and Digital Markets Act (DMA) demonstrates. On the other, authoritarian governments like Russia and China are further cracking down on tech companies and using digital surveillance tools to limit opposition voices and further cement their rule. The coming years will be critical to define global rules and norms on digital speech, surveillance, internet governance, the digital economy, and Artificial Intelligence (AI), among other issues. To ensure a leading role in this effort, the United States should develop its own tech diplomacy strategy. This strategy should include the appointment of a U.S. tech ambassador at large and should be centered on close transatlantic cooperation. The rise of TechPlomacy Recent events have demonstrated the need for a comprehensive Technology Diplomacy Strategy. From reports that several U.S. social media companies took down posts of government critics in India, to the Burmese military’s use of Facebook to incite ethnic violence, the power of digital technologies and the companies that control them is increasingly a cause for concern. The Danish government has led the field in making technology policy a core diplomatic objective. In 2017, it became the first country in the world to appoint a tech ambassador, with offices in Silicon Valley, Brussels, and Beijing — three regional hubs that are already shaping the international technology order, albeit in different ways. Unlike traditional diplomats, the ambassador’s work is not limited to one country or international organization, but on issues that connect tech hubs globally. In its tech diplomacy strategy, Denmark outlines its efforts to achieve “a more just, democratic and safe technological future.” The strategy rests on three pillars — responsibility, democracy, and security — and charts Denmark’s priorities on issues including digital taxation and the digital economy, data privacy, social media influence operations, and cybersecurity. The call for tech ambassadors is not new. Others have pointed out that the leading tech companies possess “country-like” powers that warrant high-level diplomatic attention. And about a dozen countries have already followed Denmark’s model and appointed tech ambassadors. So far, the United States has not followed suit. But the appointment of a U.S. tech ambassador is not an end in itself. It should be part of a comprehensive tech diplomacy strategy that provides a roadmap for how a U.S. tech ambassador would engage with tech companies and other governments to shape the global technology order according to U.S. interests and values. What should define a U.S. tech diplomacy strategy? First, the strategy should be comprehensive. It should outline the United States’ objectives on key emerging technology issues ranging from 5G, AI, cybersecurity, data protection and privacy, and digital surveillance. All of these issues are interconnected, but current U.S. government efforts to address them are too compartmentalized. For example, the State Department’s Office of the Coordinator for Cyber Issues primarily deals with cybersecurity and does not address how these issues interact with AI and privacy. Similarly, the Global Engagement Center leads the government’s response to (online) disinformation but does not deal with the tech policy issues driving the spread of disinformation. The proposed, bipartisan Cyber Diplomacy Act seeks to reorganize the State Department’s cyber office and to elevate its head to the level of an ambassador. This recommendation is a good starting point, but this new post should be a U.S. tech ambassador at large who holds responsibilities that extend beyond cybersecurity, and who coordinates with other initiatives such as the National Artificial Intelligence Initiative Office, launched by the Trump administration. U.S. presidents have appointed ambassadors at large for a number of issues in the past. These ambassadors are not stationed in a specific country but rather represent the U.S. government on specific issues that transcend national boundaries — there are currently ambassadors at large on global women’s issues and international religious freedom, for example. Second, a U.S. tech diplomacy strategy should focus on transatlantic cooperation. The EU is already pressing ahead to set global technology standards, including through the DSA and the DMA and its recently published AI strategy, and several EU member states, including France, have now prepared digital or technology strategies. If the United States wants to help set the global tech agenda, it should closely cooperate with the EU. A good start would be to accept the EU’s invitation to join an EU-U.S. Technology Council, where a U.S. tech ambassador would take a leading role. Close cooperation with the EU would also ensure that standards for the use of emerging technologies are grounded in democratic, rather than authoritarian values.

### Democracy Impact

#### Democracy is collapsing now – EU tech leadership solves.

Ringhof & Torreblanca, ’22 (Julian, Visiting fellow at the European Council on Foreign Relations through Mercator Stiftung’s Mercator Fellowship on International Affairs programme., Jose Ignacio, Senior policy fellow and head of the Madrid office of the European Council on Foreign Relations, a position he has held since the launch of ECFR across Europe in 2007., The geopolitics of technology: How the EU can become a global player”, 5/17/22, pp. 3-5, <https://ecfr.eu/wp-content/uploads/2022/05/The-geopolitics-of-technology-How-the-EU-can-become-a-global-player.pdf>) cg; ad: 5/2/24

The future of the EU also depends on its capacity to sustain democracy and democratic institutions, both at home and abroad. However, for 15 consecutive years, democracy has been in decline around the world, both in the number and in the quality of democracies. Coincident with this decline, both born-again and long-standing authoritarian regimes are growing stronger and more challenging. Misuse of digital technologies has contributed to these trends. This not only serves to undermine democracies by fuelling political polarisation and providing the tools for foreign influence operations, but it also helps authoritarian governments cement their grip on their citizens. Countering these trends is not only a moral necessity for the EU but also essential to securing its global interests.

The vision behind EU digital policy should thus be to secure and promote both its economic power base and its political model, at home and globally. To achieve this vision, the EU needs to act strategically. Acting strategically means that in designing its means and ends, the union needs to understand what other countries and powers are doing and how it plans to compete and cooperate with them. China and Russia have started a process of decoupling from the West, to which they seek to attract other countries. The rules-based order is being replaced by a power-based order. Geoeconomics (or sheer mercantilism) is back. States are using economic and technological interdependencies to impose their views and secure their geopolitical interests. It is a new world order – and in that world, technology becomes a key element of power, sovereignty, and survival.

To secure its interests, values, and global standing, the EU should embed its open-market and human-centric approach to technology in its alliances, partnerships, and the multilateral organisations to which it belongs. In a world where technology is disputed and weaponised, the more technologically sovereign like-minded countries are, the more the EU’s own sovereignty and its global geo-technology standing are assured; the more allies are protected against foreign influence operations, cyberattacks, and coercion derived from technological vulnerabilities, the more alignment and cooperation with the EU at the global level will be facilitated. The EU should therefore aim not at technological independence but at mutually reinforced and shared technological sovereignty with its allies.

#### EU strategic autonomy solves multilateralism, which solves econ, climate, and tech---US foreign policy swings undermine it.

Alcaro, ‘21, (Jana, Research Coordinator and Head of the Global Actors Programme, International Affairs Institute (IAI), Rome., Strategic Partnerships and EU Security and Defence” in “European Strategic Sovereignty and Multilateralism: Lessons from the Iran Nuclear Dea”, European Parliament, [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO\_STU(2021)653634\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/653634/EXPO_STU%282021%29653634_EN.pdf)) cg; ad: 5/2/24

The notion that the EU and its member states should pursue greater autonomy in international affairs has gained increasing salience in intra-EU debates. In 2016, the EU Global Strategy elevated the attainment of a higher degree of autonomy in security and defence to a strategic imperative.37 In 2018, the Juncker Commission38 embraced a view of strategic autonomy that extended to other policy areas, such as the economy and trade, climate and energy, as well as digital and technology regulations. Strategic autonomy has remained since a dominating theme in official EU discourse, as attested to (amongst others) by the selfdepiction as ‘geopolitical’ of the Von der Leyen Commission39 and the HR/VP Josep Borrell’s call on the EU to embrace power.40 While increasingly salient, strategic autonomy has also been controversial. Detractors dismiss it as a misleading notion that creates the illusion of an EU capable of achieving independence from the US, which remains the ultimate security guarantor of several (most) EU member states.41 While understandable, such concerns are misplaced. Autonomy is not about independence. It is about reducing the vulnerability of the EU and its member states to the political use of asymmetric interdependencies by other countries, starting with systemic rivals but including also allies. Examples include Russia’s leveraging its energy supplies, China using access to its market to force technology transfers, and the US weaponising financial interdependencies through extraterritorial sanctions.42 It is not by chance that autonomy has become increasingly tied to the notion of ‘European sovereignty’.43 This connection does not stem from a (non-existent) demand to confer statehood on the EU, but points to the strengthening of the Union as the best way to enable EU member states to act according to their own norms and laws. In these terms, greater autonomy of the EU is tantamount to a stronger defence of the sovereign rights of its member states. Partly, the demand for stronger autonomy results from the evolution of the EU into an ever more integrated polity, endowed with more competencies and correspondingly greater ambitions. Arguably more important, however, has been the emerging multipolarity of international politics. The latter is usually ascribed to the growing economic prowess of such countries as China, which seek to promote their own models of governance of global issues. Yet, an equally decisive factor has been the difficulty of US policymakers to forge an enduring consensus on how the US should conduct itself in international affairs. The ever-wilder oscillations of America’s foreign policy have emboldened its rivals and disoriented its allies. Critically, US foreign policy swings have eventually resulted in a diminished commitment to the system of multilateral institutions, treaties and regimes that the US itself did the most to create in the decades after World War II.44 This trend peaked during the Trump years, when the US deliberately pursued a policy of contestation (of the World Trade Organisation and the International Criminal Court, to mention just a few) and disengagement (a partial list of international arrangements the US left under Trump include the Paris Accord on climate, the World Health Organisation, the Intermediate-range Nuclear Forces and Open Skies treaties, as well as the Iran nuclear deal). As the US distanced itself from multilateral institutions, China made efforts to increase its sway within them, targeting in particular technical agencies such as the International Standards Organisation and the International Telecommunication Union to bring global technology standards closer to Chinese ones.45 Seen from the EU, this is a vicious cycle in which multilateral institutions are simultaneously undermined from without (by the US) and within (by China). The outcome may be a dysfunctional multilateral order or one that more closely reflects China’s model of authoritarian capitalism. 46 Either outcome would negatively affect the EU and its member states’ security and prosperity, as it would reduce European influence in existing multilateral institutions. The strengthening and expansion of the latter are therefore essential in making the EU and its member states capable of navigating the agitated waters of a more competitive international system. The ability of EU member states to live by their own laws and rules is thus inextricably linked to multilateralism.

### Deters China

#### Increasing European defense capabilities contribute to deterring China – frees up US resources

Benner, ’22 (co-founder and director of the Global Public Policy Institute 2022, Thorsten, “Peace Through Deterrence: Why Germany and Europe Need to Invest More to Preserve the Status Quo in the Taiwan Strait” Global Public Policy Institute, March 16 2022 <https://gppi.net/2022/03/16/peace-through-deterrence> ) cg; ad: 5/2/24

A German contribution to a non-military deterrence of Beijing is especially crucial for maintaining a peaceful status quo in the Taiwan Strait. This must also be a key element of the German Federal Foreign Office’s upcoming China strategy as well as Germany’s first-ever national security strategy, which is set to be adopted by late 2022. In military terms, Germany should not aspire to a significant role in the Indo-Pacific, except when participating in freedom of navigation operations (FONOP) and intensifying defense cooperation with other allies in the region. Instead, Berlin should focus on finally beefing up its efforts to provide security in its own increasingly troubled neighborhood. **Increasing European defense capabilities would also be an important contribution to deterring Beijing.** Observers have noted that the US cannot fight a war on two fronts in both Europe and Asia – one against Russia and one against China. If Europeans can more effectively provide conventional and eventually also nuclear deterrence in their own region, the US can focus its efforts on the Indo-Pacific theater. And the more the US can concentrate on the Indo-Pacific, the more credible its military deterrence vis-à-vis Beijing becomes. Europe and the US need to prepare for the scenario of a possible two-front war in which Russia challenges NATO in Europe (or helps China by engaging Japan in the Indo-Pacific) while Beijing launches an assault on Taiwan. Brussels and Washington also need to coordinate on how to respond to any coercive measures short of war that Beijing can – and will – use to put pressure on Taiwan.

#### Now key time to pressure Europe for increased role in defense – key to challenge great power environment and freeing up resources for Pacific

**Kupchan, ‘22** (Senior Fellow at the Council on Foreign Relations 2022, Charles, “NATO’s Hard Road Ahead The Greatest Threats to Alliance Unity Will Come After the Madrid Summit” Foreign Affairs Magazine June 29, 2022 <https://www.foreignaffairs.com/articles/ukraine/2022-06-29/natos-hard-road-ahead>) cg; ad: 5/2/24

THE EUROPEAN PILLAR The war in Ukraine has been a geopolitical wake-up call for Europe—and NATO should capitalize on this moment. Europe has made numerous false starts over the years at acquiring more geopolitical strength and responsibility, but this time, thanks to Russia, the effort may well yield more impressive results. Russian aggression has already prompted Europeans to make new and substantial investments in military capability. Germany has allocated 100 billion euros to upgrade its dilapidated military and has agreed to meet NATO’s benchmark of spending 2 percent of GDP on defense. Other European nations have announced sizable increases in their defense budgets. Translating these investments into war-fighting capability will take time and require coordination across national boundaries and between NATO and the EU. But these investments, and Germany’s turnaround in particular, have the potential to be a game-changer, finally endowing Europe with the greater geopolitical heft that that it needs in a world in which great-power rivalry is back. The United States should keep the pressure on its allies and work with them to take full advantage of their new readiness to shoulder greater defense burdens. A more capable Europe will make for a stronger Atlantic partnership. Democrats and Republicans alike have long complained that NATO needs a sturdier European pillar. Whatever party is in power in Washington, the Atlantic link will be in better shape if Europe brings more geopolitical heft to the table. With Russia now threatening NATO’s eastern flank and tensions in the western Pacific also putting new demands on U.S. resources, Washington will appreciate having more European capability. And even though a renewed Russian threat will keep U.S. forces in Europe for the foreseeable future, Europe needs to be able to act on its own when necessary.

#### **EU tech autonomy is key to check back against Chinese tech supremacy.**

Larsen, ‘20 (Henrik B. L. Larsen, PhD and a Senior Researcher at the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology, “Europe’s Awakening to China’s Tech Dominance,“ Harvard International Review, October 2020, <https://hir.harvard.edu/europe-awakening-china-tech-dominance/>) cg; ad: 5/2/24

The **EU** must be a **tech** **superpower** in its own right with a far larger number of large companies [than it has today](https://www.forbes.com/sites/jonathanponciano/2019/05/15/worlds-largest-tech-companies-2019/#58ac0dac734f). The tech industry operates in an oligopolized world market with a handful of suppliers. Europe in most technologies faces a choice between either China or the United States. An exception is 5G where Europe has its own technological superstars, Nokia and Ericsson (the United States, by contrast, has no significant 5G market competitor). The increasing number of country decisions to discard Huawei already gives the two companies a strong foundation on the European home markets. The EU must come to the realization that the **only** **way** to make **European** **tech** companies able to **compete** **globally** is to allow them to grow into **global** **champions** that can innovate at scale. **China’s** mercantilist methods and proactive promotion of its national tech champions **compel** a **revision** of the EU’s original focus to create the best possible conditions for competition on the internal market. It was arguably a strategic mistake when the European Commission [blocked a 2019 merger](https://www.ft.com/content/6e344f6a-29fd-11e9-88a4-c32129756dd8) between a German and a French rail manufacturing company (Siemens/Alstom), a manifestation for the EU’s laggardness in prioritizing global competitiveness. The European Commission's decision is especially disconcerting when taking into account the risk of **global** **dominance** of **Chinese** state-owned or state-subsidized **enterprises** as well as China’s restriction of foreign access to its own domestic market. China-like subsidies can hardly come into question. However, Europe’s consolidated aerospace industry with Airbus stands out as a successful example of the use of infrastructure support, beneficial loans, and the advancement of research and development to gain global competitiveness. Similar support measures today could boost European tech and manufacturing hubs, beginning with the existing telecom giants that need to remain competitive [beyond 5G/toward 6G](https://www.euractiv.com/section/economy-jobs/news/leak-eu-charts-6g-future-in-ambitious-industrial-plan/). **A**rtificial **i**ntelligence **requires** both **EU** and national investments to [**narrow** **the** **gap** with the US and China](https://www.iss.europa.eu/sites/default/files/EUISSFiles/Brief%203%20AI_0.pdf#page4) and should aim to [consolidate the fragmented European market](https://carnegieendowment.org/2020/07/09/europe-and-ai-leading-lagging-behind-or-carving-its-own-way-pub-82236), whose strong regulations in favor of ethics and human rights distinguishes it from especially China. The COVID-19 crisis has [elevated the debate](https://www.atlanticcouncil.org/in-depth-research-reports/issue-brief/the-european-union-and-the-search-for-digital-sovereignty/) about Europe’s digital sovereignty to the level of shortcomings of its own industrial-technological base that hinder its ability to innovate and compete at the global level. Building on this awareness, export control should become more strategic to prevent a proliferation of [dual-use technologies](https://www.iss.europa.eu/sites/default/files/EUISSFiles/op80.pdf) where the EU still has an edge over China. Battle over Global Standards The **geopolitical** **implications** of China’s forwardness on 5G caught the Western community by surprise, even though China openly declared its ambition to pursue [high-tech leadership](https://www.cfr.org/backgrounder/made-china-2025-threat-global-trade) five years ago. Chinese innovation is fast—in addition to the allocation of [$1.4 trillion](https://www.bloomberg.com/news/articles/2020-05-20/china-has-a-new-1-4-trillion-plan-to-overtake-the-u-s-in-tech) to its high-tech sectors over the next five years, Beijing later is set to release its new plan ‘China Standards 2035’ to influence [the next generation of technologies](https://www.cfr.org/blog/china-standards-2035-and-plan-world-domination-dont-believe-chinas-hype): the Internet of things, artificial intelligence, and 5G. The **EU**, the European countries, and their tech communities need to be **forward-looking** and understand that the **competition** with **China** is also a **competition** **over global standards**. Whereas China developed its own 3G and 4G standards to protect its domestic market from external competition, it clearly [turned this ambition outward](https://itif.org/publications/2020/04/27/us-national-strategy-5g-and-future-wireless-innovation) with 5G for its own mercantilist advantage. The **importance** of **global** **standards** cannot be stressed enough: the standards for the Internet we use today were **set** **by** the leading **US** companies like IBM, Intel and Microsoft in the 1990s. Recognizing the importance of standard-setting, the Chinese government and Chinese companies have [stepped up their efforts](https://www.uscc.gov/annual-report/2018-annual-report-congress) in contributing to and leading the global standards-setting bodies, notably the UN’s International Telecommunications Union (ITU) and the industry-led 3rd Generation Partnership Project (3GPP), a key player in 5G. On the one hand it is positive that China, which has [the largest share](https://www.13d.com/landing-pages/fiveg/#nutshell) of the 5G “standard-essential” patents, is engaged in the global bodies to set common standards. On the other hand, China could potentially [**politicize** the **global** **standardization** processes](https://www.csis.org/analysis/can-telephones-race-5g-and-evolution-telecom) to give its **own** **companies** **first**-**mover** and perhaps a **permanent** **advantage**. The Chinese companies are under [strong pressure](https://itif.org/publications/2020/04/27/us-national-strategy-5g-and-future-wireless-innovation) and [state coordination](https://www.ui.se/globalassets/ui.se-eng/publications/other-publications/technical-standardisation-china-and-the-future-international-order.pdf#page%2023) by the Chinese Communist Party to vote against technologically superior standards when they disadvantage the Chinese industry. Shedding light on and pushing back against China’s practices requires global leadership. **The** **EU**, its member states, and tech companies need to [**step** **up** their **efforts** and internal **coordination**](https://www.ui.se/globalassets/ui.se-eng/publications/other-publications/technical-standardisation-china-and-the-future-international-order.pdf#page%2029) in the **standardization** **bodies** to maintain their still strong positions and **ensure** that the **processes** are **politically** **neutral** and that technologies remain **interoperable**. The **alternative** to **global** **standards** may be competing standards that could **divide** the **digital** **economy** and, in the long run, underpin a beginning bifurcation between an old Western-led and a new China-led order. Not to forget, China [in parallel](https://www.ifri.org/en/publications/notes-de-lifri/china-and-new-geopolitics-technical-standardization) to its activism in the global bodies facilitates the deployment of its own standards bilaterally through the “Belt and Road” and other initiatives. It is hardly surprising that the consolidated autocracies around the world follow China’s technological leadership. However, it is worrying that the developing nations in **Asia, the Middle East**, and **Africa** tend to tag along, as they [**depend** on **Chinese** **investments** and loans](https://www.ifw-kiel.de/publications/kiel-working-papers/chinas-overseas-lending-12820/) and because China’s [Digital Silk Road](https://www.scmp.com/comment/opinion/article/3101549/instead-targeting-tiktok-and-wechat-us-should-work-alternative?mc_cid=6bb557ad39&mc_eid=c2cd27e354) satisfies their growing appetite for inexpensive connectivity. The **EU** **must** **adapt** to what seems to be a new reality: the “[Brussels effect](https://global.oup.com/academic/product/the-brussels-effect-9780190088583?cc=es&lang=en&)”—the externalization of its regulations and norms through market mechanisms—works well within liberal democracies that cherish privacy protection and human rights as well as with the big tech companies that operate within them. However, the “Brussels effect” may not provide a crucial pull or competitive edge in the rest of the world’s digital economies. **China’s** **cooperation** with Greece, Hungary, and especially [Serbia](https://www.csis.org/analysis/becoming-chinese-client-state-case-serbia) speaks volumes about **how** **easily** even relatively **well-developed** countries in **Europe** fall for the **temptation** of the **cheaper** and faster rather than the safer tech options. Even if other countries have adopted legislation in line with the General Data Protection Regulation—the prime example of European rule setting—the reality of the digital economy is such that the **EU** **cannot** **assume** that the **world** **around** will **purchase** **equipment** with **adequate** **safeguards** to guarantee these rights. In short, the **EU** will need a **more** **activist** **approach** to promote its own standards and norms **going** **forward**.

#### Chinese tech leadership leads to nuclear war

Kroenig, ’18 (Matthew, professor of government, 2018, Deputy Director for Strategy, Scowcroft Center for Strategy and Security Associate Professor of Government and Foreign Service, Georgetown University Nov 12, 2018, “Will disruptive technology cause nuclear war?” BAS, <https://thebulletin.org/2018/11/will-disruptive-technology-cause-nuclear-war>) cg; ad: 5/2/24

Recently, analysts have argued that emerging technologies with military applications may undermine nuclear stability (see here, here, and here), but the logic of these arguments is debatable and overlooks a more straightforward reason why new technology might cause nuclear conflict: by upending the existing balance of power among nuclear-armed states. This latter concern is more probable and dangerous and demands an immediate policy response. For more than 70 years, the world has avoided major power conflict, and many attribute this era of peace to nuclear weapons. In situations of mutually assured destruction (MAD), neither side has an incentive to start a conflict because doing so will only result in its own annihilation. The key to this model of deterrence is the maintenance of secure second-strike capabilities—the ability to absorb an enemy nuclear attack and respond with a devastating counterattack. Recently analysts have begun to worry, however, that new strategic military technologies may make it possible for a state to conduct a successful first strike on an enemy. For example, Chinese colleagues have complained to me in Track II dialogues that the United States may decide to launch a sophisticated cyberattack against Chinese nuclear command and control, essentially turning off China’s nuclear forces. Then, Washington will follow up with a massive strike with conventional cruise and hypersonic missiles to destroy China’s nuclear weapons. Finally, if any Chinese forces happen to survive, the United States can simply mop up China’s ragged retaliatory strike with advanced missile defenses. China will be disarmed and US nuclear weapons will still be sitting on the shelf, untouched. If the United States, or any other state acquires such a first-strike capability, then the logic of MAD would be undermined. Washington may be tempted to launch a nuclear first strike. Or China may choose instead to use its nuclear weapons early in a conflict before they can be wiped out—the so-called “use ‘em or lose ‘em” problem. According to this logic, therefore, the appropriate policy response would be to ban outright or control any new weapon systems that might threaten second-strike capabilities. This way of thinking about new technology and stability, however, is open to question. Would any US president truly decide to launch a massive, bolt-out-of-the-blue nuclear attack because he or she thought s/he could get away with it? And why does it make sense for the country in the inferior position, in this case China, to intentionally start a nuclear war that it will almost certainly lose? More important, this conceptualization of how new technology affects stability is too narrow, focused exclusively on how new military technologies might be used against nuclear forces directly. Rather, we should think more broadly about how new technology might affect global politics, and, for this, it is helpful to turn to scholarly international relations theory. The dominant theory of the causes of war in the academy is the “bargaining model of war.” This theory identifies rapid shifts in the balance of power as a primary cause of conflict. International politics often presents states with conflicts that they can settle through peaceful bargaining, but when bargaining breaks down, war results. Shifts in the balance of power are problematic because they undermine effective bargaining. After all, why agree to a deal today if your bargaining position will be stronger tomorrow? And, a clear understanding of the military balance of power can contribute to peace. (Why start a war you are likely to lose?) But shifts in the balance of power muddy understandings of which states have the advantage. You may see where this is going. New technologies threaten to create potentially destabilizing shifts in the balance of power. For decades, stability in Europe and Asia has been supported by US military power. In recent years, however, the balance of power in Asia has begun to shift, as China has increased its military capabilities. Already, Beijing has become more assertive in the region, claiming contested territory in the South China Sea. And the results of Russia’s military modernization have been on full display in its ongoing intervention in Ukraine. Moreover, China may have the lead over the United States in emerging technologies that could be decisive for the future of military acquisitions and warfare, including 3D printing, hypersonic missiles, quantum computing, 5G wireless connectivity, and artificial intelligence (AI). And Russian President Vladimir Putin is building new unmanned vehicles while ominously declaring, “Whoever leads in AI will rule the world.” If China or Russia are able to incorporate new technologies into their militaries before the United States, then this could lead to the kind of rapid shift in the balance of power that often causes war. If Beijing believes emerging technologies provide it with a newfound, local military advantage over the United States, for example, it may be more willing than previously to initiate conflict over Taiwan. And if Putin thinks new tech has strengthened his hand, he may be more tempted to launch a Ukraine-style invasion of a NATO member. Either scenario could bring these nuclear powers into direct conflict with the United States, and once nuclear armed states are at war, there is an inherent risk of nuclear conflict through limited nuclear war strategies, nuclear brinkmanship, or simple accident or inadvertent escalation. This framing of the problem leads to a different set of policy implications. The concern is not simply technologies that threaten to undermine nuclear second-strike capabilities directly, but, rather, any technologies that can result in a meaningful shift in the broader balance of power. And the solution is not to preserve second-strike capabilities, but to preserve prevailing power balances more broadly. When it comes to new technology, this means that the United States should seek to maintain an innovation edge. Washington should also work with other states, including its nuclear-armed rivals, to develop a new set of arms control and nonproliferation agreements and export controls to deny these newer and potentially destabilizing technologies to potentially hostile states. These are no easy tasks, but the consequences of Washington losing the race for technological superiority to its autocratic challengers just might mean nuclear Armageddon.

### Bolsters NATO

#### Creates a stronger NATO.

FOE, ‘21 (Friends of Europe, Peace, Security & Defence Summit 2021 — Autumn 2021. “Strategic foresight: a zero-sum game? The EU Strategic Compass and NATO 2030” <https://www.friendsofeurope.org/wp/wp-content/uploads/2021/12/PSD-summit.pdf>) cg; ad: 5/2/24

Stronger EU = stronger NATO Those words dovetailed with Fries’ assertation that: “By getting stronger, the EU will be a better partner for NATO. It is a mutually reinforcing partnership.” Among the wide range of government and international officials, military commanders, private sector players and independent experts who participated in the 4.5-hour event, there was consensus that a fast-evolving range of threats showed the need for NATO and the EU to work closely together, and for Europeans to strengthen their security capabilities to the benefit of both organisations. As the summit was taking place, that need was emphasised by the Russian troop build-up on Ukraine’s eastern border prompting fears of a new invasion, as well as the standoff on the EU’s frontier with Belarus where the regime of President Alexander Lukashenko despatched thousands of migrants from the Middle East in what Western nations have denounced as an attempt to divide the EU and destabilise the region. “When we look at what is unfolding on the borders of Poland, Latvia and Lithuania that are faced with a brutal hybrid attack by the Lukashenko regime, every day we see that sending a sign of us being united is important but, more importantly, we also see a clear need for NATO and EU cooperation to respond effectively to the sort of crisis that we are seeing,” said Kadi Silde, Undersecretary for Defence Policy at the Estonian Ministry of Defence. “Adversaries don’t just pick military tools or civilian tools, they pick a mix of tools and we in the West need to adapt ourselves to this sort of challenges,” she added. “Expanding and strengthening and deepening EU-NATO cooperation is the way to go.”

#### EU regs get modelled around the world – overcomes any deficits because all of NATO will adopt the plan, BUT not through NATO

The Economist, ‘21 [The Economist, 04-24-21, "The EU wants to become the world’s super-regulator in AI", Economist, <https://www.economist.com/europe/2021/04/24/the-eu-wants-to-become-the-worlds-super-regulator-in-ai>) cg; ad: 5/2/24

Most laws are local—except in the digital realm. When the European Union comes up with some new tech regulation, it can quickly spread around the world. Global companies adopt its typically strict rules for all their products and markets in order to avoid having to comply with multiple regimes. Other governments take more than one page from the EU’s rule book to help local firms compete. The textbook example for what has been dubbed the “Brussels effect”, is the EU’s General Data Protection Regulation (GDPR), which went into force in 2018 and swiftly became the global standard.

### US Not Key

#### No more US influence needed - US and Europe are already taking measures to create semiconductor resiliency.

Arcuri, ‘22 (Gregory Arcuri is a research assistant for the Renewing American Innovation (RAI) Project at the Center for Strategic and International Studies (CSIS). “How Is the U.S. Cooperating with Its European Allies on Issues of Technology?” , CSIS, April 5, https://www.csis.org/blogs/perspectives-innovation/how-us-cooperating-its-european-allies-issues-technology)

The Council’s first meeting in September 2021 led to a series of notable outcomes on issues where significant agreement already exists. For example, on the issue of the global semiconductor shortage, both sides are committed to “identify[ing] gaps in the semiconductor value chain” and enhancing their respective semiconductor ecosystems. The U.S. and Europe have already begun taking important steps towards this shared goal. Of note, the European Commission has drafted legislation to mobilize over €43 billion in public and private funds to double its share of the global semiconductor manufacturing market by 2030. Meanwhile, in the United States, lawmakers continue to debate the CHIPS for America Act and the FABS Act, which provide lump-sum and tax-based incentives for chip manufacturers to “onshore” their operations. While these appear to be self-serving initiatives, the two sides view them as critical to ensuring mutual resiliency in a critical strategic industry.

#### The European Chips Act solves---increases RnD, domestic production, and global partnerships to reduce supply chain vulnerabilities.

Cota, ‘22, (Jillian Cota is a research intern with the Renewing American Innovation Project at the Center for Strategic and International Studies in Washington, DC., Jillian, “The European Chips Act: A Strategy to Expand Semiconductor Production Resiliency”, CSIS, March 7, https://www.csis.org/blogs/perspectives-innovation/european-chips-act-strategy-expand-semiconductor-production-resiliency)

In February 2022, European Commission President Ursula von der Leyen announced the European Chips Act, which adds €15 billion to an existing €30 billion in public investments to create new STEM-focused programs, attract new talent to Europe, and build new infrastructure. These actions are part of a strategy to support a thriving European semiconductor industry ecosystem, averting future shortages of semiconductors, and promoting investment into the European semiconductor industry. Through this legislation, the Commission hopes to: Increase EU resilience to supply chain disruptions like those created by building more domestic capacity. Make Europe a long-term industrial leader in semiconductors, increasing its global in manufacturing from 9% to 20% by 2030. Areas of Focus: The European Chips Act focuses on five specific areas: Research and Development: The announcement by the European Commission President calls for further allocations of funds for research and development (R&D) to keep up with global competitors. To augment the level of research, the Commission will further invest €3.3 billion in two current programs: €1.65 billion to the “Horizon Europe” program and €1.65 billion to the “Digital Europe” program. The "Horizon Europe'' program focuses on pre-competitive research, development, and innovation in the area of semiconductors while, “The Digital Europe” program looks to make digital domains and technology widely available for all businesses and the general public to maximize performance in key industries. “From the lab to the fab”: The European Chips Act also calls for more effectively translating research into industrial innovation and market-feasible products. Experts emphasize that Europe must bridge the gap between excellence in laboratory research and onshore manufacturing to sustain leadership in semiconductors and other advanced technologies. Industry Production: The European Chips Act recognizes that advanced production facilities come with huge up-front costs. Europe is looking to host “first of its kind” facilities through the creation of Integrated Production Facilities, which are factories that design and produce semiconductor components that serve the European market and through Open EU Foundries for chip design, which are facilities that design and produce components for other industrial actors such as medical devices and computer programming. The EU Commission sees Europe lagging in chip production, so if the EU can accomplish building these Integrated Production Facilities and Open EU foundries, the EU commission goal of increasing European chip production from 9% to 20% of global production by 2030 becomes significantly more reachable. Local Support: European policymakers see the need to support the local skill base and the network of smaller, innovative companies and start-ups as a part of their strategy to grow their semiconductor and high technology ecosystems. To do this, the European Commission has established the “EU Chips Fund” which will contribute €2 billion to create a more competitive market for semiconductor start-ups to participate in and address skill shortages. Additionally, the Commission wants to help in the retention of employees that have the skills that these start-ups need to be successful and to find industrial partners for these start-ups to collaborate with. Overhaul the European Supply Chain: The strategy also seeks to advance the European Union’s supply chain. Within the EU, the Commission wants to encourage Member States and industry stakeholders to coordinate efforts towards an improved European supply chain for semiconductors.. To enable a rapid response to the current shortages, the Commission has created a list of recommendations to the Member States. Along with streamlining policies of member states, Europe is also looking to build partnerships with the United States and other nations to create a more resilient global semiconductor network.

## European Economy

### EU Investment is Necessary

#### EU sole investment is necessary

Faggionato, ’24 (Giovanna Faggionato is a Politico journalist covering the EU, Politico, “EU must find ‘enormous amount’ of money to face global challenges, Draghi says”, February 24th, 2024, <https://www.politico.eu/article/eu-must-find-enormous-amount-of-money-to-face-global-challenges-draghi-says/>) cg; ad: 5/12/24

The European Union needs to invest an "enormous amount of money in a relatively short time" to deal with the deep challenges the bloc is facing, former European Central Bank President Mario Draghi said on Saturday. Draghi, who has been tasked with producing a high-level report on the EU’s competitiveness, met with EU ministers on Saturday in Ghent, Belgium, to discuss the best way to come up with the needed funds. He presented EU governments with his diagnosis: The three pillars the EU has relied on — energy from Russia, exports from China, and the U.S. defense apparatus — are no longer as solid as before, and on the green and digital transitions alone the EU would have to spend €500 billion a year. The funding gap between Europe and the United States in terms of investment is equivalent to half a trillion euros a year, and a third of that would be public money, Draghi told the ministers, according to his assistant. All the participants appeared to agree on what needs to change to boost EU competitiveness, from lowering energy prices to reducing regulatory burdens, but divisions emerged when talking about public money. “They made clear that a lot of discussions would be needed in the months to come,” the Draghi aide said, adding that Draghi called for "bold action" on the matter of investments. Draghi stressed the necessity to channel European private savings, because “public money will never be enough,” but he also put on the table options to find funds at the EU level, according to the aide. The EU could create a new common cash facility, such as debt or loans, or use private partnerships where the European Investment Bank would have a role to play. French President Emmanuel Macron and others support the idea of new common debt. EU Commissioner Paolo Gentiloni has pitched many times the idea of a sort of second Next Generation EU fund, but the proposal has not generated enthusiasm among all countries. Asked about the need for new common funds earlier this month, Germany’s Economy Secretary Sven Giegold told POLITICO: “It's well known" that the German government is in favor of "increasing the spending path into research and development, climate, innovation and so on, which is certainly needed in global competition. But as you know, at the moment, about 70 percent of the EU budget does not go into these future-oriented sectors.”

### US Involvement Bad

#### Rebalance requires decrease reliance on US for collective defense, crisis management and cooperative security

Binnendijk & Hamilton, ’22 (Binnendijk, Distinguished Fellow - The Atlantic Council and Hamilton Nonresident Senior Fellow - Foreign Policy, Center on the United States and Europe, 2022, Hans and Daniel, “Strategic Responsibility: Rebalancing European and trans-Atlantic defense” Brookings. <https://www.brookings.edu/articles/strategic-responsibility-rebalancing-european-and-trans-atlantic-defense/>) cg

Taken together, these developments underscore the need for Europe and the United States to find a new path forward. Europe’s long-standing aspiration to develop more effective ways to act militarily is now intersecting with the long-standing U.S. aspiration that Europeans shoulder more of the common burden. Stated simply, Europe has wanted autonomy without providing adequate defense resources, while the United States has wanted greater European defense contributions without diminishing NATO and U.S. political influence. Now it is time to unite these two debates and find a new balance for both. As Europe grapples with new and complex strategic realities, it can no longer afford its excessive reliance on the United States, either for collective defense or for crisis management and cooperative security missions beyond Europe’s borders. The U.S. will have to pay increasing attention to China and limit its involvement in the wider Middle East. The United States will therefore increasingly look to European allies to shoulder more of the common burden and encourage greater contributions to security by the European Union.[8]

### Inequality Impact

#### Inequality causes extinction

Schmidt and Juijn, ’21 [Andreas T. Schmidt: BA in Philosophy and Economics @ University of Bayreuth, PhD in Philosophy @ University of Oxford; Daan Juijn: BA and MSc @ University of Groningen; May 2021; “Economic Inequality and the long-term future”; <https://globalprioritiesinstitute.org/wp-content/uploads/Inequality-and-the-Long-Term-Future_Andreas-Schmidt-and-Daan-Juijn-reupload.pdf>) cg; ad: 5/1/24

(i) Climate change As we learned in Section 3, inequality increases a wealthy country’s carbon footprint. This is a problem. First, climate change itself is an existential risk, particularly given uncertainty around its tail-end risks (Ord 2020, chaps. 4; 6). (Although, it is likely not the greatest existential risk (Ord 2020, chap. 5).) Second, climate change is likely what Ord calls a ‘risk factor’: increasing or reducing climate change will likely affect the total existential risk, even beyond the probability that climate change itself will cause an existential catastrophe (Ord 2020, 152). For example, increasing temperatures and more extreme weather imply that the fight for scarce resources such as sweet water will increase over the next decades (“Global Peace Index 2019: Measuring Peace in a Complex World” 2019). Furthermore, deteriorating living conditions might lead to climate refugees who, in part, will flee to developed countries, which could lead to institutional destabilisation and conflict. Finally, beyond extinction risk, climate change could put us on a suboptimal (non-extinction) trajectory: run-away climate change, for example, might put us on a path we cannot easily leave and which necessitates continuous costly adjustments, such as adapting to repeated flooding and adjusting agriculture to extreme weather irregularities. When aggregating those negative effects across time, those might add up to significant long-term costs. (ii) Institutional quality and conflict It is often argued that a country’s long-term performance depends to a significant extent on the quality of its institutions, including its political and legal institutions (Acemoglu, Johnson, and Robinson 2005). Economic research mostly focuses on explaining long-term differences in growth rates. As seen above, some researchers argue that high inequality will reduce growth rates, among other things, because it can worsen institutional quality. However, besides facilitating economic growth, public institutions have other functions that matter from a long-term perspective. For example, disaster preparedness, education, public health, foreign policy, science policy, and many other areas could influence long-term trajectories. If such things go badly, they could increase existential risk. Conversely, good institutions will help reduce existential risk. For many existential risk reduction strategies likely require public goods and collective action, which in turn require good public institutions (among other reasons, because some such public goods are unlikely to be provided by markets). So, it seems reasonable to assume that, with most other societal goals, good institutions can help deliver existential risk reduction. Here is a cheesy analogy: targeted actions like washing your hands regularly or getting a flu shot can reduce your risk of dying from an infection. But you will also do well investing in a strong immune system, as that is an ‘all-purpose goods’ in lowering your risk of dying from any bacterium or virus. Investing in good institutions might similarly be an all-purpose-good: rather than tackling individual sources of existential risk directly, we improve conditions for tackling whatever existential risks may come our way. There are at least two reasons why higher inequality could decrease institutional capacities for longtermist public goods. First, there is some direct evidence that, whatever the causal pathway, inequality reduces institutional quality (which in turn typically leads to more inequality) (Chong and Gradstein 2007; Savoia, Easaw, and McKay 2010). Second, high inequality can lead to elite capture. Empirical work on studying political and de facto legal power is difficult, yet there is a growing consensus that high levels of inequality can lead to elite capture and thereby reduce the long-term quality of legal and political institutions (Acemoglu and Robinson 2008; 2013; Bartels 2018; Bavel 2016; Chong and Gradstein 2007; Cummins and Rodriguez 2010; Savoia, Easaw, and McKay 2010). Further, if institutions are disproportionately geared towards elite interests, then they might be less likely to be geared towards positive longterm trajectories. We might see more rent-seeking and less investment in public goods. Moreover, if elite capture is strong enough, such capture, and the potential inequality that comes with it, can intensify going forward (Chong and Gradstein 2007). Now, one might object and wonder whether elite interests and longtermist interests will necessarily be misaligned. Could an enlightened elite not even be more longtermist than a more democratic system? Here are two potential arguments. First, wealthy donors fund a significant part of research and direct action on existential risk and longtermism (the Open Philanthropy Project, for example). Indirectly, inequality might thus reduce existential risk through such funding. Second, rich people might have a lower rate of pure time preference than less well-off people, which would make them more naturally aligned with investing in long-term causes. In response to the first argument, remember we here focus on income inequality reductions. Private funding only requires ‘enough’ wealth inequality going forward, it need not require elite capture. And reducing income inequality is unlikely to eradicate the required wealth inequality and the existence of big donors. In response to the second argument, we are somewhat sceptical that elite capture would translate a lower impatience rate into longtermist strategies in policy. A successful transmission would require influence to be systematic and well-coordinated across time and, probably, across different elite actors. Yet lobbying and elite influence must often capitalise on shorter windows of opportunities, which makes well-coordinated intertemporal, and positive longtermist, policy capture less likely. Of course, such considerations are speculative. But, in any case, we think that, on balance, there are stronger reasons to believe elite capture would increase – rather than decrease – existential risk. First, elite capture often comes with rent seeking, which lowers institutional quality (Chong and Gradstein 2007). Second, industries like oil, gas, weapons and others are often concentrated and well organised in exerting influence in law and legislation. Their interests and influence overall are likely to be more short-term than longtermist. Third, recent decades have seen a shift towards a stronger shareholder value orientation in corporate governance. A common criticism of this shift is that it incentivises more short-term decisions. Accordingly, corporate influence into public institutions will likely display short-termist bias too. Finally, we can of course imagine that ‘prolongtermist elite capture’ could happen and gamble on that possibility. However, if strong democratic and legal oversight and the power to check elite influence is lost, we might struggle to reverse our gamble. Second, high inequality is likely to reduce social capital and trust (Alesina and La Ferrara 2002; Knack and Keefer 1997; Rothstein and Uslaner 2005). Social capital and trust in public institutions in turn are important for effective public goods provision (Knack and Keefer 1997; Beugelsdijk, Groot, and Schaik 2004). Effective public goods provision, in turn, is important for (some) effective measures to reduce existential risk (and, more generally, to coordinate towards more valuable long-term trajectories). Therefore, high inequality could reduce societies’ capacities to effectively respond to large-scale challenges like existential risk. Finally, some limited direct evidence suggests societies with higher social capital and lower inequality exhibit better preventive and adaptive outcomes for environmental risks and can show greater resilience to external shocks (Bavel and Curtis 2019; Kahn 2005). For example, Matthew Kahn provides some evidence that more equal countries, when controlled for GDP, have significantly lower death rates in natural catastrophes (Kahn 2005). While smaller natural catastrophes are different from global catastrophic risk scenarios, resilience in such events might be somewhat indicative of societies’ resilience to catastrophic risks. So, good social and institutional conditions could help reduce existential risk. Consider next how, conversely, bad conditions might increase existential risk. A key driver of existential risk is conflict, both between and within nation-states (or what (Ord 2020, 175–79) calls a ‘risk factor’). Conflicts and arms races raise human-induced existential risks such as nuclear war, the outbreak of a bioengineered virus or the launch of misaligned artificial intelligence. Note that an existential catastrophe could be set in motion either purposefully or accidentally. Both are more likely during conflict. Nuclear warheads, cyberweapons, and bioweapons could all be used purposefully to attack enemy states, leading to potential global escalation. But as past nuclear incidents and close calls during the Cold War show, arms races also increase the probability of accidental catastrophes (Schlosser 2013). Esteban and Schneider find that formal and empirical evidence suggests that political and social polarization increases the risk of violent conflict, both intra-nationally and internationally (Esteban and Schneider 2008). If income inequality increases polarization, inequality may indirectly drive existential risk. Indeed, recent evidence suggests that income inequality can increase the degree of polarization between groups of citizens. Bonica et al. find that the degree of polarization within the US House of Representatives, for example, is accurately tracked by domestic income inequality, with correlation coefficients rising up to 0.95 depending on the chosen time-period (Bonica et al. 2013, 105–8). Of course, correlation does not imply causation and the correlation is likely at least partially the result of reverse causation or a confounding variable. That said, we should assign a non-negligible credence to inequality partially causing polarization. Moreover, inequality and polarisation might also play some role in getting polarising and populist candidates elected (Piketty 2018). In a preliminary analysis of US election data, Darvas and Efstathiou find that more unequal states were more likely to vote for Donald Trump, after controlling for variables such as income, race and education (Darvas and Efstathiou 2016). Populist politicians – like Trump, Bolsonaro and others – are likely bad news for existential risk reduction. They are less cooperative in delivering regional and global public goods and typically prefer riskier, and more conflictual and nationalistic policy styles.

### Checks China

#### Europe needs to contribute to global deterrence of China – only bolstering their autonomy solves

**Benner, ’22** (co-founder and director of the Global Public Policy Institute 2022, Thorsten, “Peace Through Deterrence: Why Germany and Europe Need to Invest More to Preserve the Status Quo in the Taiwan Strait” Global Public Policy Institute, Mach 16 2022 <https://gppi.net/2022/03/16/peace-through-deterrence>) cg

Germany and Europe have every interest to work with their allies to preserve the peaceful status quo in the Taiwan Strait. Doing so will require a clear European contribution to international efforts to deter China from using force to change the current power balance in the region. Beijing needs to know that it will face extremely high costs should it use coercion or force to realize Xi Jinping’s dream of placing Taiwan under the control of the Chinese party state. A central piece of that deterrence is military, which involves Taiwan, the US and regional allies like Japan and Australia. However, Germany and Europe have a key role to play in non-military forms of deterrence. Berlin and Brussels should signal to Beijing that they would impose the most far-reaching economic sanctions possible, including cutting China off from key technologies such as advanced semiconductors, should Beijing start an armed conflict in the Taiwan Strait. To increase the credibility of this type of deterrence, Germany and Europe will need to significantly reduce their overall economic and technological dependence on China. Doing so would have the added benefit of making Europeans much less vulnerable not only to possible Chinese counter-sanctions in the event of a war, but also to Chinese economic coercion in general. With the possible exceptions of the UK and France, European states do not have any direct role to play in terms of militarily deterring Beijing – but Europe can play an indirect military role. With Russia’s invasion of Ukraine, the European security order has all but crumbled. By investing in stronger military capabilities at home, European states can assume a greater share of providing security in their own increasingly dangerous neighborhood. This would allow the US to focus more on the Indo-Pacific theater despite the deterioration of the security situation in Europe. At the same time, Europeans – together with the non-European G7 states and other allies – need to ensure that Beijing learns the right lessons from the Kremlin’s invasion of Ukraine and the associated sanctions. It needs to be clear to Xi that his ​“Chinese dream” cannot have it all and that he faces a clear-cut choice between economic prosperity on the one hand and a forceful take-over of Taiwan on the other. At present, Germany is far from pursuing a serious and ambitious agenda aimed at preserving peace in the Taiwan Strait. At the root of this are fundamental misconceptions that still inform the attitudes of some Berlin policymakers as well as the larger public discussion. Many in Germany still view a potential Taiwan conflict as a confrontation between the US and China in which Germany has few stakes and should therefore strive to remain neutral. Others harbor delusions that Germany and Europe should act as mediators between the US and China on Taiwan. And still more have already resigned themselves to defeatism: in the medium term, they argue, it is impossible to prevent the Chinese Communist party state from swallowing up Taiwan. After all, they argue, the island is so close to China’s mainland and cannot be defended against an increasingly powerful and determined Chinese military. Furthermore, according to this argument, the US is not a reliable protector – it would not fight for Taiwan if Beijing were to launch an attack. In this scenario, Taiwan would face the same fate as Hong Kong where the US and Europe did little to challenge Beijing’s take-over by force.

#### US Military deterrence of China not sufficient – Europe key to non-military component of deterrence

**Benner, ’22** (co-founder and director of the Global Public Policy Institute 2022, Thorsten, “Peace Through Deterrence: Why Germany and Europe Need to Invest More to Preserve the Status Quo in the Taiwan Strait” Global Public Policy Institute, March 16 2022 <https://gppi.net/2022/03/16/peace-through-deterrence>) cg

Why It’s Time for Investments in Deterrence The key to peace in the Taiwan Strait is deterring Beijing from violently changing the status quo. And for deterrence to work, it will be crucial to influence the cost-benefit calculations of the Chinese leadership. The **aim must be to persuade Beijing that Taiwan cannot be conquered ​“at an acceptable cost.”** The military component of this endeavor is the task of Taiwan, the US and their regional allies. Both Taiwan and the US still have a lot of work ahead of them to achieve success in this regard. For a long time, Taiwan has failed to invest in the right military capabilities, and the US has been losing ground militarily against China in the region in recent years. But **even a military hardening of Taiwan and a strengthening of the military capabilitie**s of the US and allies like Australia and Japan alone **would likely not convince Beijing’s leadership that the costs of an attack on Taiwan are too high.** Only if Beijing believes that the political and economic consequences of an attempt to conquer Taiwan pose a fundamental threat to the ​“Chinese dream” and the foundations of the Chinese Communist Party’s ​“great national rejuvenation” project will it refrain from attacking Taiwan. As China’s key trading partners, Germany and Europe have a central role to play in this non-military component of deterrence. The former German Ambassador to the United Nations Christoph Heusgen, who now heads the Munich Security Conference, summed up what is necessary: ​“Beijing should not delude itself about the consequences of an invasion [of Taiwan]. Our possible response should be coordinated within the European Union and clearly communicated. This is not about military intervention – there are other options for sanctions. Beijing should know that it will not be treated as leniently as it was after the Hong Kong takeover.”

### k2 NATO

#### Strategic autonomy strengthens defense, including NATO

Solana, ’22 **(**Distinguished Fellow - Foreign Policy, 2022, Javier, “European security after NATO’s Madrid summit” Brookings June 24, 2022https://www.brookings.edu/blog/order-from-chaos/2022/06/24/european-security-after-natos-madrid-summit/) cg

The development of the EU’s common defense policy neither entails dividing responsibilities with regard to European security, nor pretends to substitute the vital function that NATO fulfills. The responsibilities of the organizations that form the basis of the trans-Atlantic security bond will remain the same. What matters is to assume those responsibilities with all our existing capacities. The American commentator Walter Lippmann said that alliances are like chains: They can’t be strong with weak links. On the eve of NATO’s 2022 Madrid summit, this is the best way to describe the political challenge facing the trans-Atlantic relationship. Only the political will of Europeans and their leaders will be able to strengthen our continent’s security.

#### NATO may be useful – but strong Europe good for alliances – and EU building capacity independent of NATO

Solana, ’22 **(**Distinguished Fellow - Foreign Policy, 2022, Javier, “European security after NATO’s Madrid summit” Brookings June 24, 2022https://www.brookings.edu/blog/order-from-chaos/2022/06/24/european-security-after-natos-madrid-summit/) cg

NATO has shown itself to be indispensable for Europe’s security and the best guarantee of their national security for a growing number of countries. One of the most important consequences of the war in Ukraine has been Finland and Sweden’s applications to join NATO — two countries with all the credentials to contribute positively to the alliance. Following Danish citizens’ recent decision to join the European Union’s defense policy, the institutions that form the basis of European security are becoming increasingly aligned. For decades, a false dichotomy between Europeanists and Atlanticists has fueled a sterile and unproductive security debate in Europe. Today, few doubt that Europeans must contribute more to the alliance and European security, and that they should develop the capacity to lead in future security crises. The question, therefore, is how Europe can best contribute to NATO’s mission. A strong Europe is indispensable for revitalizing the trans-Atlantic security bond. In one of my first meetings as EU high representative for foreign affairs and security policy, a former British chief of the defense staff pertinently described the direction this relationship should take. “A Europe that remains allied with the United States simply because of its own weakness,” he said, “is of limited value.” Strengthening the trans-Atlantic relationship implies recognizing that its European component has changed. The events of recent months have shown that the EU can respond to security threats in a coordinated and robust manner. Extensive sanctions against Russia, joint financing of arms supplies to Ukraine, and the mere idea of drastically reducing Europe’s dependence on Russian energy would have been unthinkable just a few years ago. The European response to Russia’s invasion of Ukraine, after the measures the continent adopted to mitigate the economic consequences of COVID-19, has confirmed that Europe becomes stronger in times of adversity. True, Russian President Vladimir Putin’s aggression has made it easier for Europe to unite. But its leaders’ ambition is noteworthy, given some of the measures’ economic costs to Europe. **The basis for advancing European defense integration already exists. Progress in the past 20 years in common security and defense policy, the experience of both civil and military EU missions, the work of the European Defense Agency, and the adoption of the Strategic Compass put Europe in a favorable position to confront the challenge.**

### NATO-EU Coop Fails

#### Technical impracticalities between EU states and ideological divergences mean EU-NATO cooperation fail.

Akturan et al ‘18 (Ozan Beran Akturan, Jordi Vasquez, Noah McLean, Aurore Tigerschiold, and Forrest Alonso Haydon, EUChicago, “”, The University of Chicago’s Chapter for European Horizons, <https://voices.uchicago.edu/euchicago/nato-eu-cooperation-transatlantic-perspectives-on-regional-security-issues/>) cg

However, the difference in how commitment to respective sets of values is executed in NATO and EU results with a wide portfolio of cooperational problems, ranging from bureaucratic to strategic, despite their intention to work together. Could there be comprehensive and mutually respectful cooperation between the two organizations on security issues? Would this cooperation be wearproof given the bilateral conflicts brought up by non-joint members, such as in the Cyprus dilemma? This article surveys how bilateral and regional conflicts challenge the international resolve for transatlantic security cooperation, in which NATO and EU share common milito-political interest. The European Common Security and Defense Policy: Boon or Bane The Common Security and Defense Policy (CSDP), known before 2009’s Lisbon Treaty as the European Security and Defence Policy, represented the apex of security cooperation among European Union member states and the EU’s undertaking of a heavier defence role along with NATO. The CSDP seeks to exercise European military independence from NATO within five areas: the self-assured security of the EU, a closer relationship between eastern and western Europe, structural improvement in European conflict management, cooperation between neighboring regions, and pioneering global governance of conflicts. To implement these priorities into pre-existing European structural mechanisms, the EU’s civilian-military status has undergone an updating process. For instance, the European External Action Service (EEAS) was created through the Lisbon Treaty, signed in 2007, which made the EU constitutional laws legally binding and further centralized the Union. The Lisbon Treaty also sought to address the independent methods in which the EU member states were answering international crises. When EEAS was launched in December 2010 as an EU department with the express function of consolidating EU responses to international security issues as an autonomous unit, it actualized CSDP’s vision for a new European crisis management strategy which technically compelled member states to cooperate in situations of security threats, in or out of the EU. Initiatives similar to EAAS make clear what the EU lacks has not been the incentive to incorporate an international security dimension to its agenda, but the technical practicality to implement decisions to that end in a unified manner. Although common goals had been set for NATO-EU cooperation through the Berlin Plus Agreements in 2003 before CSDP, creation of a unified transatlantic defence and security policy between the two entities has encountered ample executive difficulties. For instance, Cyprus – an EU but not NATO member- was excluded from joint EU-NATO meetings by Turkey – a NATO but not EU member- due to the decades long political antagonism over the Turkish invasion of Northern Cyprus in 1974. Even this seemingly inconsequential bilateral problem was enough to [halt]~~paralyze~~ the NATO-EU cooperation, making some organizational details of Berlin Plus Agreement impossible. Berlin Agreement’s decision to create a merged NATO-EU headquarters in Brussels to manage conflicts in which both the EU and NATO have common interests has not helped reduce the fracture between American and European politics. For instance, when France and Germany coordinated a joint gathering with Belgium and Luxembourg to protest the British-American invasion of Saddam Hussein’s Iraq, NATO and then American government denounced it as “Chocolate Summit,” betraying the spirit of cooperation aimed by CSDP. Joint NATO-EU missions for stabilization in Bosnia and Herzegovina in 2004, in Dafur, Sudan, as an assistance to African Union or in Somali to combat piracy are, however, some successful products of Berlin Plus Agreements. These joint undertakings are cases in which not all the EU or NATO members were interested in intervention, but they were made possible by sharing of military expertise and assets from either of the parties, mostly by NATO. However, post-colonial Africa and Western Balkans are regions over which NATO and EU do not have strong strategic disagreements. Despite Berlin Plus, EU has been critical of NATO’s call for joint missions in Afghanistan for instance and only supported the civilian projects of current Resolute Support Mission of NATO. Bilateral hurdles in front of NATO-EU cooperation such as Cyprus Dispute are hence not the actual root causes hindering the constructive attitude of Berlin Plus. As Europe’s disapproval of Iraqi invasion or reluctance of cooperation in Afghanistan demonstrates, the CSDP cannot overcome the strategic divergence of NATO and EU in issues of incompatible political interests. Ideological divergence of the two partners should be reconciled before the region specific problems are addressed by calls for joint military actions. The new and more NATO-conscious level of ambition for CSDP thus required European member states to invest more in security and defence, both politically and economic. Perhaps an important undertaking was revisiting Berlin Plus Agreement’s comfort in EU utilizing NATO asset and capabilities when necessary, instead initiating more EU-focused solutions like EAAS. With the attenuation of this cooperative ethos in both sides, there is a present risk that NATO and the EU will begin to compete for limited military resources, straying from the envisioned Berlin Plus Agreement. Lack of a coherent strategy among Western partners could prevent efficient response to crises, which does not bode well in a time of humanitarian atrocities — whether it be in Syria, Yemen, or South Sudan.

#### NATO-EU coop fails-- unresolved Cyprus-Turkey conflict and opposing institutional goals leave all projects in a deadlock.

Raik & Järvenpää, ’17 (Dr Kristi Raik is the Director of the Estonian Foreign Policy Institute at ICDS since February 2018. She is also an Adjunct Professor at the University of Turku. Dr. Pauli Järvenpää, a former Finnish diplomat and a senior government official, joined International Centre for Defence and Security on 1 May 2013. As a Senior Research Fellow at ICDS, he focuses on the security of the Baltic Sea and Nordic region and on issues related to NATO, the EU and transatlantic cooperation, as well as on the security and development of Afghanistan. “A New Era of EU-NATO Cooperation How to Make the Best of a Marriage of Necessity,” International Centre for Defense and Security, May 2017, [https://icds.ee/wp-content/uploads/2018/ICDS\_Report\_A\_New\_Era\_of\_EU-NATO.pdf)-](https://icds.ee/wp-content/uploads/2018/ICDS_Report_A_New_Era_of_EU-NATO.pdf%29-) cg

In spite of the promising start that created a solid framework for cooperation, by the early 2010s the EU-NATO relationship had produced very limited tangible results and was mired in structural obstacles. The main impediments, especially at the operational level, were created by the standoff between Cyprus and Turkey over the unresolved conflict on Cyprus. Furthermore, there was a tendency on both sides to see the relationship between NATO and the CSDP in terms of competition – even as a zero-sum game – which obviously did not encourage cooperation.21 Since its accession to the EU in 2004, Cyprus has put brakes on Turkey’s accession negotiations and blocked its participation in EUled missions, membership of the EDA and generally a more active role in CSDP. At the same time, Turkey has been able to block the use of NATO capabilities and assets by the EU and has not allowed the participation of the Republic of Cyprus, which it does not recognise, at formal EU-NATO meetings. Hence, meetings between the North Atlantic Council and the PSC have been held rarely (the latest took place in September 2015) and with a narrow agenda.22 This deadlock practically turned the Berlin Plus arrangements into a dead letter and 21. Drozdiak 2010. It should also be said that the Americans were not at that point particularly helpful. 22. In the 18 months to August 2015, four PSC-NAC meetings were organised: one formal meeting on EUFOR Operation Althea, two informal meetings on Ukraine, and one informal meeting on the eastern and southern neighbourhoods. See Dakic 2015. prevented more ambitious strategic cooperation. Berlin Plus arrangements have been used only for two operations: Operation Concordia in the Former Yugoslav Republic of Macedonia (FYROM), which ended in September 2003, and EUFOR Operation Althea in Bosnia and Herzegovina, an operation deployed since 2004. While formal cooperation was limited, in practice a division of labour in crisis management took shape, roughly along the lines of soft/civilian and hard/military security. Although the CSDP was created to carry out both civilian and military crisis management tasks, the EU did not become the preferred instrument for more ambitious military operations. Member states limited the use of CSDP to softer, non-combat operations, whereas NATO took care of militarily more demanding environments and combat tasks. This division was evident in the two locations where both organisations had an operation running simultaneously: Kosovo and Afghanistan. Staff-level cooperation between the missions on the ground worked reasonably well, thanks to individual efforts to find flexible and creative ways to work around the formal obstacles.23 It was also a setback to the CSDP that EU Battlegroups were never deployed due to the lack of political will to actually use this new tool. One of the hurdles was the reluctance of member states to finance their deployment. As of today, discussions on improved usability and more effective financing of the Battlegroups continue, but the issue has been pushed down the list of priorities by new, more promising areas of defence cooperation, to be described below. Apart from the structural hurdles, the EU side was simply not very interested in close cooperation. The EU nurtured an ambition to be a different kind of international actor, described as a civilian, normative, ethical or soft power.24 This aspiration favoured taking a step back from NATO, characterised by many as a relic of the Cold War that was struggling to find a new purpose.25

#### Bureaucratic procedures, misalignments, and overlap tank coordination.

Soare, ‘21, (Simona R. Soare was a Senior Associate Analyst at EUISS from 2019 to end May 2021. Her research focused on United States security policy, transatlantic security and EU-NATO relations. Simona holds a PhD in Political Science from the National School for Political and Administrative Studies in Bucharest, “Innovation as Adaptation: NATO and Emerging Technologies”, German Marshall Fund, <https://www.gmfus.org/news/innovation-adaptation-nato-and-emerging-technologies>) cg; ad: 5/7/24

The Biden administration also provides a window of opportunity to progress and be ambitious in broadening and regularizing NATO-EU cooperation in the field of innovation and EDTs. While political dialogue among their leadership has been steadily increasing over the past five years, the EU and NATO have consulted on their respective EDTs agendas only twice. Furthermore, bureaucratic procedures and misalignments sometimes frustrate even staff-to-staff cooperation in this area. The EU and increasingly NATO are proliferating agencies that conduct work on innovation in EDTs, including in security and defense. This makes it challenging to achieve internal coherence of activities within one organization, let alone coordinating agendas between the two.

#### It fails – duplicity, internal divisions, and empirics.

ND, ‘22 (New Direction, 05-22-2022, "Why an EU Army is a bad idea – We don’t need a political bloc of the unwilling", <https://newdirection.online/the-european-journal/article/why_an_eu_army_is_a_bad_idea_we_dont_need_a_political_bloc_of_the_unwilling>) cg; ad: 5/7/24

You might argue that it can only be a good thing if the Europeans step up their defence arrangements. But this has little to do with increasing military muscle. It is not the answer to the plea by successive US presidents for the Europeans to do more on defence. NATO is well established, well proven and credible. 27 of its 30 member countries are European, including 21 that also happen to be EU countries. So why create another structure? Any EU force would have to draw on the same limited military resources and would be a duplicative, divisive distraction. EU ambitions already intrude into NATO where coordination structures between the two organisations have now been set up, in spite of the fact that their membership is largely the same. The EU wants to become the European leg of NATO – so where would that leave key non-EU European members of NATO such as the UK, Norway and Turkey? In any case, the EU countries can’t even agree among themselves. Many pay lip service to the idea of CSDP while refusing to participate in any meaningful way. Even the arch-federalist European Parliament, in its most recent report on EU defence, noted that “in over 15 years of existence EU battlegroups have never been used, in particular due to the lack of political consensus among Member States and the complexity of implementation and funding…” At NATO HQ in the early ‘90s, the French were already pushing for European military capabilities separate from NATO. When the Bosnian crisis began they demanded that the matter should be discussed not at NATO but ‘in another place’ – by which they meant the Western European Union (WEU), a purely European group whose headquarters was just down the road in central Brussels. As a consequence, nonsensically, two allied navies operated in the Adriatic and Mediterranean, one under NATO command and the other under WEU, with more or less the same ships rotating between the two. Once the Bosnian military operations got more serious, even France gave up on this farce and backed the NATO option.

## Manufacturing

### US Economy on Brink

#### Inflation is cooling now but continued manufacturing is key to resilience

Smialek & Casselman, ‘23(Jeanna Smialek writes about the Federal Reserve and the economy for The Times. She previously covered economics at Bloomberg News. @jeannasmialek. Ben Casselman writes about economics, with a particular focus on stories involving data. He previously reported for FiveThirtyEight and The Wall Street Journal, (“ Inflation and Spending Cooled in May, a Glimmer of Good News for the Fed”, <https://www.nytimes.com/2023/06/30/business/economy/inflation-may-federal-reserve.html>) cg

Consumer spending slowed and the Federal Reserve’s preferred inflation gauge continued to moderate in May, the latest signs that the cool-down that policymakers have been aiming for is materializing — albeit more haltingly than they might prefer. U.S. consumers spent just 0.1 percent more in May than the month before, the Commerce Department said on Friday. That was down from 0.6 percent growth in April, which was itself weaker than previously reported. Adjusted for inflation, spending in May was flat. Slower spending may sound like bad news: Consumption is, after all, the engine of economic growth in America. But Fed officials have been raising interest rates to try to restrain consumer and business demand, hoping that such a weakening will force companies to stop raising prices so quickly. That could allow inflation, which has been rapid for more than two years, to return to a normal pace. For now, price increases are moderating but remain more stubborn than Fed officials might prefer. Overall inflation cooled to 3.8 percent in the year through May, Friday’s report showed, the first time it has slipped below 4 percent since early 2021. But a “core” inflation measure that stripped out food and fuel costs — which move around a lot — remained stubbornly high. Officials closely watch that measure for a sense of how quickly prices will increase in the months and years ahead. While core inflation moderated to 4.6 percent in May, a softer reading than the 4.7 percent economists had forecast, it has hovered right around that pace since December 2022. Inflation F.A.Q. Card 1 of 5 What is inflation? Inflation is a loss of purchasing power over time, meaning your dollar will not go as far tomorrow as it did today. It is typically expressed as the annual change in prices for everyday goods and services such as food, furniture, apparel, transportation and toys. What causes inflation? It can be the result of rising consumer demand. But inflation can also rise and fall based on developments that have little to do with economic conditions, such as limited oil production and supply chain problems. Is inflation bad? It depends on the circumstances. Fast price increases spell trouble, but moderate price gains can lead to higher wages and job growth. How does inflation affect the poor? Inflation can be especially hard to shoulder for poor households because they spend a bigger chunk of their budgets on necessities like food, housing and gas. Can inflation affect the stock market? Rapid inflation typically spells trouble for stocks. Financial assets in general have historically fared badly during inflation booms, while tangible assets like houses have held their value better. “It’s progress,” Omair Sharif, the founder of Inflation Insights, said of the report as a whole. “But things are still just way too high.” More modest overall inflation is taking some pressure off consumers: Cheaper tanks of gas and less rapid price increases in the grocery aisle are helping paychecks go further. But for officials at the Fed, signs that inflation remains stubborn under the surface have been a reason to worry. Officials believe that they need to wrestle core price increases lower to make sure that the economy’s future is one of modest and steady price increases. Fed policymakers have been raising interest rates since March 2022 in a bid to cool the economy and bring inflation back under control, and they have projected that they will raise them slightly more in 2023. Making it more expensive to get a home loan or expand a business can drag on economic momentum. But a range of recent data points have suggested that the Fed’s moves are so far failing to fully sap the economy of its steam. The housing market weakened sharply last year, but it has shown signs of beginning to recover. Growth was faster than previously believed early this year, data this week showed. People are still buying cars, taking vacations and eating out, based on a range of real-time data trackers. Editors’ Picks Ancient Art or Fashion Forward? Both, Says a Top Batik Designer Want to Run a World-Record Time? Follow the Green Lights. How Do I Ask a Close Friend’s Husband to Be Our Sperm Donor? In fact, Kathy Bostjancic, chief economist at Nationwide, cautioned against reading too much into the slowdown in consumer spending in the fresh May data. She thought that some of the pullback was probably owed to a limited supply of cars, which prevented more auto sales. Still, she said the report was marginally good news for policymakers. The fact that April spending was weaker than the strong uptick previously reported was probably a welcome development. “It is better than the alternative,” Ms. Bostjancic said. And, the report contained subtle but important hints that consumers are becoming more cautious. After months of drawing down savings amid rising prices, Americans have begun saving more, which historically has been a sign of worries about the economy. “Consumers are saving more and spending less, perhaps out of caution as most believe a recession is either here or imminent,” Robert Frick, corporate economist with Navy Federal Credit Union, wrote in a note to clients. Understand Inflation and How It Affects You Falling Prices: Rapid inflation has been a problem in the United States for more than two years, but the tide appears to be turning. Our reporter discusses whether the decline is a result of careful policymaking, or more of a lucky accident. Is the Struggle Over?: While less expensive gas and slower grocery price adjustments have helped overall inflation to fall, Fed policymakers and many outside economists see continued reasons for concern. Corporate Maneuvers: Many big businesses have continued raising prices even as the costs of oil, transportation, food ingredients and other raw materials have fallen. That could further bolster inflation. That could help to make the Fed more comfortable that rates are high enough — or nearly high enough — to restrain the economy and bring inflation back to target over time. Policymakers have raised interest rates to 5 percent, but they skipped a rate increase at their June meeting, after 10 straight moves, to give themselves time to assess how much more would be needed. Officials forecast that they could lift rates to 5.5 percent by the end of the year. Investors had been betting on only one more quarter-point move this year, but they have in recent days nudged up the chances of two moves before the end of 2023. Those odds fell slightly after Friday’s report. Markets broadly welcomed the fresh data, helping to push the S&P 500 stock index more than 1 percent higher on Friday morning. Ms. Bostjancic said she believed that the Fed would most likely raise interest rates in July still but that Friday’s consumer spending data could — at least at the margin — “ease the pressure” for further changes beyond that. Jerome H. Powell, the Fed chair, emphasized this week at an event in Madrid that the outlook for how much more rates might move this year was uncertain. Inflation has consistently been “more persistent and stronger than expected,” Mr. Powell said. “At some point, that may change. And I think we have to be ready to follow the data and be a little patient as we let this unfold.”

#### Looming recession magnifies potential housing crisis, wrecks inequality, and amplifies the impacts of the 08 recession

Thosby, ‘23 (Devon Thorsby is the Real Estate editor for U.S. News & World Report, and has worked for the company since 2015, reporting and editing on all manner of real estate topics, from homebuying and selling to home improvement, mortgages, tenant rights and the housing market. , “When Will the Housing Market Crash?” <https://realestate.usnews.com/real-estate/articles/when-will-the-housing-market-crash>) cg

Any period of economic uncertainty can make a major financial decision – like [buying a house](https://realestate.usnews.com/real-estate/articles/how-to-buy-a-house) – more stressful. While the housing market on a national scale has seen prices decline since the all-time highs of mid-2022 amid high interest rates, experts are noting that a sudden and abrupt housing market crash is unlikely, based on current market conditions. Housing demand and supply, [mortgage interest rates](https://money.usnews.com/loans/rates/mortgages/mortgage-rates) and unemployment all play roles in how the real estate market fares. Currently they indicate a period of decline in some markets and growth in others, and a decline in transactions compared to recent years overall – but certainly not as significant a decline as seen in the housing market crash of 2008-2009. A recession would put stress on the housing market, and experts predict one in the near future. To avoid rippling impacts in housing, there may be a tightening of mortgage lending practices, but homeowners with existing mortgages are still considered stable, and many of them remain uninterested in leaving their homes in the near future. In economics, a bubble is defined as a period of rapid market value growth of an asset – in this case, homes. Considering the fast pace of the housing market that has lasted roughly the length of the COVID-19 pandemic, rapid market value growth accurately describes the [housing market](https://realestate.usnews.com/real-estate/articles/what-to-expect-from-the-housing-market) up until about midway through 2022. Home price growth was in the double digits year over year every month from August 2020 thru mid-July 2022, based on home sale price data from Redfin. Signs of a growing housing bubble slowed throughout the rest of 2022 and into the first weeks of 2023, however, as home prices continued to decline month over month during that time. Now, median home prices on the national scale are seeing minor year-over-year declines: The median home price in the U.S. between May 15 and June 11 was $381,000, 2.6% month-over-month increase and a 1% decline compared with the same time period in 2022, according to Redfin. With that in mind, the U.S. housing market is not currently experiencing a rapid increase in home prices indicating a growing housing bubble, but the bubble that has formed in recent years may be seeing some mild correction. If recession comes in the latter half of 2023 as many experts predict, a further drop in demand leading to additional decline in home prices could see prices drop a bit more than they have in the first half of the year. “Could a little air be let out of that bubble? Perhaps,” says Mike Reynolds, vice president of investment strategy at Glenmede, a Philadelphia-based wealth management firm. Reynolds notes that current conditions and shortage of housing availability in general indicates that it’s unlikely, at least at this time, that recession would result in a bubble burst or sudden home price plummet. Home Prices Can Decline Without a Housing Crash While any drop in home prices may feel like the last thing a home seller would want, a slight market correction could help better align prices with what homebuyers – including sellers looking for their next home – can afford. A major challenge to that affordability threshold right now is the increase in mortgage interest rates that began in mid-2022. While [mortgage rates](https://money.usnews.com/loans/mortgages/articles/mortgage-market-news-july-21-2022) are technically independent of the federal funds target rate set by the Federal Reserve, they often increase or decrease as a result of the Fed’s actions. The federal funds target rate has been raised repeatedly in the last year in a marked effort to curb inflation. The Fed most recently opted not to raise the target rate in mid-June, though at least two more rate hikes are expected before the end of the year. The average 30-year, fixed-rate mortgage interest rate reached more than 7% in October and November 2022, but dropped close to 6% in January. The average interest rate has shown some volatility since March, climbing toward 7% again, then dropping back down. The average rate for a 30-year, fixed-rate mortgage as of June 15 is 6.69%, according to Freddie Mac. With many homeowners who purchased or refinanced between 2020 and mid-2022 locked into a mortgage interest rate somewhere around 3%, moving becomes downright unattractive. “Low inventory is going to be a problem for a while, because if homeowners don’t have to sell, the data suggests that they won’t,” says Danielle Hale, chief economist for Realtor.com. The decrease in the number of home sales since interest rates initially rose in 2022 is stark. From May 15 through June 11, there were more than 17% fewer homes sold compared with the same time last year, according to Redfin data. But the ability for homeowners now to wait out economic uncertainty – and climbing interest rates – may be what keeps any [drop in home prices](https://realestate.usnews.com/real-estate/articles/when-will-housing-prices-drop) from becoming more concerning. As much as 82% of homeowners feel “locked in” to their current mortgage, according to a Realtor.com [survey](https://www.realtor.com/research/2023-q1-sellers-survey-btts/) of 1,200 recent or potential home sellers published in April. Whether a homeowner feels locked into a current mortgage rate appears to be mostly generational. “The baby boomers were less likely to say they feel locked in,” Hale says. “That probably coincides with the fact that they’ve lived in their homes longer.” The easing of mortgage rates in late March and early April encouraged some buyers to come back to the market, and thus far they’ve continued to return heading into the traditional homebuyer season. Orphe Divounguy, senior economist for Zillow, reports that many buyers seem to have adjusted to higher mortgage rates, and the spring homebuying season saw a spike in activity like usual. But home sellers have stayed away. “That means that buyers are absorbing all of the current inventory and inventory remains at an all-time low,” Divounguy says. As a result, the number of homes going under contract is still down compared with the same time in 2022, but it’s getting closer to even. Zillow reports that newly pending listings were down 21% in May compared with May 2022. Additional economic uncertainty could lead more buyers to once again back away from house hunting and sellers to stay put. Year-over-year home prices may continue to decline in that case, but likely on a fairly small scale and without the threat of a crash. Read: [Why You Should (and Shouldn't) Sell Your Home in 2023](https://realestate.usnews.com/real-estate/articles/why-you-should-sell-your-home) What’s Different From the 2008 Housing Market Crash? Homeownership can feel scary during any point of economic uncertainty – especially if you have a vivid memory of the [Great Recession](https://money.usnews.com/investing/term/great-recession) and the housing market crash of 2008 and 2009. “The 2008 housing crash that they think about was due to the overextension of loans to people that were not solid borrowers,” says Kimberly Jay, licensed associate real estate broker for Compass in Manhattan. Predatory lending practices in the first years of the 21st century meant many homeowners faced foreclosure when adjustable interest rates rose, and unemployment further increased the number of properties in foreclosure. Housing demand was artificially propped up by issuing mortgages to people who weren’t in good financial places to buy and maintain homes, and the economic downturn also meant buyer demand plummeted. Home values declined significantly as a result. The current situation is very different compared with the Great Recession, Reynolds explains. “We don’t see a lot in the way of excess this time around,” he says. Another major difference between today’s market and the housing crash is the issue of supply – excessive building leading up to 2008 meant that when demand dropped, there were entire housing developments that sat vacant. Cut to 2023, and housing is still catching up on the low rate of building compared to household formation since the Great Recession. With today’s homeowners, laws and regulations are in place to prevent predatory lending since the Great Recession. Even as high home prices and rising interest rates have increased the total [cost to buy a home](https://realestate.usnews.com/real-estate/articles/how-to-afford-a-house-in-this-market), making homeownership unaffordable for otherwise would-be homebuyers, there are still more qualified buyers searching for homes than there are properties for sale. With all these factors combined, Reynolds says a crash, at this point, is unlikely even with a recession expected in the future. However, he also notes that a recession can also reveal instabilities or assessment errors that weren’t apparent prior to a drop in GDP. As a result, economists and strategists have to be ready for a couple of surprises once recession does occur. “That’s kind of an Unknown unknown that sits out there that could move the needle a little,” Reynolds says. What the Silicon Valley Bank Failure Means for Mortgages and the Housing Market The news cycle following the [failure of Silicon Valley Bank](https://money.usnews.com/investing/articles/what-investors-should-know-about-silicon-valley-banks-failure) and First Signature Bank in March, and First Republic Bank in May, has had many people wondering if there will be a larger financial crisis for the American people. Runs on the banks led to their insolvency – should anyone shopping for a home be worried about their savings in a bank? In many cases, no. “For the most part, this banking crisis has been really limited to banks that have had sort of a narrow concentration of who their banking customer is,” says Melissa Cohn, regional vice president of William Raveis Mortgage in New York. Homebuyers currently applying for a mortgage may find that lenders are getting even more thorough in their due diligence than in recent years, “double-dotting their i’s, double-crossing their t’s to make sure that you’re secure in your job,” Cohn says. Other banks may be less interested in lending money altogether right now. “I have seen some banks sort of raise their rates to step to the sidelines for the time being,” Cohn says. If you have a mortgage on your current home and you’re planning to stay put, even if the bank that possesses your mortgage fails, you don’t have to worry as long as you can keep making payments. “There’s zero risk. Once you close on a mortgage no one can come and say, ‘Sorry, you have to give it back,’” Cohn says. “They can’t take your mortgage away from you.” For homebuyers in the act of shopping around for a mortgage, the best advice is to do your research and ask lots of questions. Matt Vernon, head of retail lending for Bank of America, says that the bulk of homebuyers inquiring with the bank are knowledgeable about the process, the current state of mortgage rates and their own financial situation. “Certainly folks are aware of the environment that’s around, but when they come to us … they are very confident in their ability to purchase the home,” Vernon says. Building Permits Are Down – but Housing Demand Isn’t As of April, the U.S. Census Bureau’s Building Permits Survey reports there were 75,100 single-family building permits filed in the U.S. (unadjusted), slightly above the forecast of 72,190 permits predicted for that month in the [U.S. News Housing Market Index](https://realestate.usnews.com/housing-market-index/interface). Still, it’s well above anything compared to the Great Recession: After the housing bubble burst in 2008, building permits for single-family detached homes cratered to a low of 22,100 in January 2009. In a typical year, the number of building permits for [new construction homes](https://realestate.usnews.com/real-estate/articles/how-much-does-a-new-construction-house-cost) bottoms out in December and January then steadily climbs until peaking in the spring and summer months. The U.S. News Housing Market Index forecasted March as the peak for new building permits this year, declining through the summer and start of fall with a little over 48,000 in September. Compare that to September 2022’s 70,800 permits. With far fewer permits already, expect new home construction to slow. Builder sentiment, while low compared to 2021, has risen slightly in recent months to 55 out of 100 as of June 2023, according to the National Association of Homebuilders and Wells Fargo Housing Market Index. In comparison, builder confidence reached a whopping 84 in December 2021, and was as low as 31 in December 2022. Builder sentiment is based on the number of new single-family homes, predicted single-family homes in the next six months and overall traffic of buyers. “New construction is down from its pandemic era peak, but builders are still working and trying to fill in the gaps that existed,” Hale says. READ: [Top Overvalued U.S. Housing Markets](https://realestate.usnews.com/real-estate/housing-market-index/articles/top-overvalued-u-s-housing-markets) How Does a Recession Typically Impact the Housing Market? At least two consecutive quarters of negative GDP growth make a [recession](https://money.usnews.com/money/personal-finance/family-finance/articles/are-we-in-a-recession-heres-what-2-quarters-of-negative-gdp-mean-for-you), and it’s typically accompanied by an increase in unemployment and decrease in consumption by the general public. The financial strain individuals face during a recession leads to a slowdown in the housing market – homebuyers may pause their search if they’re worried about layoffs, and there may be an increase in foreclosure activity while higher unemployment increases the number of people who can’t pay their mortgages. However, once activity on the housing market slows enough, mortgage interest rates drop to a point where buyers reenter the market, interested in getting a good deal. Unlike in the Great Recession, an increase in housing market activity helps bring the economy out of recession. The real GDP increased in the last two quarters – by 2.6% in the fourth quarter of 2022 and 1.3% in the first quarter of 2023, according to the Bureau of Economic Analysis. Unemployment has largely remained low, at 3.7% in May, though it did rise 0.3 percentage points from April, according to the Bureau of Labor Statistics. While these indicators show no recession right now, most experts agree that a recession is likely in 2023, particularly as we see GDP growth slow from quarter to quarter and unemployment tick up slightly. Divounguy expects the economy to cool between now and the end of the year. “If that does happen, mortgage rates will tick down and we should see a pretty strong housing rebound in 2024 – in spring 2024,” he says. The severity of a recession could impact how much the housing market reacts. Reynolds says a more run-of-the-mill recession, neither mild nor severe, may lead to a larger correction of home prices, helping housing become affordable for more people faster. A milder recession, on the other hand, “we may not see prices react all that much to the downside,” Reynolds says. What Conditions Could Lead to a Housing Market Crash or Housing Bubble Burst? While current conditions don’t point to a housing market crash, there’s no crystal ball to guarantee how the economy will fare in the next few months or years. A few factors that could make the housing market more unstable include: Unemployment. A slight increase in unemployment would be OK, but a bottom fallout could be an indication of danger for the housing market. If too many people are without work, then distressed home sales climb and foreclosures become more likely. “There are predictions of an upcoming recession and possible large-scale layoffs. That surely would raise the number of households who fall behind on home loans and send foreclosure numbers upward,” wrote Rob Barber, CEO of market intelligence at real estate data company ATTOM, based in Irvine, California, in an email. Homebuilding. With the slowdown in buyer activity, homebuilders are pulling back and there are [fewer permits for new housing construction](https://www.usnews.com/news/economy/articles/2022-11-17/homebuilding-continued-its-slump-in-october-as-both-new-starts-and-building-permits-fell). That can prolong the housing shortage and draw out the demand-supply imbalance. Buyer demand. Housing markets have cooled slightly, but demand hasn’t disappeared, and in many places remains strong largely due to the shortage of homes on the market. If buyer demand completely disappears, it would be a sign of a problem. Homeowner equity. If homeowner equity sees a massive drop, either home values are dropping fast or there’s an influx of buyers who are putting little money down. High equity now serves as a cushion for the housing market in case of economic downturn. “Having equity in a home provides a lot of motivation for owners to get caught up on their loans and preserve what they've built up,” Barber says. “Even when they can't, most can still sell, pay off their outstanding debt and come out with at least a small profit if they bought more than a year ago.” Foreclosures. “(I)t's hard to pinpoint a benchmark for (foreclosure) increases that would cause alarm. But if the late 2000s are any guide, quarterly foreclosure caseloads that spike by more than 10% per quarter would be a serious warning bell of danger for the U.S. housing market,” Barber says. “That's what happened in early 2006 before the Great Recession hit and the market started falling in 2007. This is definitely a metric worth watching very closely over the next year.”

#### US economic growth is weakened – and its gonna stay that way for a minute sans increased focus on US sectors

Pan, ’23 (Jing Pan; Writer for Yahoo Finance; 6-14-2023; "World Bank Just Halved Its US Growth Forecast For 2024, Saying The Economy 'Is Likely To Remain Weak' — 3 Investment Strategies Tailored For A Sluggish Economy"; Yahoo Finance; <https://finance.yahoo.com/news/world-bank-just-halved-us-183350526.html>) cg

The World Bank just slashed its forecast for U.S. economic growth for 2024. Real gross domestic product (GDP) in the country is now projected to grow by 0.8% in 2024, according to the international lending institution’s latest Global Economic Prospects report. Previously, its forecast was 1.6%. “In the United States, growth is expected to weaken significantly through 2023 and early 2024, mainly as a result of the lagged effects of the sharp rise in policy rates over the past year and a half aimed at bringing down the highest inflation rates since the early 1980s,” the report stated. The World Bank noted that while consumption has been resilient in America, it is “expected to slow down substantially.” In particular, higher borrowing costs and tighter financial conditions could impact household spending. At the same time, Americans will run out of savings that they accumulated during the pandemic. The outlook is concerning. More than two-thirds of U.S. GDP is made up of personal consumption. If consumers don’t spend, it doesn’t bode well for the economy. “After growing 1.1% in 2023, the U.S. economy is likely to remain weak in 2024,” the World Bank predicts.

#### Economic expectations remain low

Horsley, ’23 (Scott; NPR's Chief Economics Correspondent. He reports on ups and downs in the national economy as well as fault lines between booming and busting communities; 4-27-2023; "The U.S. economy is losing steam. Bank woes and other hurdles are to blame."; NPR; <https://www.npr.org/2023/04/27/1171993308/economy-gdp-growth-recession-mcdonalds>) cg

From banks to burger joints, the U.S. economy is showing signs of stress as nervous shoppers watch their spending and anxious lenders keep a tight grip on credit. A report from the Commerce Department Thursday shows the nation's gross domestic product grew at an annual rate of just 1.1% in the first three months of the year, compared to a 2.6% pace in the previous quarter. Growth was weighed down by declining inventories and housing investment. The economy is projected to lose more steam in the months to come as rising prices and higher interest rates take a toll on families and businesses. "Our base expectation is for a mild recession in the U.S.," McDonald's CEO Chris Kempczinski said this week.

#### A Recession is expected

Jimenez, ‘23 (Miguel Jiménez; 5-25-2023; "Interest rate hikes slow down US economic growth"; EL PAÍS English; <https://english.elpais.com/economy-and-business/2023-05-25/interest-rate-hikes-slow-down-us-economic-growth.html>) cg

From January to March, The increase in real GDP reflected increases in consumer spending, exports, federal government spending, state and local government spending, and non-residential fixed investment that were partly offset by decreases in private inventory investment and residential fixed investment. Imports, which are a subtraction in the calculation of GDP, increased, said the Bureau of Economic Analysis. Interest rates are mostly holding back the construction sector, which is very sensitive to the price of money. Other sectors are seeing their activity slow down amid more restrictive financial conditions as well as inflation that is eroding consumers’ purchasing power. The labor market, however, remains very strong, with the unemployment rate at 3.4%, its lowest in more than half a century. The Federal Reserve expects the U.S. economy to enter a recession at the end of this year, according to the minutes of its last meeting, released this Wednesday, which assumed that “the effects of the expected further tightening in bank credit conditions, amid already tight financial conditions, would lead to a mild recession starting later this year, followed by a moderately paced recovery.“

#### US industry lags behind foreign competitors

Clad, ’18 (James Clad, 11-26-2018, former deputy assistant Secretary of Defense, current Senior Fellow at the American Foreign Policy Council, "The Perilous State of America’s Defense Industry – InsideSources," InsideSources, https://www.insidesources.com/the-perilous-state-of-americas-defense-industry/)

Here’s the ‘BLUF’ — Pentagonese for “bottom line up front.” Put bluntly, U.S. military manufacturing and the military materials supply chain have succumbed to a crippling dependence on overseas imports. There’s also too much acquiescence in supply chain choke points. Entire critical industries either have disappeared or are hanging on by a thread. As is often the case, the challenges faced by our defense industrial base and supply chain can largely be traced back to successive missteps and omissions. For example, Washington gridlock routinely produces unpredictable federal budgeting. Lacking reliable payments means perilous uncertainty for defense suppliers. That’s just one example. Overall, the erosion of industrial capability and capacity has led to a ceding of place to foreign competitors, a slow-motion decline of domestic strength mirroring the wider phenomenon of offshoring manufacturing. Within the defense industrial subsector of our overall manufacturing base, foreign competition has not elicited a domestic response sufficient to halt the erosion of U.S. industrial capacity. While too often a one-size-fits-all excuse for failure, a combination of mercantilist trade practices, dumping, and intellectual property theft (overwhelmingly from China) has eroded our industrial primacy. Yet it has all happened under our noses, with our “eyes wide shut.” Buttressed by mountains of state bank investment cash, Beijing’s state planners have positioned a range of industries at the core of China’s strategic ambition. Largely unencumbered by market undulations, the favored Chinese companies have full backing from their government — extra financial leeway for undercutting rivals, and for capturing full or near- monopolies. This thrust reaches into a large swath of the global economy. From dumping excess capacity steel production, to monopoly mining, and to lithium-ion battery manufacturing, China has seized and won formidable market share. It continues to make further investments to hold that position. The erosion of our mining sector makes the point with vengeance. Once as robust as our manufacturing, the impediments to U.S. domestic mining offers a prime example of what the Defense report now deems unacceptable. The tech-driven economy seems quintessentially and primarily American in origin and impact, but its dependence on esoteric minerals and metals from all corners of the Periodic Table has become glaring. Rare earth mineral imports by the United States have soared in recent years — with customers forced to deal with Chinese production and export monopolies.

#### US has become too reliant on allies

Gouré, ’18 (Daniel, 10-4-2018, PhD, Vice President of the Lexington Institute, a thinktank, and an analyst on national security and military issues, "Winning Future Wars: Modernization and a 21st Century Defense Industrial Base," Heritage Foundation, <https://www.heritage.org/military-strength/topical-essays/winning-future-wars-modernization-and-21st-century-defense>) cg

In part, this also reflects the reality that many foreign countries, particularly U.S. allies in Europe and Asia, now possess critical design skills, production capabilities, and products. For example, several of the teams competing for the new Air Force trainer are offering a foreign-designed or foreign-made airframe. The two teams that competed for the Marine Corps’ Amphibious Combat Vehicle 1.1 were providing a vehicle made overseas. U.S. Army tanks are being equipped with an Israeli-made active protection system. In many areas, including night vision systems, naval radar, sonar, air-to-air missiles, and even space systems, foreign companies’ technologies and products are equal to or better than those provided by U.S. companies.

#### Technological innovation and corresponding private sector multiplier effect

Saluja, ’15 ( Kulwant, staffwriter for MarketWatch, “Cutting defense spending could hurt economy, Bernanke warns” <http://www.marketwatch.com/story/cutting-defense-spending-could-hurt-economy-bernanke-warns-2015-08-17>) cg

WASHINGTON — Former Federal Reserve Chairman Ben Bernanke warned Monday that reduced defense spending could have adverse long-term economic impacts, including undermining technological innovations that ultimately produce jobs in the private sector. Speaking at a Brookings Institution event, Bernanke said, “By far the most important (impact), certainly in the United States, has been the linkage between defense military appropriations and broader technological trends. “That is one of the major sources of U.S. growth over time. We remain a technological leader. That’s one of our national strengths.” Bernanke cited as examples the Manhattan Project and the creation of the Defense Advanced Research Projects Agency, the precursor to the Internet. “One innovation I really like is laser surgery,” Bernanke said. “There has since been something like 55,000 patents related to laser technology. Things that have come out have been laser surgery, DVDs, barcodes.” “If the same money had been spent on basic science that would have probably been an even better strategy, that would be even better … but the political system is not good at making long-run investments with uncertain impacts,” he said.

### Dollar Hegemony

#### Economic crisis fuels US military aggression

Ross, ‘22 (John Ross, Senior fellow at Chongyang Institute for Financial Studies, Renmin University of China. He was previously Director of Economic Policy for the Mayor of London. 3-25-2022, "US economic downturn motivates its global military expansion," *Global Times*, <https://www.globaltimes.cn/page/202203/1256816.shtml>) cg

The US threat to bring Ukraine into NATO, which caused the Ukraine military conflict, signifies the United States has been prepared to cross a new threshold in its aggressive international military policy. Previously the US carried out military actions against developing countries with far weaker armed forces than itself - Serbia (1999), Afghanistan (2001), Iraq (2003), Libya (2011). But the US threat to extend NATO into Ukraine was a policy which it knew in advance affected the most fundamental national interests of a country with strong military forces including nuclear weapons - Russia - therefore explicitly crossing Russia's "red lines." As I lived in Moscow from 1992-2000, I knew every significant Russian political viewpoint, whatever their other differences, agreed that Ukraine's membership of NATO, placing missiles within a few minutes flying time to Moscow, would be a deadly military threat. The US has therefore escalated military threats from those against developing countries - which are unjust but do not directly risk world wars - to aggression against great powers such as Russia. Therefore, it is necessary to analyze what creates escalating US military aggression. Is it temporary, after which the US will resume a peaceful course? Or is it a permanent trend of US policy? This is a key issue for all countries, but particularly important for China. In parallel with escalation against Russia, the US, for example, has systematically attempted to erode the one-China policy. The US is fully conscious that the one-China policy affects China's most fundamental national interests and is the fundamental basis of US-China relations, and that to abandon it crosses China's "red lines" in the way their attempt to incorporate Ukraine into NATO crosses Russia's. The key forces driving this escalating US policy are clear. The US has permanently lost overwhelming world economic predominance. Even regarding China individually, the US no longer has an overwhelming lead. At market exchange rates, the US economy is still bigger than China but in realistic price levels, purchasing power parities (PPPs), China's economy is 18 percent larger than the US'. It may be conceded that the US economy is still ahead of China, due to a higher level of productivity and technology, but the US has already lost its global economic predominance. By 2021, in PPPs, the US accounted for only 16 percent of the world economy - 84 percent of the world economy is outside the US. Economically the global era of multipolarity has already arrived. The danger to all countries is that while the US has irreversibly lost global economic dominance, it has not yet lost military supremacy. This difference between the economic and military positions of the US marks the fundamental difference between the "new Cold War" and the "old Cold War" waged by the US against the USSR. In the old Cold War, the US and USSR's military strength was comparable, but the US economy was much larger than the USSR's. Therefore, the US strategy was to shift issues onto an economic terrain. Even Reagan's military build-up of the 1980s was not intended to wage war against the USSR but to engage it in an arms race, damaging the Soviet economy. Consequently, despite tension, the Cold War never turned into a hot war. The present US situation is the opposite. Its relative economic position has weakened greatly, but its military power is great. Therefore, the US attempts to move issues onto the military terrain. This explains its escalating military aggression and why it is a permanent escalating trend. There is a chilling historical analogy. In 1912, German Chief of Staff Helmuth Von Moltke made the notorious statement "war is unavoidable and the sooner the better." This, from Germany's viewpoint, was entirely rational. At that time Russia and the US' economies were growing more rapidly than Germany's - inevitably leading them to becoming militarily stronger. Therefore, Moltke called for war as soon as possible. This is, similarly, the present threat flowing from the US. The US is attempting to use military strength to avoid the geopolitical consequences of its relative economic decline - producing an escalating US use of war. This directly affects Russia and China's relations. The scenario of Russia and China on good terms is a formidable economic and military obstacle to US threats of war. Therefore, the central strategic goal of US policy is to separate Russia and China - then the US will attack them individually including using military strength. In summary, US military escalation, from a willingness to attack developing countries, to preparedness to cross the red lines of a great power, such as Russia, is not temporary. It is determined by the overall situation of the US. It means this aggression will also be directed against China. The Ukraine crisis naturally has unique features. But it is also the manifestation of an escalating US military policy that is bound to continue.

#### Dollar inflation spills over globally, diverting productive spending and driving military conflict.

Goodman & Sundaram, ‘23 (Amy Goodman, American broadcast journalist, syndicated columnist, investigative reporter, and author; interview with Jomo Kwame Sundaram; Prominent Malaysian economist, senior adviser at the Khazanah Research Institute, visiting fellow at the Initiative for Policy Dialogue, Columbia University, and an adjunct professor at the International Islamic University; 2-16-2023; "Rising U.S. Interest Rates Push Countries in Global South Toward Economic Collapse," Democracy Now; [https://www.democracynow.org3/2023/2/16/global\_south\_debt\_crisis](https://www.democracynow.org/2023/2/16/global_south_debt_crisis);) cg

Soaring inflation and devalued currencies have created a catastrophic debt crisis for much of the world, including in countries like Lebanon, Iraq, Egypt, Sri Lanka and Pakistan. Malaysian economist Jomo Kwame Sundaram says the instability is largely driven by interest rate hikes by the U.S. Federal Reserve, which have the effect of increasing borrowing costs for poorer countries and devaluing their currencies compared to the U.S. dollar. The intensifying U.S. economic war on China is also hurting many countries of the Global South that are linked to Chinese industry, he says. AMY GOODMAN: This is Democracy Now!, democracynow.org. I’m Amy Goodman, with Nermeen Shaikh. As debates continue in Washington over raising the debt ceiling and combating inflation, we take a global look at the growing international economic crisis as soaring inflation and devalued currencies leave nations across the globe confronting a catastrophic debt crisis. Lebanon is facing what the World Bank has described as, quote, “among the most severe crises globally since the mid-19th century.” Earlier today, Lebanese protesters attacked at least six banks, setting some on fire, as the Lebanese pound hit a new record low. Since 2019, the pound has lost 98% of its value. Protesters accused the Lebanese government and banks of failing to help the people. PROTESTER: [translated] What are you Lebanese people waiting for to go down and take your rights from this mafia of thieves and criminals that is ruling? Where are the human rights? There is no electricity, no water, nothing at all in this country. Don’t they feel us while sitting in their palaces? They don’t feel the people. They see us as sheep. We won’t stay silent about our life’s worth. AMY GOODMAN: In addition to Lebanon, numerous other countries are facing similar crises. In Iraq, protests recently broke out in Baghdad over the plummeting value of Iraq’s currency, the dinar. In Egypt, the value of the Egyptian pound has shrunk in half over the past year while prices have soared. In Sri Lanka, authorities have just raised the price of electricity by 66% in an effort to get a bailout from the International Monetary Fund. Last year Sri Lanka defaulted on its debt for the first time in its history. Pakistan is also facing its worst economic crisis, leading to gas shortages, power outages, rampant price increases. Meanwhile, in Argentina, inflation has hit nearly 100%. To look more at this global growing economic crisis, we’re joined by Jomo Kwame Sundaram. He is a Malaysian economist at the Khazanah Research Institute in Kuala Lumpur, Malaysia. He was an economics professor and then U.N. assistant secretary-general for economic development. In 2007, he received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought. Professor Jomo Kwame Sundaram, thank you so much for being with us. Can you just comment on what is confronting — in the United States, we focus on inflation here, but the global catastrophe of inflation and what it means? JOMO KWAME SUNDARAM: Thank you very much for having me, Amy. The world situation is very, very serious, not because we have a conspiracy to worsen the situation, but we have a confluence of events. Two developments in particular threaten the world economy in very, very deep ways. Firstly, of course, we know that the U.S. Fed has raised interest rates over the last year, and this has had catastrophic consequences for many developing countries. We have seen capital leaving most developing countries, most countries in the Global South, and this has resulted in their currencies depreciating and the U.S. dollar appreciating. That often raises the cost of the imports which are often necessary for the subsistence. The other major development which has been — the other related development, of course, has been that the cost of debt has gone up tremendously. And the cost of debt going up basically puts many economies into very serious difficulties, because they are no longer able to service the debts, especially given their currencies are declining in value. Of course, some commodity prices have gone up, but many other commodity prices have not gone up, and this worsens the situation in very deep ways. So, we have, of course — we have, as a consequence, very deep threats of recession in many of these economies. And then, at the same time, we have the stepping up of warfare, warfare not only by military means, which of course are very important and divert precious resources away from needed purposes — dealing with climate change and so on and so forth — and, instead, divert them for military purposes. Germany, for example, has tripled its military spending within the last year.2 **Economic collapse degrades global crisis-response capacity and causes extinction.** Hanna Samir **Kassab 17**. Visiting Assistant Professor of Political Science at Northern Michigan University, Prioritization Theory and Defensive Foreign Policy. Springer International Publishing, 2017. CrossRef, doi:10.1007/978-3-319-48018-3. Great powers, with all their resources, power and influence, have inherent weaknesses. These weaknesses are all part of today’s international system as defined by complex interdependence, but they also emanate from weak states. Because weak states are so exposed to shock, vulnerabilities have time to ripen and become part of the international structure, thereby having what I call systemic reach. While Structural Realism posits that the system is constructed by states’ distribution of capabilities, I add that other facets of international politics—vulnerabilities—also create the system and the way states interact with each other. The systemic reach of these threats forces states to act to bolster their chances of survival. I missed this point in Weak States in International Relations Theory. This study then aims to finish what my dissertation started: to theorize how systemic vulnerabilities shape the international system and hence state behavior. The core of this work posits that positive, long-term, sustainable economic development for all states as [is] the only way to correct vulnerabilities. Creating a pragmatic, stable and sound economic policy for all states who are voluntarily open to the system (barring rogue states and peoples who prefer traditional living), is at the backbone of neutralizing vulnerability. An economically developed nation is more prepared to deal with systemic shock than others because it has the resources to do so. Developed countries are more prepared than others to deal with outbreaks of disease, financial crises, sudden environmental disaster, terrorism and drug trafficking and so on than weaker states because they have the resources to do so. Weaker, more underdeveloped states depend on great powers to bail them out during times of trouble; they know great powers must do so as a part of their hegemonic responsibility. Using theory and case studies, this work theorizes the structure of international politics in our day. Taking a holistic look at the mechanisms that guide state behavior, I demonstrate the simple fact that as a global community, we are all in this together. While states tend to pursue interests selfishly, the fact remains that one state’s trouble can spread throughout the globe. States only exist to give people the chance to practice self-determination and to survive against other states. These are all normative statements and do not reflect reality. This book is an attempt to describe reality divorced from traditional understandings of the state, taking into account changes in our world. The realists that stubbornly defend their theories (Kassab and Wu 2014) must take these matters seriously.

### China Impact

#### US competitiveness is the backbone of its competition with China- economic, political, and military power all rely on it

Rasser & Lamberth, ’21 (Martijn Rasser and Megan Lamberth in 2021 Former Senior Fellow and Director, Technology and National Security Program and Former Associate Fellow, Technology and National Security Program; Taking the Helm A National Technology Strategy to Meet the China Challenge; Center for a New American Security; <https://www.cnas.org/publications/reports/taking-the-helm-a-national-technology-strategy-to-meet-the-china-challenge>) cg

The United States faces a challenge like no other in its history: a strategic competition with a highly capable and increasingly resourceful opponent whose worldview and economic and political models are at odds with the interests and values of the world’s democratic states. A rising China poses a fundamental challenge to the economic vitality and national security of the United States and its allies and the currency of liberal democratic values around the world. Technology—a key enabler for economic, political, and military power—is front and center in this competition. Technological leadership—how a country invents, innovates, and deploys technologies to compete economically and to secure its interests—will shape the coming years to a remarkable degree. The United States has maintained such leadership for decades. Today, that leadership is at risk. The United States is failing to rise to the occasion—its policies inadequate and disconnected and its response reactive and disjointed. The country needs a new approach to regain the initiative. The stakes are high and the window for action is closing. The U.S. government must craft a national technology strategy for an era of sustained competition with a highly capable contender: a comprehensive framework to plan, execute, and update its technology policies. The strategy is a whole-of-nation approach—including human capital, infrastructure, investments, tax and regulatory policies, and institutional and bureaucratic processes—to preserve its current advantages and to create new ones. To be effective, creating and executing the strategy must involve stakeholders from federal and state governments, private industry, academia, and civil society. The overarching goal is to maintain the United States’ standing as the world’s premier technology power so that it can empower its citizens, compete economically, and secure its national interests without having to compromise its values or sovereignty.

#### US Power checks Chinese revisionism – without it, China will invade Taiwan and take over the Pacific

Brands, ’20 (Professor of Global Affairs, Hal; Hal Brands is the Henry A. Kissinger Distinguished Professor of Global Affairs at the Johns Hopkins School of Advanced International Studies (SAIS) and a scholar at the American Enterprise Institute. He is also a columnist for Bloomberg Opinion. He is the author or editor of several books regarding foreign policy and grand strategy; 10-1-21; "The End of China’s Rise”; https://www.foreignaffairs.com/articles/china/2021-10-01/end-chinas-rise; Foreign Affairs) cg

RING OF FIRE Eurasia has often been a deathtrap for aspiring hegemons: there are too many nearby enemies that can make common cause with offshore superpowers. For almost 40 years, a rising China avoided strategic encirclement by downplaying its global ambitions and maintaining friendly relations with the United States. But that period is over. As Beijing has become more **aggressive** in the South China Sea, the Taiwan Strait, and elsewhere, it has engendered hostility nearly all around. Over the past five years, the **United States** has abandoned engagement and **embraced neo-containment**. Washington has carried out its largest naval and missile expansion in a generation, imposed its most aggressive tariffs since World War II, and implemented its tightest restrictions on foreign investment since the Cold War—all directed at China. Arms sales and military support to frontline states have increased; U.S. technological sanctions are **threatening to destroy** Huawei and other Chinese firms. In 2021, China’s deputy foreign minister complained that “a whole-of-government and whole-of-society campaign is being waged to bring China down.” The United States’ **turn against China** has contributed to a broader backlash against Beijing’s power. In Northeast Asia, Taiwan has become more determined than ever to maintain its de facto independence, and the government has approved a bold new defense strategy that could make the island extremely hard to conquer. Japan has agreed to cooperate closely with the United States to fend off Chinese aggression in the region. Through its own belligerence, Beijing has given the U.S.-Japanese alliance an explicitly anti-China cast. The countries around the South China Sea are also starting to hedge against China. Vietnam is acquiring mobile shore-based missiles, Russian attack submarines, new fighter aircraft, and surface ships armed with advanced cruise missiles. Singapore has quietly become a significant U.S. military partner. Indonesia increased its defense spending 20 percent in 2020 and another 21 percent in 2021. Even the Philippines, which courted China for most of President Rodrigo Duterte’s term, is now reiterating its claims in the South China Sea and ramping up air and naval patrols. China’s ambitions are provoking a response beyond East Asia, too, from Australia to India to Europe. Everywhere Beijing is pushing, a growing cast of rivals is pushing back. The Quadrilateral Security Dialogue—a strategic partnership that includes Australia, India, Japan, and the United States—has emerged as a focal point of anti-China cooperation among the most powerful democracies in the Indo-Pacific. The new AUKUS (Australia–United Kingdom–United States) alliance unites the core of the Anglosphere against Beijing. The **United States** is forging overlapping mini-coalitions to ensure that advanced democracies stay ahead in key technologies, while the G-7 and NATO are staking out tougher positions on Taiwan and other issues. To be sure, counter-China cooperation remains a work in progress, because many countries still rely on trade with Beijing. But these interlocking partnerships could eventually form a noose around Beijing’s neck. FLAMING OUT China is a risen power, **not a rising one**: it has acquired formidable geopolitical capabilities, but its best days are behind it. That distinction matters, because China has staked out vaulting ambitions and now may not be able to achieve them without drastic action. The CCP aims to **reclaim Taiwan**, dominate the western Pacific, and **spread its influence** around the globe. Xi has declared that China seeks a “future where we will win the initiative and have the dominant position.” Yet that dream is starting to slip away, as growth slows and China faces an increasingly hostile world.

### War Impact

#### Global economic wars escalate---collapse overcomes traditional barriers to conflict.

Sundaram & Popov, ‘19. (Jomo Kwame Sundaram & Vladimir Popov, Former economics professor, was United Nations Assistant Secretary-General for Economic Development, and received the Wassily Leontief Prize for Advancing the Frontiers of Economic Thought in 2007. Former senior economics researcher in the Soviet Union, Russia and the United Nations Secretariat, is now Research Director at the Dialogue of Civilizations Research Institute in Berlin “Economic Crisis Can Trigger World War.” <http://www.ipsnews.net/2019/02/economic-crisis-can-trigger-world-war/>) cg; ad; 4/6/24

Economic recovery efforts since the 2008-2009 global financial crisis have mainly depended on unconventional monetary policies. As fears rise of yet another international financial crisis, there are growing concerns about the increased possibility of large-scale military conflict. More worryingly, in the current political landscape, prolonged economic crisis, combined with rising economic inequality, chauvinistic ethno-populism as well as aggressive jingoist rhetoric, including threats, could easily spin out of control and ‘morph’ into military conflict, and worse, world war. Crisis responses limited The 2008-2009 global financial crisis almost ‘bankrupted’ governments and caused systemic collapse. Policymakers managed to pull the world economy from the brink, but soon switched from counter-cyclical fiscal efforts to unconventional monetary measures, primarily ‘quantitative easing’ and very low, if not negative real interest rates. But while these monetary interventions averted realization of the worst fears at the time by turning the US economy around, they did little to address underlying economic weaknesses, largely due to the ascendance of finance in recent decades at the expense of the real economy. Since then, despite promising to do so, policymakers have not seriously pursued, let alone achieved, such needed reforms. Instead, ostensible structural reformers have taken advantage of the crisis to pursue largely irrelevant efforts to further ‘casualize’ labour markets. This lack of structural reform has meant that the unprecedented liquidity central banks injected into economies has not been well allocated to stimulate resurgence of the real economy. From bust to bubble Instead, easy credit raised asset prices to levels even higher than those prevailing before 2008. US house prices are now 8% more than at the peak of the property bubble in 2006, while its price-to-earnings ratio in late 2018 was even higher than in 2008 and in 1929, when the Wall Street Crash precipitated the Great Depression. As monetary tightening checks asset price bubbles, another economic crisis — possibly more severe than the last, as the economy has become less responsive to such blunt monetary interventions — is considered likely. A decade of such unconventional monetary policies, with very low interest rates, has greatly depleted their ability to revive the economy. The implications beyond the economy of such developments and policy responses are already being seen. Prolonged economic distress has worsened public antipathy towards the culturally alien — not only abroad, but also within. Thus, another round of economic stress is deemed likely to foment unrest, conflict, even war as it is blamed on the foreign. International trade shrank by two-thirds within half a decade after the US passed the Smoot-Hawley Tariff Act in 1930, at the start of the Great Depression, ostensibly to protect American workers and farmers from foreign competition! Liberalization’s discontents Rising economic insecurity, inequalities and deprivation are expected to strengthen ethno-populist and jingoistic nationalist sentiments, and increase social tensions and turmoil, especially among the growing precariat and others who feel vulnerable or threatened.Thus, ethno-populist inspired chauvinistic nationalism may exacerbate tensions, leading to conflicts and tensions among countries, as in the 1930s. Opportunistic leaders have been blaming such misfortunes on outsiders and may seek to reverse policies associated with the perceived causes, such as ‘globalist’ economic liberalization.

#### Sans the dollar the world currency will be dislodged - goes nuclear.

Day, ‘22 (Michael, 3/31/22 Chief Foreign Commentator @ iNews, "Russia and China are out to undermine the US dollar, and if they succeed it will change the world for ever," <https://inews.co.uk/news/long-reads/russia-china-us-dollar-undermine-change-world-cryptocurrency-1548200>) cg; ad: 5/6/24

There is only one true superpower. Since the end of the Second World War, we’ve seen the United States bestride the world like a colossus. What makes the US such a potent ally and formidable adversary? Its nuclear arsenal? This helps. As does its incomparable navy and huge, hi-tech army. The soft power from its ubiquitous contributions to culture is clearly important. But none of these really explains America’s unique ability to project power globally. This is conferred by the mighty US dollar. Its status as the undisputed reserve currency (it accounts for around 60 per cent of world reserves, compared with just 20 per cent for its nearest rival, the euro) means that Washington’s tendrils extend into almost all banks and financial institutions. Few, if any, major companies are safe from its influence. As a result, the US can slap crushing financial sanctions on foreign firms or governments anywhere in the world. Look closely at a dollar bill, however, and you’ll see there’s a target on its back – a target brought into sharper relief by events in Ukraine and the West’s reaction to them. Russia and China are gunning for it. If they can end the dollar’s primacy with a mix of digital and cryptocurrencies and alternative payment systems, US supremacy will end, too – and the world will change for ever. A golden opportunity The dollar has been the world’s reserve currency since 1944, when the US and its allies, planning for post-Second World War construction, agreed at the Bretton Woods Conference to peg the American currency to the rate of $35 per ounce of gold. The next inflection point arrived in 1971 when Richard Nixon allowed the dollar’s value to fluctuate; its extraordinary popularity meant America no longer had enough gold to back it, and Japan’s and West Germany’s exports soared on the weakness of their own currencies. The dollar’s primacy among currencies has remained unchallenged, to the disdain of some. In the 60s, France’s finance minister (and later president) Valéry Giscard d’Estaing declared that the dollar’s status as the leading reserve currency was the “exorbitant privilege” of the United States. The world’s appetite for dollars provided cheap financing for US investment abroad. Decade after decade, the world’s largest economy has enjoyed low interest rates and a government that is able to fund budget deficits in perpetuity. Of more concern to the rest of the world is how the dollar’s outsize role in international trade can hurt the global economy. As a country’s currency weakens, its exports should become cheaper and therefore more competitive. But because so much trade in other countries is conducted in US dollars, smaller countries do not always see this benefit when their own currency depreciates. The International Monetary Fund (IMF) has suggested this phenomenon has exacerbated the economic crisis caused by the Covid-19 pandemic. Fines and sanctions What’s not in doubt is how the dollar’s dominance in the global credit system supercharges the power of US financial sanctions. Almost all trade done in US dollars – even trade between other countries – can be subject to US sanctions, because they are handled by correspondent banks with accounts at the US Federal Reserve. By cutting off the ability to transact in dollars, the United States can halt an organisation’s ability to do business. The colossal $9bn (£7bn) fine that Washington levied on the French bank BNP Paribas in 2014, for dealing with Sudan and Cuba in defiance of US sanctions, was a stark illustration of this power. BNP Paribas had no choice but to comply. Big companies cannot function unless they are able to access the global market for dollars. And this cannot be done if an institution falls out with US regulators. In this vein, significant impetus for the world to ditch the dollar has come not only from America’s autocratic enemies but as a result of its own actions. The shock presidency of Donald Trump called into question whether even America’s traditional allies benefited from its global financial power. Between bouts of cosying up to then attacking China and Russia, Trump alienated his key European allies, even to a degree, the UK. Europe, led by France, has talked about resisting US financial power. In terms of its economic size, the EU is on a par with the US. But political fault lines within Europe and the might of the US dollar limit its ability to take on Washington. This weakness was brutally exposed following the Trump administration’s withdrawal from the Iran nuclear containment deal in May 2018. Britain, France and Germany were adamant the accord was needed to prevent an atomic arms race in the Middle East. But the threat of secondary US sanctions meant that European firms had to stop trading with Iran. The Trump presidency may or may not have been an aberration (events in 2024 will tell). But it has made even America’s friends consider the dangers of their dependence on the dollar. Trump is gone – for now. And with events in Ukraine focusing minds on the need for security and stability, the West is banding together. Conversely, America’s old enemies are more determined than ever to end its status as the financial superpower. Russian resentment of the dollar has been growing since 2014, when its invasion of Donbas and Crimea provoked sanctions from the Obama administration. Beijing’s determination to resist the US dollar went up a gear following the trade war and sanctions it endured during its spat in 2018 with the Trump administration. The war in Ukraine looks set to boost their resolve. Many pundits say that there’s a danger that the tough US-led sanctions in response to the Ukraine crisis – while wounding Russia now – will ultimately strengthen the de-dollarisation movement and end US global leadership. A new financial order Analysts are now talking about a “turning point” for the dollar. The real shock among the sanctions dumped on Russia following its attack on Ukraine has been America’s move to stop Russia’s central bank from accessing its foreign currency reserves; with the UK, Europe and Japan on board, more than half of Moscow’s $630bn war chest accrued in foreign banks, used to prop up the rouble in times of crisis, has been frozen. “As such, it may make less and less sense for global reserve managers to hold dollars for safety, given that they could be taken away right when they’re most needed,” according to Joe Weisenthal and Tracy Alloway of Bloomberg. Attempts by Russia and China to build a new financial order are well under way. Russia is trying to build sanction-proof alternatives to the ubiquitous Swift international payment system, which allows banks to communicate with one another. One is a homespun alternative to Visa and Mastercard. The other is Moscow’s own messaging system – the System for Transfer of Financial Messages, or SPFS – as a rival to Swift. So far, this system has allowed Russia only very limited access to global markets. “These are in the early stages,” Josh Lipsky, director of the Atlantic Council’s GeoEconomics Center, told i. He thought it would be many years before they made a big impact. But that’s not all. Since October 2018, major Russian energy companies have stopped using the US dollar. By the end of 2020, more than 83 per cent of Russian exports to China were settled in euros. Moscow and Beijing want other countries, some ambivalent about US ties (such as Turkey) or those with an axe to grind (such as Iran) to join their campaign against the dollar. Russia has tried to muster further support by promoting the Brics grouping, – Brazil, China, India, Russia, and South Africa – and the Shanghai Cooperation Organisation. Brics’s New Development Bank deals in local currencies to “break away from the tyranny of hard currencies”. India, Brazil and South Africa all conspicuously failed to condemn Putin’s invasion of Ukraine. Russia is co-operating tirelessly with China, America’s other nemesis, to reduce dependence on the dollar. In 2016, prime minister Dmitry Medvedev called for the two countries’ national payment systems to be harmonised and for direct settlements in yuan and rubles. In February this year, Xi Jinping announced that the friendship between the two nuclear-armed autocracies was “without limits”, as China gave the tacit nod of approval for Moscow’s invasion of Ukraine, while Russia did the same for a future attack on Taiwan. China hopes that partnership with Russia will help it build a yuan-based financial system – including Beijing’s own rival to Swift, and an alternative bank card payment system – thereby boosting the yuan’s status as a reserve currency. The yuan (the currency’s official title is the renminbi or RMB; its units are yuan) has a very long way to go. Currently it accounts for less than 3 per cent of global reserves. Currency contenders But there are other currencies – and other types of currency. Russia is currently preparing to launch a state-backed digital currency that can bypass the dollar. Sanctioned Russian entities would be able trade directly with anybody willing to accept the digital rouble without first converting it into dollars. After poo-pooing such systems, the US is finally having to react. On 9 March, President Joe Biden signed an executive order requiring officials to assess the risks and benefits of creating a central bank digital dollar, as well as other cryptocurrency issues. Lipsky says that the US treasury is well aware of the moves made by hostile powers. At least nine other countries have already launched central bank digital currencies (CBDCs). “In the past six months there has been a change of heart over digital currency. They don’t want to find five years down the line that there are lots of digital currencies out there without proper regulation,” he says. “Imagine a world where Russia invades Ukraine, Russian banks are shut off from the Swift banking system, but they switch over to a wholesale CBDC exchange between Russia and China,” he adds. “That’s all possible with digital currencies.” Some potential contenders for the US dollar are not traditional currencies such as the euro or yuan. Instead, they are assets that derive their value from several others. For example, Special Drawing Rights (SDRs), created by the IMF in 1969, are a basket of currencies, including the US dollar, euro and the renminbi. Most leading authorities think it is a matter of when, not if, the dollar is toppled. Speaking at HSBC’s Global Emerging Markets Forum in November, Barry Eichengreen, an economist at University of California, Berkeley, said: “A multipolar international monetary and financial system is coming, as the United States accounts for a declining share of the global economy.” Robert Manning, of the Scowcroft Centre for Strategy and Security in Washington, says that “the dollar is unlikely to be dislodged in this decade”. But he adds: “Looking out to 2035-2040, the dollar is likely to be challenged by the RMB and euro, and we may see a more fragmented international financial system.” Bloomberg pundit Robert Burgess says the end of America’s super-powered dollar “would be “earth-shattering”. In more measured terms, Manning notes the Greenback’s eclipse would “remove a key tool from US foreign policy at a time when economic statecraft is paramount”. America, the world’s policeman, would be no more – or at least, seriously disarmed. Some might rejoice at the thought. But in the age of Putin and Xi, nuclear-armed dictators for life, perhaps we should be careful what we wish for.