# 1AC---UKRR---Race 5

## Plan---1AC

#### The United States federal government should promote broad-based bargaining for workers in the United States.

## Advantage---Growth

#### The Advantage is GROWTH:

#### It’s structurally hollowed out due to systemic de-unionization. Only structural reforms to the labor market solve.

Peters ’24 [Michael; September 2; Associate Professor of Economics at Yale University, Research Fellow of the National Bureau of Economic Research, Research Affiliate at the Centre for Economic Policy Research; International Monetary Fund, "America Must Rediscover Its Dynamism," https://www.imf.org/en/Publications/fandd/issues/2024/09/america-must-rediscover-its-dynamism-michael-peters]

The US economy has a multitrillion-dollar problem. It’s the dramatic slowdown in productivity growth over the past couple of decades. Between 1947 and 2005, labor productivity in the US grew at an average annual rate of 2.3 percent. But after 2005, the rate fell to 1.3 percent. Such seemingly small differences have astonishingly large consequences: if economic output for each hour worked had kept expanding at 2.3 percent between 2005 and 2018, the American economy would have produced $11 trillion more in goods and services than it did, according to the US Bureau of Labor Statistics.

This is part of a broad-based trend across advanced economies. Productivity growth in Europe has been even slower than in the US. As a consequence, Europe has fallen significantly behind the US in terms of GDP per capita. Productivity is a key driver of economic expansion. Its anemic performance in the world’s largest economy threatens to send ripples around the globe and into developing economies, where growth is key to lifting millions of people out of poverty.

What’s behind the stubborn stall in productivity growth in the US and other advanced economies? Research points to two developments. One is that the rapid deployment of advanced information technologies helped big established businesses at the expense of smaller start-up companies. Another is falling population growth and changing demographics, which reduced the speed of new business creation. Together, those factors led to a decline in creative destruction, an important element of innovation as identified by the early 20th century economist Joseph Schumpeter. This sapped dynamism from the US economy.

There are two key measures of productivity growth, which are closely related. The first is labor productivity, or the simple computation of real output per hour of work. The second is total factor productivity (TFP), which also takes into account changes in capital intensity and capacity utilization.

Labor productivity and TFP have evolved in tandem since the 1940s (see Chart 1). Labor productivity gains slowed from the range of 3–3.5 percent a year in the 1960s and 1970s to about 2 percent in the 1980s. In the late 1990s and early 2000s, the US economy experienced a sizable but temporary productivity boom as productivity growth rebounded to 3 percent. Since about 2003, productivity gains have been lackluster, with labor productivity slowing to an average growth rate of less than 1.5 percent in the decade after the Great Recession. Recent economic shocks such as COVID-19 and surging energy prices since the war in Ukraine had a notable impact on employment and inflation dynamics. However, productivity growth has been relatively unaffected and has remained low. Changes in TFP closely mirror the fluctuations in labor productivity growth. While labor productivity growth always exceeds that of TFP because of increases in capital intensity, falling TFP growth drives the decline in labor productivity gains.

Understanding the causes of the slowdown is crucial because of the high economic stakes. It’s also vital for determining whether governments and central banks have effective policy tools to address the issue or whether they must prepare for a prolonged period of lower growth.

Creative destruction

Recent research suggests that changes in the process of creative destruction and reallocation across businesses might hold the key to understanding the productivity slowdown. Aggregate TFP reflects the economy’s state of technology and the efficiency of resource allocation. Intuitively, aggregate productivity can be low either because the technologies enterprises use are inefficient or because some businesses may have access to productive techniques, but market imperfections prevent them from displacing less efficient competitors. Productivity growth can stem from the arrival of new and better technologies or from reallocation of resources from unproductive to productive companies.

There is growing evidence that the US economy is not as dynamic as it used to be. A key aspect of business dynamism is new business formation. It is often measured by the entry rate, or the share of enterprises that started operating in a given year. The entry rate fell from 13 percent in 1980 to 8 percent in 2018, according to the US Census Bureau. In addition, US enterprises became substantially larger, with the average number of employees rising from 20 in 1980 to 24 by 2018. Older and bigger companies thus account for a much larger share of economic activity than they used to. These trends indicate significantly declining dynamism in the US economy over almost four decades.

This raises two critical questions. First, why does a decline in business dynamism correlate with a slowdown in productivity growth? Second, what are the fundamental factors driving these trends?

Proximate causes

The link between productive churn, business-to-business reallocation, and aggregate growth lies at the heart of Schumpeter’s famous concept of creative destruction, in which new enterprises develop innovative technologies aiming to displace incumbent producers and take their market share. Aggregate productivity growth and markers of business dynamism such as churning and turnover at the company level are therefore two sides of the same coin.

From that perspective, the slowing formation of new businesses and the expanding role of older, bigger companies are exactly what one would expect in times of low productivity growth. The falling entry rate is an indication that the arrival of new technologies might be slowing. And given that entrants are of course younger and, on average, smaller than incumbent businesses, a decline in the entry rate naturally leads to an increase in business size and a rise in concentration.

A large and growing body of research provides additional evidence. First, the rise in corporate concentration has been shown to go hand in hand with expanding market power. The average markup by publicly traded US companies surged from about 20 percent in 1980 to 60 percent today. Large incumbent businesses thus seem to be shielded more and more from competition, allowing them to jack up prices and widen profit margins.

A second line of research shows the flip side of rising corporate market power: the weakening of workers’ bargaining position. Since 1980, labor’s share of the US economy has fallen by about 5 percentage points. The plunge was faster in industries that experienced more concentration, where large superstar firms such as Google, Apple, Amazon, and Walmart grew the most—as documented by the Massachusetts Institute of Technology’s David Autor and his research partners.

Third, there has been a secular decline in business-to-business reallocation since the late 1980s, as shown in a series of papers by John Haltiwanger and other researchers. This suggests that the process of workers moving from declining to expanding businesses is not as fluid and dynamic as it once was.

These patterns are consistent with the view that creative destruction has been decreasing and that business dynamism and aggregate productivity growth fell as a consequence. If incumbent businesses face less competition from entrants, they have an easier time building a dominant market position. This allows them to expand markups, profit margins, and (eventually) corporate valuations. Because higher profits cut into the share of output paid to workers, a shrinkage in labor’s share of the economy will ensue, especially in the most concentrated industries.

#### The plan solves:

#### 1. PRODUCTIVITY.

#### Bargaining power reduces turnover, enhance innovation, and raises wages to overcome demand-side constraints

Madland ’21 [David; May 15; Senior Fellow and Strategic Director of the American Worker Project at the Center for American Progress; Re-Union: How Bold Labor Reforms Can Repair, Revitalize, and Reunite the United States, “Unions as the Solution,” Ch. 2]

Moreover, the labor market is different than other markets. People are not widgets. If the price of a commodity, like oil, goes up, the commodity still performs the same. But, if a worker’s pay increases, something different happens. Some workers value their job more and are less likely to leave— which reduces turnover, and turnover is quite costly to employers. Some workers may increase their effort because they feel they are being paid what they are worth. Some employers restructure processes to help make workers more productive and promote additional training to help workers become more efficient. Workers can also have good ideas to improve productivity and may be more likely to offer them when they feel they are being fairly compensated and feel their voice is heard.

Further, higher wages also enable workers to purchase more goods and services. Increased consumer demand gives firms an incentive to invest in new factories and products, which can create additional jobs. Put another way—the ability to pay low wages may be helpful for a particular firm, but low wages are not necessarily good for the broader economy. The growing economy relies on growing consumer demand.

In a similar vein, employers also often underinvest in training—relative to both their needs and the best interest of society. This occurs in part because employers fear their competitors will hire away workers they have spent money to train before they are able to recoup their investment. A related reason is that turnover is very high in some jobs—in large part because pay is low—so employers do not want to train workers that are just going to leave the job. As a result, it may be rational for an individual firm to avoid training investments and instead hire trained workers from another company or just let workers leave the industry. But this can lead to a problem for the overall economy. Unions can negotiate for greater investments in training and can create the structures to deliver it in ways that benefit workers and employers.

All of this means that in the real world there is plenty of opportunity for labor unions to raise wages and not hurt, and perhaps even help, economic growth. Which is why decades of research has shown that unions and collective bargaining do not lead to economic ruin. The research is very clear that unions raise wages and reduce inequality, but their effect on other economic outcomes such as productivity, economic growth, employment, and firm profitability depends heavily on the context, especially the response of management but also the specific firm, region, and time period under study.

The classic work on the economic impacts of unions was written in 1984 by Harvard economists Richard Freeman and James Medoff, and more than three decades of subsequent research has largely verified their findings.91 Freeman and Medoff explained that unions have “two faces.” In one, collective voice acts as an accountability check on management, helps workers’ preferences be accurately communicated to management, and ensures that gains from productivity are equally shared. The other, a monopoly face, can be used to “raise wages above competitive levels” and promote “restrictive work practices.” The collective face boosts productivity by “open[ing] an important communication channel between workers and management,” bringing out the best in workers and management to solve problems collaboratively that could not be solved by individuals working alone. The monopoly face, Freeman and Medoff argue, can produce uncompetitive pay and inefficiencies that “lower the productivity of labor and capital,” such as through “restrictions on tasks performed.”92

Both faces exist simultaneously, but Freeman and Medoff argue that, on balance, the impact of the positive face dominates, even in the United States, which has a less-than-optimal system. There has been an enormous amount of research building on and supporting the two-faces argument, looking into economic outcomes such as productivity, employment, profitability, and physical and human capital investments. Some studies find that the negative face is more prevalent, while others find that the positive face is more prevalent, but most find that the impact of unions on economic growth or the competitiveness of an economy is roughly a wash—often boosting productivity while slightly reducing corporate profits.93

For some people it may be helpful to reference the research on minimum wages to round out the research on unions, as the minimum wage has been the subject of frequent debate. Unions do a lot more than help set minimum compensation standards, but, to economists, raising wages above what employers would pay on their own is analogous to raising the minimum wage. And fortunately there has been much recent and important research on the minimum wage. For decades economists assumed that the minimum wage must have significant harmful effects, but once they really began studying minimum wage increases in detail, they began to understand that the minimum wage significantly increased the earnings of low-wage workers without much or any reduction in employment.94

As with the minimum wage research, there is a growing understanding that unions do not do dramatic harm to the economy. Unions can in fact help the market function properly, balancing the power of employers and workers, helping workers earn a share of the “rents” that powerful companies get, limiting discrimination, reducing transaction costs so workers can understand their options, providing incentives for training programs, reducing turnover, and helping workers gain leverage that can improve not only working conditions but also the efficiency of production processes.

All of these good economic effects can and do happen under the current US labor system. But the US system is not set up to maximize their occurrence. Rather, in some ways the current system is set up to hinder them because it emphasizes enterprise-level bargaining that exacerbates conflict between workers and owners, encourages low-road companies to compete based on squeezing wages rather than increasing productivity, and fails to foster industry-wide training systems—indicating that there are ways to further improve the economic impact of unions by moving toward sectoral bargaining, as will be discussed in the next chapter.

Critically, the economic impacts of unions are even more positive when their broader consequences are considered. Unions also help make government work in ways that are better for the economy. Because unions help balance political and economic power, government is less likely to be captured and used to protect the interests of the rich, the rule of law is stronger, and investments in social goods like education and infrastructure are greater—all of which are good for the economy.95 Unfortunately, the vast majority of research on the economic impact of unions “ignores politics,” as the economist Daron Acemoglu and the political scientist James Robinson write—meaning that it misses perhaps the most important way that unions help make the economy function.96 As a result, unions have a far more positive economic impact than most economic studies are able to show.

#### Worker involvement maximizes efficiency and business dynamism, but decline is reverse-causally detrimental.

Wang ’22 [Wen; April 10; Assistant Professor at the Department of Decision, Operations and Information Technologies, Smith Business School, University of Maryland, College Park; Economic and Industrial Democracy, “Trade union influence on innovation in the British private sector: Direct and indirect paths,” vol. 44]

Conclusion

This article contributes to the debate on the relationship between trade unions and innovation (Berton et al., 2021; Doucouliagos and Laroche, 2013; Reshef et al., 1993; Teng et al., 2019). We examined the individual and combined effects of trade union representation on innovation through their influence on staffing, training and employee involvement practices. Our concern centred on the neglected impact of unions on long-term innovation capacity at work and the potential for unions to act as antagonistic, but constructive, co-creators of policies that safeguard training and the ‘right to know’ what is going on at the workplace. Our emphasis is on genuinely independent unions with strong workforce support and clear as to their relationship with the employer – one of constructive opposition in the interests of their members with back-up from their national associations. This position is supported by evidence from its opposite, namely ‘company’ unions and/or weak unionisation are found to have either no impact on firm innovation or a detrimental one (Foster and Woolfson, 1989). The decline in private sector unionisation in the UK and USA has likely been an important contributor to an increase in failed projects, more risk taking, and a loss of business dynamism (Calvino et al., 2020).

Our findings indicate that on-site union presence and employee representation structures are significantly and positively correlated with innovations relating to processes and marketing. This represents the article’s first contribution, which is to confirm a direct and positive association between trade union representation and innovation. Its second substantial – and particularly distinctive – contribution is that it has drawn attention to the indirect influences that trade unions can have on innovation. Our findings suggest that these indirect influences emanate from the positive impact that trade unions can have on training provision (both on- and off-job training), employee involvement practices, in particular upward problem-solving, and long-term oriented staffing practices. Studies have shown that these practices help to develop key capabilities and organisational resources that support innovation (Addison et al., 2017; Lévesque and Murray, 2005; Storey et al., 2002).

The findings further indicate that trade union representation has a particularly strong influence on the probability that firms will introduce process innovations. These are innovations that may directly affect how employees’ work is organised, the technology they use and, potentially, the intensity of their work. Shipton et al. (2006) suggest a deeper understanding in the work system commands employees a stronger influence in process innovation than new products introduced. However, although employees may possess ideas that have the potential to improve productivity through innovation rather than through work intensification, they are unlikely to articulate these ideas in the absence of a long-term employment commitment on the part of employers. Staff involvement should not be seen, therefore, as some vague psychological construct that supposedly captures a moral imperative in terms of commitment, but rather a bargained truce between workers as a collective and management rooted in the labour process of skill use. The results show that training and employee involvement practices have a stronger and significant association with new process innovation when trade unions help to shape long-term oriented staffing practices. Hence, the importance of meaningful trade union representation and the possible virtuous circle contained within a power brokerage system that allows for better training, more investment, higher productivity and a more sustainable business model for long-term profits and survival.

#### 2. LABOR STAGNATION.

#### Unequal bargaining power is the root cause. Supply side risks lock in chronic slow growth.

Maffei-Faccioli ’25 [Nicolò; January 11; Ph.D., M.S., and B.S. in Economics, Senior Advisor at Norges Bank; Journal of Applied Econometrics, “Identifying the Sources of the Slowdown in Growth: Demand Versus Supply,” vol. 40]

3 | Results

3.1 | Slow-Moving Fluctuations in GDP Growth and Inflation

Figure 1a shows the estimated low-frequency components of GDP growth and inflation together with the actual data. The dot-ted black lines correspond to the actual data, while the thick bluelines represent the point-wise median estimates of the trend com-ponents, with the associated 68% credible bands. Vertical gray bars correspond to NBER recession dates. Figure 1b plots the prior and posterior distributions of the matrix of loadings Λ.

The trend components accurately capture the slow-moving behavior of GDP growth and inflation, and with relatively little uncertainty. Overall, there are substantial fluctuations in the trend components of both GDP growth and inflation over the sample, despite the tight priors imposed on the variance-covariance matrix Σ. The data thus speaks loudly in favor of significant low-frequency variation in the mean of the growth rates, 𝜏𝑡. Despite the rather large standard deviation of the prior for the coefficients in Λ, the estimated posterior of 𝜆1and 𝜆2 are narrowly centered around what the simple endogenous growth theory suggests. The median values of 𝜆1 and 𝜆2are 1.06 and 1.02, respectively, and the uncertainty is substantially smaller compared to the prior. The data favors loadings that essentially imply a common trend for GDP growth, consumption growth and investment growth.

There is a significant slowdown in trend GDP growth over the sample considered, of about 1 percentage point from 1960 to 2023. The point-wise median estimate for the long-run real GDP per capita growth rate in 2023Q4 is about 1%, well below pre-crisis averages of around 2%. The most striking feature of the slowdown is its timing. Trend GDP growth declined appreciably in the late 1960s and early 1970s, accelerated quickly in the1980s and mid-1990s and fell markedly after 2000. These findings are well in line with the narrative that the early 1970s was a historical period characterized by a slowdown in productivity growth, and the 1990s experienced a rapid increase in growth due to the information technology (IT) revolution (see Gordon 2015). The recent decline, however, is more controversial. Some studies place a structural break around the mid-2000s (see Eo and Morley 2022; Fernald et al. 2017; Grant and Chan 2017; Kamber, Morley, and Wong 2018), while this paper favors a more gradual decline that starts in 2000, as documented in Antolin-Diaz, Drechsel, and Petrella (2017) and Antolín-Díaz, Drechsel, and Petrella (2024).

At first glance, the timing of the decline seems to favor explanations that are unrelated to the Great Recession, as the slow-down starts well before 2007. Having a closer look at inflation, however, can intuitively suggest a potential role for demand in the aftermath of the financial crisis. The slight increase in the low-frequency component of inflation from 2000 to 2006 seems to suggest that structural forces other than demand are in place from the early 2000s. However, the trend component of inflation declines after the Great Recession and remains well below the 2% target for a decade. This finding leans towards the argument that factors other than supply might be in place to account for the lackluster growth experienced from the onset of the financial crisis until the pre-pandemic period, as highlighted by Summers (2015). Turning our attention to the post-pandemic period, the model attributes the recent rise in inflation as the result of both an increase in trend inflation and in the cyclical component of inflation, with the latter explaining the largest share.

A comment on inflation is warranted. The 2009–2019 decline in the low-frequency component of inflation is rather small com-pared to its fluctuations over the sample. The trend increases substantially starting in the mid-1960s and peaks around 1980–1981, reflecting the Great Inflation, after which a substantial decline isin place (see Ascari and Sbordone 2014 for a survey of the macroeconomics of trend inflation).

3.2 | Why Has Trend GDP Growth Slowed Down?

Figure 2 plots the contribution of supply-side and demand-side factors in accounting for low-frequency movements in GDP growth and inflation. In the first row panels, the thick black line represents point-wise median estimates of the trends in deviations from their initial conditions, while the colored bars show the estimated drivers. The second and third row panels report the uncertainty surrounding the estimated supply and demand contributors, respectively, for GDP growth and inflation. Focusing on GDP growth (left panel), supply-driven factors explain the bulk of its long-run fluctuations over the entire sample. These factors play a significant role in driving trend GDP growth downwards in the late 1960s and early 1970s, in line with the common view that a large productivity slowdown took place during this historical period. Also, the rapid rise in trend GDP growth during the 1990s appears entirely supply-driven, reflect-ing the positive effects of the digital revolution. Focusing on the early 2000s, supply-driven forces are behind the initial slowdown in trend GDP growth, and significantly contribute further to its decline in the aftermath of the crisis, in line with the narrative that structural forces other than demand were at play before the Great Recession and contributed negatively to the slowdown. Overall, the supply-side component seems to capture changes in technological progress remarkably well. Indeed, the timing closely resembles the arguments in both Gordon (2015) and Fernald et al. (2017).9

At the same time, demand-side forces appear to be significant drivers of fluctuations in the long-run component of GDP growth. The findings suggest that demand-side factors contributed positively to trend GDP growth during the 1970s. This could indicate, for instance, that the monetary and fiscal policies that fueled inflation in the 1970s had positive effects on GDP growth and that these effects were masked by the negative pressure of supply-side forces. Moreover, half of the shortfall in GDP growth from 2000 until 2019 appears to be due to demand-side factors, providing evidence of important demand effects that have exacerbated the slowdown since the onset of the Great Recession.

While the slowdown in GDP growth in the 1970s and its rise during the 1990s are entirely supply-driven phenomena, the decline after 2000 is explained by both supply-side and demand-side fac-tors. Using the median estimates, 53% of the decline between2000 and 2015 is attributed to demand and 47% to supply. While the beginning of the slowdown in 2000 is due to supply forces only, demand factors contribute significantly to further exacerbate this trend after the financial crisis. These findings pair remarkably well with the timing of both the supply-side and demand-side views.

The importance of demand-driven factors in the aftermath of the financial crisis is clear once we have a closer look at inflation (right panel). While supply factors put upward pressure on inflation after 2000, these have been more than counterbalanced by demand forces pulling in the opposite direction in the aftermath of the financial crisis. These findings can also provide an intuitive explanation for missing inflation during the recovery. During the 1970s, on the other hand, inflation was largely driven by supply-side phenomena. This decomposition attributes 58% of the Great Inflation to supply-driven factors and 42% to demand-driven factors. Focusing on the recent rise in trend inflation in the COVID-19 period, the bulk of the rise appears to be explained by supply-side factors. This is reflected also in trend GDP growth that appears to be mainly driven by supply-side fators after the pandemic.

#### Unionization overcomes labor shortages necessary for projects.

Andrias ’25 [Kate and Alexander Hertel-Fernandez; March 31; Patricia D. and R. Paul Yetter Professor of Law at Columbia Law School, and a co-director of the Columbia Law School Center for Constitutional Governance. Previously, she served as associate counsel and special assistant to President Barack Obama and as chief of staff in the White House Counsel’s Office; associate professor and vice dean at Columbia University’s School of International and Public Affairs. From 2021 to 2023, he served as a deputy assistant secretary in the Department of Labor and a senior fellow in the White House Office of Information and Regulatory Affairs; Fireside Stacks, “Abundance That Works for Workers—and American Democracy,” https://www.firesidestacks.com/p/abundance-that-works-for-workersand?utm\_source=post-email-title&publication\_id=2587633&post\_id=160006946&utm\_campaign=email-post-title&isFreemail=false&r=5n0h&triedRedirect=true&utm\_medium=email]

But in order to be effective, abundance policy must benefit and build power for working- and middle-class Americans rather than enriching and empowering concentrated economic interests and generating a populist backlash that undermines democracy.

In particular, as two scholars of labor and American political economy, we seek to highlight the role that unions—workers’ best instrument for building collective economic and political voice—can play in the abundance movement.

At present, proponents of abundance are divided in their views of organized labor. Klein acknowledges that unions are not necessarily opposed to an abundance agenda. For example, he has stressed that Pennsylvania Governor Josh Shapiro’s remarkably rapid rebuilding of I-95 used union labor, noting “[t]here’s nothing about unions doing projects that means they can’t be done fast.” However, a number of other abundance proponents have suggested that unions and labor-related policies are obstacles to greater production, construction, and robust state capacity. These critics argue that unions raise the costs of housing by insisting on the use of union labor for construction; oppose transitions to clean energy because of their representation of unionized workers in fossil fuel industries; and delay government action with bureaucratic processes that make it hard to hire and fire workers at will.

What is missing from the abundance debates thus far is a recognition of the positive role that unions can play as a partner in achieving abundance, as well as a reckoning with the trade-offs involved in weaking labor power in the pursuit of abundance.

Organized labor can advance abundance in several ways.

We draw attention to three here.

First, unions can facilitate faster construction on large-scale projects through the provision of skilled labor throughout a project. This function is critical as labor shortages are one important source of delays in construction. An evaluation by the US Department of Labor found that the use of unionized labor helped to prevent shortages of skilled construction labor for New York City schools. More recently, during the labor shortages throughout the COVID-19 pandemic, unionized contractors reported fewer issues in filling open specialized craft positions than nonunion contractors.

Second, unions can help create the political will for abundance by forming coalitions to lobby the government to expand production or construction. In states across the country, building trade unions are helping to train their workers in construction for the clean energy transition, such as building and assembling wind turbines. In turn, those unions are joining with climate advocates and clean energy firms to expand state targets for clean energy production. Fostering more of these joint coalitions could help unlock further production in other sectors, such as health care, childcare, or public transportation.

Third, engaging unions—and other civic organizations—in the process of crafting abundance policy can help ensure the efficacy and the democratic legitimacy of the projects. That is, when workers are at the table, the policy outputs are more likely to serve the needs of working people and to have political buy-in of diverse communities. One way to provide workers a seat at the table is through “tripartite” administrative structures that bring representatives of workers, employers, and the public together on councils or committees that help set policy and then implement it.

#### 3. INEQUALITY.

#### It causes chronic demand shortfalls and slows recovery from inevitable recessions.

Bivens ’22 [Josh and Asha Banerjee; May 24; chief economist at the Economic Policy Institute, Ph.D. in Economics at the New School for Social Research; Economic Analyst at EPI, Master of Philosophy (MPhil) in Economic and Social History at the University of Oxford, B.A. in Economics and History from the Columbia University; Economic Policy Institute, “Inequality’s drag on aggregate demand,” https://www.epi.org/publication/inequalitys-drag-on-aggregate-demand/]

Since the late 1970s, income inequality has risen sharply enough and been sustained long enough to have significant macroeconomic and fiscal effects. This inequality has led to chronic shortfalls of demand stemming from weakened household spending. These chronic demand shortfalls have constrained economic growth—by as much as 3.4% of GDP per year—and contributed strongly to the very slow recoveries following the most recent three recessions predating the coronavirus recession. The early 1990s recovery was the first one dubbed “jobless,” but employment recovered even more slowly in the early 2000s recovery and the recovery from the Great Recession of 2007–2009 (Bivens 2016).

Even as rising inequality dragged on demand growth and harmed recovery from these three recessions, policy levers meant to help the economy bounce back faster were either becoming less effective (interest rates were near or at zero and couldn’t be lowered further) or were left unused (Congress failed to provide sufficient fiscal stimulus by boosting spending). So far, the recovery from the recession caused by the COVID-19 shock has been happily much more rapid, almost entirely due to the much greater fiscal effort—spending increases—put into recovery. But the fiscal push that aided recovery so far is gone, while almost certainly little progress has been made in lessening inequality. As time marches on, the demand-depressing effect of this higher inequality could start to reassert itself.

In fiscal terms, the key effect of rising inequality has been to redistribute income from the low- and moderate-income households that tend to be net recipients of disposable income from the tax and transfer system toward the higher-income households that tend to be net payers to this system. As income gets transferred from low-savings to high-savings households, where is the increased savings going? A good chunk of it goes to reducing measured budget deficits. As we note in the text box explaining why some measures of aggregate personal savings haven’t risen over recent decades, the reduced budget deficits that accompanied the rise in inequality is in some sense “where” the extra savings one would expect from a rise in inequality have shown up.

There are economic circumstances in which moving closer to federal budget balance might aid economic growth. But the U.S. economy has not enjoyed those circumstances for much of the last four decades. Economic growth has been constrained by weakened demand for sustained periods since 1979, which means that there was no particular economic benefit from lower budget deficits. Essentially, the macroeconomic downside of higher inequality—the drag on economic growth—likely neutralized any fiscal upside.

#### It exacerbates demand and credit shocks, undermining resilience and consumption necessary for robust growth.

Amromin ’18 [Gene, Mariacristina De Nardi , and Karl Schulze; 2018; senior vice president and director of financial policy at the Federal Reserve Bank of Chicago, Ph.D. in economics from the University of Chicago; formerly a senior economist and research advisor in the research department at the Federal Reserve Bank of Chicago, Ph.D in economics from the University of Chicago; senior research assistant on the microeconomics team in the economic research department at the Federal Reserve Bank of Chicago; Federal Reserve Bank of Chicago, “Inequality and Recessions,” https://www.chicagofed.org/publications/chicago-fed-letter/2018/392]

The increase in inequality over the past several decades has received widespread attention from both academics and the public at large. While much of this discourse centers on either the causes or normative implications of increasing inequality, it is important to ask whether the widening gap between the rich and poor has any direct effects on macroeconomic aggregates and, in particular, on the severity of the Great Recession, when output and consumption dropped precipitously and were slow to recover (see figure 1).1

Is it possible that the changing distribution of wealth intensified and lengthened the effects of this downturn? More broadly, should economists and policymakers concerned with macroeconomics be worried about wealth inequality?

1. U.S. real per capita GDP, PCE, and their linear trends, 1985 to 2007

[FIGURE OMMITTED]

In this article, we first summarize two key papers—one by Krusell and Smith (KS),2 and the other by Krueger, Mitman, and Perri (KMP).3 The major lesson from their work is that economies with a large fraction of low-wealth households, who are borrowing constrained and have a high marginal propensity to consume (MPC), can experience a larger consumption drop in response to a macroeconomic shock than economies where wealth is more evenly distributed and fewer households are borrowing constrained. Next, we turn to the Panel Study of Income Dynamics (PSID) and Credit Bureau Panel Data (Equifax) to examine the interaction between consumption and wealth during the Great Recession, highlighting several dimensions of the data that are likely to tighten the relationship between wealth inequality and the intensity of a downturn. Our recent working paper4 argues that the role of borrowing constraints cannot be adequately captured by only having a large share of households with little wealth before a recession, as is currently the case in most macroeconomic theory (Kaplan and Violante5 are a notable exception).

The first paper, KS, proposes a model of consumption and savings with incomplete capital markets and aggregate uncertainty, where wealth inequality is the cumulative result of different past labor market experiences. To proxy a recession, the authors induce a negative shock to aggregate productivity, which lowers wages and raises unemployment. This paper teaches us that aggregate consumption can depend on the shape of the wealth distribution, even though price and inflation dynamics only depend on average wealth. The intuition for this duality is that low-wealth households make up a sizable fraction of consumption and have the largest MPCs, while contributing the least to aggregate capital and price determination.

The second paper, KMP, extends KS’s model to a life-cycle framework and allows for unemployment insurance. Their enriched model endogenously generates much more wealth inequality than the KS baseline economy. The authors compare the dynamics of these two models and find that the KMP version generates a larger drop in consumption in response to a downturn, even after holding the total amount of wealth in the economy fixed. Thus, increasing wealth inequality can increase the severity of a recession.

These two important papers provide convincing evidence that inequality can worsen the negative effects of a recession. However, these models still miss some important aspects of the data that characterized the Great Recession. These features include endogenous changes to wealth due to changes in asset and house prices, the composition of asset holdings, the tightening of credit standards, and the complex earnings dynamics of those who remain employed. Taking into consideration these additional elements can help provide a better picture of who is borrowing constrained and how their consumption changes when they are hit by a shock.

Our goal here is to highlight these trends using the PSID and Equifax data. The PSID is a widely used and nationally representative panel of households that observes their wealth, earnings, and consumption every two years in our data, covering from 2000 to 2012. The Equifax data set is a nationally representative sample of individual borrowers, containing data on all aspects of individual and household-level borrowing and credit. This data set allows us to characterize the experience of households prior to and during the recession.

First, the models we discussed so far do not have the sizable wealth losses due to the changing asset and house values that were observed during the Great Recession. In the data, the wealth distribution shifted sharply leftward between 2006 and 2010, with the share of households holding negative net worth jumping from 16% to 24%. Moreover, the PSID shows us that changes in net worth have consequences for a household’s consumption levels. In figure 2, we follow households as they transition across fixed wealth quintiles and find that downward movements in wealth are associated with negative consumption growth rates, shown in bold. For example, 43.8% of households who had net worth values between $37,400 and $133,000 remain in this group in 2010, and they experience a 0.9% per year increase in consumption. However, more than one-third of the households who were in this wealth quintile in 2006 lost enough wealth to drop into lower-wealth groups. For context, the group that transitioned from Q3 to Q1 had an average nominal net worth of $73,900 in 2006 and dropped to a 2010 mean of –$33,100. They also experienced an annualized –2.8% decline in nominal consumption during this period. Similarly, for the Q3 to Q2 group, 22.9% of households dropped from an average wealth level of $73,000 to $20,800 and experienced a –3.3% annualized decline in consumption. Therefore, asset and home values play an important role in a household’s consumption and saving decisions.

Second, these models abstract from portfolio choice and the important observation that the composition of household assets changes over the wealth distribution. For example, in the PSID, only 12.7% of families in the lowest wealth quintile in 2006 owned their home, compared with 80.2% in the middle quintile. Similarly, 82.7% of families at the top of the wealth distribution held financial assets, compared with 33.6% in the middle quintile. Thus, the collapse of the housing bubble affected households differently across the wealth distribution. We calculate that 22% of families in the middle of the wealth distribution lost all of their housing wealth, compared with only 6.5% of the top quintile. In contrast, low-wealth households were less affected by housing price declines, since so few owned a home.

2. Transition probabilities and annualized nominal consumption changes (%) across 2006 net worth quintiles, 2006 to 2010

[FIGURE OMMITTED]

Third, the decline in asset prices and rise in unemployment occurred simultaneously with a tightening of credit standards. Guerrieri and Lorenzoni6 show that this also tends to reduce consumption. With the onset of the recession, not only did many households’ credit scores decline, but financial institutions also raised their required credit score thresholds, with the median score of borrowers approved for mortgages backed by Fannie Mae or Freddie Mac increasing from 720 to 780. The result of this tightening was that only super-prime borrowers, i.e., those with credit scores above 779, did not see substantial declines in their success rates of obtaining credit. Importantly, for the various measures we consider in figure 3, this deterioration in the ability of households to borrow appears to not have recovered as of 2012, thus possibly contributing to the slow recovery that we have observed.

Fourth, the models only consider increases in the risk of unemployment during recessions, which tend to affect those at the bottom of the wealth distribution the most. However, in the data, changes in hours worked and earnings for those who remain employed also show substantial declines that play out differently across the wealth distribution. Downward changes in households’ earnings expectations can also help explain the slow recovery of consumption after the crisis, amplifying the intensity of the initial downturn. For example, Pistaferri7 shows that declines in consumer confidence and earnings expectations explain the longer-than-normal recovery in expenditures, especially among those at the bottom of the income distribution. De Nardi, French, and Benson8 show that the recession was characterized by both permanent shocks to income and increases in income uncertainty, while Malmendier and Nagel9 use evidence from those who experienced the Great Depression to show that a financial crisis can permanently increase risk aversion among households who live through it.

3. Fraction of constrained households over time

[FIGURE OMMITTED]

Conclusion

The models of KS and KMP, together with these additional elements present in the data, point to the importance of thinking about borrowing constraints and marginal propensities to consume in richer frameworks in which the constraints are not simply synonymous with holding little in the way of net worth. The models also stress the consequences that unequal access to financial liquidity can have on consumption dynamics during an economic downturn. As we show, various measures of household constraints have permanently increased in the wake of the Great Recession (figure 3), raising the need for caution in thinking about an economy’s response to aggregate shocks.

#### Strengthening union power solves. Wage pressures, training, and benefits drive economy-wide benefits.

Madland ’21 [David; May 15; Senior Fellow and Strategic Director of the American Worker Project at the Center for American Progress; Re-Union: How Bold Labor Reforms Can Repair, Revitalize, and Reunite the United States, “Unions as the Solution,” Ch. 2]

Economic Functions of Unions

In the economy, the most basic function labor performs is to bring workers together to bargain for higher wages and benefits. The standard and overly simplistic economic theory of labor markets maintains that employers and employees freely and fairly negotiate on equal footing. While something like this can occasionally happen, in most circumstances employers have far more information about the market and far more power than their workers. Employers know what they pay all their current employees, and they likely have surveyed competitors, information almost no individual worker has. Employers also generally have far more options and financial resources than do workers. Employers can usually hire any number of people to perform a particular job, while workers’ options are usually limited, especially if they want to remain in a particular area. Workers also need an income more than an employer needs work from any particular worker.

For a number of reasons, workers do better when they bargain collectively—especially those who tend to have less power in society, such as those with less education, African Americans, and women. Compared to trying to negotiate on their own, unionized workers engaged in collective bargaining have better information about what colleagues and competitors earn as well as their employer’s ability to pay. Most importantly, they have greater market power. Most individual workers are relatively easy for an employer to replace. But replacing a group of workers is harder—though not impossible, as will be discussed in more detail later. This means employers have a stronger incentive to negotiate with a group than they do with most individual workers. In addition, as part of a union, workers are better able to ensure that employers follow through on any promises to raise wages and benefits. Put differently, unions help workers negotiate and enforce contracts.

Unions also provide important services and benefits. For example, union training programs run jointly with employers help workers gain skills that lead to higher-wage jobs—and generally do this better than nonunion training programs, which do not always lead to a higher-paid job or even a job at all.51 Finally, unionized workers also gain a greater voice on the job, which in addition to tangible gains for workers and sometimes firms can also lead to less easily measurable benefits such as feelings of greater agency and well-being.

All told, collective bargaining provides a way to discover a fair and economically sustainable price for work. It minimizes the distorting effects of employers’ vastly superior power and generally leads to a compensation package that is acceptable to both workers and employers. One side may have had the upper hand in the negotiation, but both had some degree of influence to shape the outcome, and both prefer the outcome to the alternatives—the likes of strikes, lockouts, and closing plants.

Not surprisingly, unions produce significant economic benefits for their members. In the United States, unionized workers earn about 13 percent more than comparable nonunion workers and are much more likely to have health care, pensions, and paid leave and vacation days and to receive employer-provided training.52 Research on other countries finds similar advantages to collective bargaining. Unionized workers also have much greater wealth—roughly twice as much—as comparable workers because of the cumulative effect of higher wages, better benefits, and increased job stability. 53 Unions even help the next generation do better: children raised in a union household earn significantly more than children raised in an otherwise similar, nonunion household, and the results are strongest for households with less education.54

The private contractual standards that unions help set often spread to the larger economy. When unions have sufficient strength in an industry or region, collective bargaining creates a set of high standards that most employers—even nonunion ones—have to follow. 55 As a result, unions and collective bargaining also tend to raise standards and improve working conditions for all workers, not just those that are unionized.

In the United States, with its worksite bargaining system—often known as enterprise-level bargaining—this spreading of standards generally happens through an informal process. When unions have high density, nonunion employers raise their wages and benefits to levels comparable to most other employers in the market in order to attract and retain employees and ward off potential unionization efforts. In most other economically advanced countries, as well as in a few limited policy areas in the United States, such as in prevailing wage laws for government contracts, there are more formal processes for extending the standards set by collective bargaining to other employers. These broad-based bargaining processes are actually much more effective at raising wages and reducing economic inequality than enterprise-based bargaining, as will be discussed in more detail later, but the point to remember now is that unions and collective bargaining play key roles in the larger economy—even when the role they are playing is more as a private actor than a political one. Thus, collective bargaining and union enforcement of contracts can be viewed as a way to privately regulate the market.

This private regulatory function is deeply intertwined with the more political functions that unions perform. As a result of their self-interest, as well as their broader mission to represent workers, unions often advocate to promote policies such as a strong government antipoverty programs and adequate investment in social goods like education and roads and full employment. They have been a major force behind the passage of laws, from ones establishing higher minimum wages and improved safety standards to ones expanding access to health care and ensuring civil rights.56 Indeed, unions have been called “probably … the most effective advocate for public policies advantageous to the less affluent.”57

Unions also ensure that companies and governments comply with legal standards. Unions help secure adequate funding for government enforcement agencies, educate workers about their rights, draw public and government attention to violations, and make it safer and easier for workers to stand up to rule-breaking employers.58 Not surprisingly, research in the United States and around the world finds that union worksites are safer and that unionized workers are less likely to have their legal rights violated.59

All told, unions help regulate the economy and make it work better through private and public actions.

Indeed, the combined economic and political impact of unions is immense. Research by professors Bruce Western and Jake Rosenfeld finds that the decline of unions from 1973 to 2007 explains about one-third of rising wage inequality among men and one-fifth among women over that period.60 Other studies from the United States and countries around the world similarly find that unions significantly reduce economic inequality, increase the share of income going to the middle class, and constrain incomes for CEOs and the top 1 percent.61 Unions also reduce poverty rates, as studies in the United States and around the world have found.62 Analysis of US states found that state-level unionization measures had a larger impact on poverty rates among workers than any other state-level economic or policy factor including unemployment, economic growth rates, and welfare spending.63 Unions also boost economic mobility across society. One US study found that an area’s union density was as strong a predictor of upward economic mobility for low-income children as the area’s high school dropout rate.64

#### The plan resuscitates political participation, countering interest groups and ensuring political alignment with financial equity.

Madland ’21 [David; May 15; Senior Fellow and Strategic Director of the American Worker Project at the Center for American Progress; Re-Union: How Bold Labor Reforms Can Repair, Revitalize, and Reunite the United States, “Unions as the Solution,” Ch. 2]

Democratic Role of Unions

The role unions play in democracy is vital to these achievements—at least as important as their role dealing with employers. The simplistic version of democracy holds that elected representatives automatically carry out the will of the people. In this view, candidates seek out positions that match the preferences of the majority of the public and then govern in ways that are responsive to the majority’s preferences. While there is an element of truth to this story, this version of events is largely misguided.

Unfortunately, in the United States today politicians pay vastly more attention to the rich and the powerful than they do to ordinary citizens, and most citizens have basically no influence on what the government does. Though the government sometimes does what most citizens want, studies increasingly find that only happens when the rich or the powerful also want the same thing.65 As the political scientists Martin Gilens and Benjamin Page explain based on their research on nearly two thousand public policy issues over recent decades, “economic elites and organized groups representing business interests have substantial independent impacts on US government policy … while average citizens have little or no influence.”66 As a result, theories of politics based on elites having great power and interest groups representing the already powerful wielding significant influence have been much better able to explain what has happened to US democracy over recent decades than the standard hopeful theories based solely on majority rule.

There are a number of reasons that the US government is no longer responsive to ordinary citizens. Supreme Court decisions like Citizens United are part of the issue, but the main story boils down to this: As inequality has risen to extreme levels, the wealthy have been able to use their money to exert great political influence. In contrast, most people need to act as part of a group to have much sway, but there are few groups representing ordinary citizens.

The money and standing of the wealthy commands great attention from elected officials. But the single vote of an ordinary citizen does not mean that much, nor does any modest financial contribution they may make. Moreover, it is difficult and time-consuming for an ordinary citizen to pay attention to everything elected officials are doing and communicate with them at important points in the policy process.

For a typical citizen, being part of an organized group is essential for them to have much political influence. Labor unions perform several important roles in the democratic process. First, they help mobilize individuals to participate in the political process, by voting, contacting their representative, and volunteering in campaign. Unions also educate their members about political issues and help them make connections between their lives and policy decisions—which is increasingly important as technology increasingly enables the spread of fake news. Unions even increase the effectiveness of political actions by bringing people together and making success more likely. Thus, unions reduce the costs of participating and increase the benefits of doing so.67

Because of union efforts inside and outside the workplace, union members are much more politically active than comparable nonunion workers, but union efforts also increase political participation by nonunion workers. Participation increases are most pronounced for those with less education and income.68 Research shows that union members are much more likely to vote, take political action, join other kinds of membership groups, and contribute more to charities compared to otherwise similar people.69 Overall, these effects are quite large. According to analysis by political scientists Benjamin Radcliff and Patricia Davis each percentage point increase in union density in a state increases voter turnout rates by about a quarter of a percent.70

In addition, unions, like other civil society organizations, can act as mini schools of democracy. Internally, unions have regular elections for leadership positions that provide firsthand experience in small-scale democracy; opportunities for ordinary Americans to witness and participate in elections as both voters and leaders. Unions also help shift the nature of the workplace into something more resembling the give and take of a democracy, where employers must at least discuss certain workplace changes with a union representative elected by workers.71 A number of researchers and political theorists believe that the degree of democracy in a workplace—where citizens spend more time than anywhere else except home—can make them more likely to be either passive followers of authoritarian leaders or active democratic citizens.72

Unions can also help solicit small political contributions from their members and aggregate them into more meaningful contributions. Money that is concentrated in the hands of a few wealthy people is not subject to collective action problems, but workers’ money is spread out among many individuals and must be coordinated in order for it be meaningful.

Just as importantly, unions also serve a critical representative function, advocating on behalf of members who often do not have the time or knowledge to closely follow every political detail. Unions monitor votes, highlight issues for the media, draft legislation, figure out which politicians merit campaign contributions, lobby, work behind the scenes with policy makers, and even create opportunities for citizens to hold elected officials accountable.

In a large, diverse country like the United States, this representative function is particularly important. Most people cannot be super-citizens and do not want to be, but rather they want their interests represented.73 A well-functioning democracy requires a reasonable balance of power and that all major political interests are adequately represented. This encourages negotiation and compromise and helps ensure that there is a fair political fight. But when huge groups of people are not represented, or are only weakly represented, there is not really a fair fight, and one side governs at the expense of the other. This is especially true because research shows that politicians are even more likely to favor wealthy campaign contributors when there is less attention paid to their actions.74

With labor in sharp decline, there has been virtually no organization helping the poor and the middle class have a strong political voice on most issues.75 Most organized groups represent powerful special interests, particularly business interests.76 And as labor unions have declined, business and the wealthy have increasingly dominated politics. Campaign contributions from the wealthy and business outweighed those from labor unions by fourteen to one in 2018, more than twice as much as roughly two decades ago.77 Spending on lobbying is even more uneven—with business lobbying more than sixty times higher than lobbying by labor. 78

Labor is just about the only organized interest group that represents the public will on a wide range of issues. Indeed, studies of the positions taken by leading interest groups matched up with the preferences of the public on poll questions find that most interest groups—especially those that represent business interests—take positions that the public opposes. Only a handful of reasonably large organizations actually represent the interest of the middle class and the poor, and almost all of those are labor unions.79 The few non-labor groups that have been shown to take positions the public agrees with have narrower agendas, such as universities pushing for increased education spending or AARP to preserve Social Security and other retirement programs. Certainly not every issue that labor gets behind will be broadly in the public interest, but most are. As a result, labor unions have proven to do quite a good job representing the interests of workers. Indeed, research shows that in districts where unions are stronger, members of Congress are much more likely to respond to the preferences of the poor and middle class.80

This means that Americans have been suffering from a double whammy of democratic unresponsiveness. The rich have independent political power, and they are getting richer and more powerful. The middle class and poor need to be organized to have political influence, yet most interest groups now represent the wealthy.

While representation of all interests is central to any notion of democracy, some scholars argue that the goal of democracy is also to ensure “non-domination”—the idea that individuals should have the actual freedom to pursue their interests without the potential for others to exert arbitrary influence over them. Critically, unions are also essential to this more expansive definition of democracy in that they help ordinary citizens have agency and provide a check on the potential for employers and the wealthy to dominate workers.81

All told, unions are vital to ensuring that democracy works properly. 82 They advocate for workers and help workers advocate for themselves. And the decline of unions has created a political vacuum that has led the wealthy to capture significant control of government, as the political scientists Jacob Hacker and Paul Pierson explain in the book Winner-Take-All Politics. 83

Beyond the contemporary United States, unions and democracy also tend to go together. Research finds that government is more transparent, more effective, and more responsive to its citizens when unions are strong and well connected with other civil society organizations.84 Not surprisingly, countries that score highest on international rankings of democratic quality by academics and journalists generally have strong unions, while those that rank at the bottom tend to have weak or nonexistent labor movements.85

Unions often stand up to dictators and push for greater openness and have been a driving force in the democratization of countries around the world—from Poland to South Korea.86 When dictators seize power, from Hitler in the 1930s to Pinochet in the 1970s to Viktor Orbán today, one of the first things they usually do is seek to weaken or outlaw labor unions so their agenda faces less opposition.87 (Even in cases where dictators claim to promote workers and unions—as in China today or Argentina under Peron or Egypt under Nasser—the autocrats prevent unions from being independent organizations and make them an arm of the state, with their views and actions screened for political loyalty.)88 And countries like Germany after World War II and more recently South Africa in the aftermath of apartheid have sought to strengthen their labor movements as part of a process to rebuild democracy. 89

#### Stagnating growth is catastrophic for US hegemony.

Slaughter ’25 [Matthew; February 25; Professor of International Business at the Tuck School of Business at Dartmouth College; Foreign Affairs, "Productivity Is Everything: Why Economic Policy Misses What Really Matters,” https://www.foreignaffairs.com/productivity-everything-slaughter-wessel]

For the United States, these are trying times. Americans are overcome with an unshakable sense of economic malaise. The top-line indicators are good: unemployment is low, inflation is declining, and the country remains the richest in the world. Yet in poll after poll, most Americans say they are unhappy with the state of the economy today and its prospects for tomorrow. Only a quarter consider the economy good or excellent. Nearly 80 percent say they are not confident that their children will live better than they do.

Analysts have spent years discussing the country’s particular challenges. They have talked about its aging population, which is widening federal budget deficits as entitlement spending collides with an antipathy to tax increases. They have looked at the growing threat of climate change, which requires an overhaul of the U.S. energy sector. They have noted the widening wealth and income gaps in our changing economy. And they have fretted over foreign autocrats who are menacing U.S. security.

But the public debate too often overlooks a common factor behind all these challenges, one that will shape whether the United States can address them: labor productivity. Commonly measured as the amount of goods and services generated per worker, productivity is the central determinant of a nation’s average standard of living and its overall economic success. Growth over time in productivity is why Americans today can consume more goods and services than their grandparents—even as they work fewer hours. Productivity growth fuels rising wages and profits, which generates more fiscal revenue, allowing Washington to build formidable defense capabilities. And productivity growth bolsters the country’s soft power, demonstrating the strengths of a democratic, market-oriented society.

From the end of World War II to 1973, U.S. business productivity (outside of farming) grew at a brisk annual rate of 2.8 percent. But over the past half-century, the United States’ average annual productivity growth has been much slower. From 1973 to 1995, it slumped to a rate of just 1.4 percent. For the next decade, it rebounded to an average of 3.0 percent. But since 2005, labor productivity has increased only slightly from year to year, at an average of just over 1.5 percent. It bounced around during the pandemic, soaring in one year and falling in the next, and the most recent data is encouraging. But it is too soon to call that change in trend.

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These seemingly small annual differences carry massive implications when compounded across decades. For example, the 2015 Economic Report of the President calculated that if productivity grew from 1973 to 2013 at the pace it had over the previous 25 years, incomes would have been 58 percent higher in 2013 than they actually were. If these gains were distributed proportionately, the median household would have earned an additional $30,000 annually.

To be sure, almost all other high-income countries also experienced a post-1973 productivity slowdown. Many had more severe declines: from 2008 to 2024, for example, British productivity has cumulatively grown by just 6.1 percent, or an average of 0.4 percent per year. But the United States’ comparative edge does not mean American productivity is growing fast enough. And as productivity growth has decelerated in the United States, it has taken off in China. The growth there has driven China’s transformation from an impoverished, isolated nation into Washington’s primary economic and geopolitical competitor.

To fully address its domestic woes and global challenges, the United States will need to spark a productivity renaissance. Economists know what won’t work. Any initiatives that build barriers to the flow of ideas, capital, and people (beyond what is essential to protect national security) are all doomed to fail. So is trampling on international alliances to fight climate change and pandemics and mindlessly cutting government investment in research to enable growth in entitlement spending. Crowding out private, productivity-enhancing investment by running up the federal debt will not succeed, either.

Knowing what will improve productivity is harder. But economists are aware of policies that tend to be effective: spending on basic research and development, investing in education and training, and engaging with the global economy through immigration and cross-border investment. Such policies will not improve productivity overnight, and the United States will need separate measures to make sure everyone can enjoy a boom—such as resources to support workers whose jobs might be destroyed by generative artificial intelligence. But if Washington recommits to this trifecta of tools, the United States will likely see faster productivity growth. It could then begin to solve many of the country’s most intractable problems.

UPS AND DOWNS

Economists have long recognized the importance of productivity. The more productivity grows, the more income households receive and the higher the level of material well-being they can attain. “Productivity isn’t everything,” the Nobel economics laureate Paul Krugman wrote in 1990. “But in the long run, it is almost everything.”

So how does a country raise productivity? Output per worker can increase in one of two basic ways. The first is by boosting the amount of capital available to each worker, such as property, plants, and equipment. The second is through innovation: the discovery both of new goods and services and of more efficient ways to produce existing goods and services. Innovation in turn is spurred by forces such as investments in education (which boosts workers’ skills), spending on research and development, and exposure to global competition through international trade, investment, and immigration. Both governments and companies can improve productivity through R & D spending, but scholars have consistently found that the social returns to such outlays exceed the private returns to those performing the R & D, thanks to positive externalities—such as new ideas in one industry sparking innovations in another. This means that markets alone will underinvest in R & D, a problem that can be remedied by government spending.

Academic research has clearly established that innovation has driven most of the United States’ productivity growth over the past century. A seminal study by the Nobel economics laureate Robert Solow analyzed the rise in real gross domestic product per person in the United States from 1909 to 1949 and concluded that about one-eighth of the total increase came from increased capital per working hour, whereas the rest came from technological change. Another, more recent study that examined the period from 1948 to 2013 found that 80 percent of the growth in U.S. per capita GDP was created by the development of innovative ideas.

The economic history of the United States is in many ways the story of these productivity trends. In 1800, most Americans worked in agriculture, where long, grueling hours were the norm. In that year, for example, it took a farmer 344 hours to produce 100 bushels of corn. A century later, it took less than half as long—just 147 hours. By 1980, it took only three. The reasons for this accelerating efficiency were innovations and fresh ideas, including new techniques for cultivating richer land, better machinery, and labor-saving practices. These gains quickly extended to the economy at large. As agriculture became less demanding, the sector required fewer workers, enabling erstwhile farmers to work in a spectrum of other trades, including the high-technology industries of each generation, such as textiles, telegraphs, and telecommunications.

The country also benefited greatly from improved education, high levels of immigration, influxes of foreign capital, and expanding market competition. Consider the first factor. The United States pioneered high school for the masses, thanks to a grassroots “high school movement,” as it was called, that was largely funded by taxpayers. In 1910, a high school diploma was a rarity in the United States, the province of elites destined to be ministers, doctors, or lawyers. In 1910, barely nine percent of all American 18-year-olds graduated from high school, and 19 percent of Americans between 15 and 18 were enrolled in high school. But by 1940, the median 18-year-old had a high school diploma, and nearly three-quarters of 14-to-17-year-olds were in high school. This concerted expansion of secondary education boosted productivity, which grew very rapidly over the 1920s and 1930s. It also helped narrow the earnings gap between the best-paid and worst-paid workers.

The growth in productivity hardly ended there. As the United States emerged as a global superpower at the end of World War II, American policymakers made a series of choices related to public R & D, education and training, and global engagement that together helped drive strong continued growth. In an effort to compete with the Soviet Union politically and economically, the U.S. government dramatically expanded direct spending on R & D in critical areas, including defense technologies, nuclear energy, medicine, and basic sciences. After the Soviets launched Sputnik in 1957, setting off the space race, U.S. spending on R & D surged even higher, peaking in 1965 at 11.7 percent of the federal budget and 2.2 percent of American GDP. The Servicemen’s Readjustment Act of 1944, commonly known as the GI Bill, provided returning veterans with funds for college education and other training. In its first seven years, approximately eight million veterans received educational benefits. From 1940 to 1950, the number of degrees awarded by U.S. colleges and universities more than doubled. And the United States helped design and launch three global institutions—the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade—to build stable, competitive, and open global commerce. The result was a golden era of American productivity.

And then, in the mid-1970s, U.S. productivity growth collapsed. Some reasons were external and unexpected, such as the unprecedented oil-price shocks of 1974 and 1979. But others were internal and predictable. By 1973, federal R & D spending had fallen to 6.9 percent of the federal budget; by 1995, it was down to 4.5 percent. By 2019, R & D constituted just 2.8 percent of all federal spending and just 0.6 percent of GDP, the lowest in over six decades. The United States continues to invest more in R & D than any other country, but the level of spending is still far below where it once was and where it should be.

Meanwhile, the United States’ educational improvements slowed markedly as secondary schools struggled to boost performance and college tuition marched steadily higher. The global economy, for its part, became more fragmented as the post–World War II stability of fixed exchange rates fell apart. The U.S. government began cutting back on trade agreements and erecting barriers to outside commerce, such as the export restraints slapped on Japanese motor vehicles in the 1980s.

Productivity growth did begin to rebound in 1995, but this unexpected surge was largely the product of one industry: information technology. Research has documented that information technology firms’ deepening global engagement through trade, investment, and immigration helped foster the sector’s jump in productivity. These gains quickly spread throughout the economy at large as companies in other industries, such as retail, invested heavily in new and lower-cost IT products and reorganized to realize the benefits. The Information Technology Agreement, signed in 1996 by 29 countries, helped facilitate this takeoff by eliminating tariffs on IT. As a result, worker incomes grew quickly across all skill categories, temporarily halting the rise in inequality. Federal tax revenues surged—a major reason why, from 1998 to 2001, the United States ran its first budget surpluses in decades.

But after ten years, this productivity boom faded. This was, in part, because the tariff cuts of the Information Technology Agreement reached their planned end, and countries could not strike a fresh agreement that eliminated tariffs for newer IT inventions or products. In the nearly two decades since 2005, productivity growth has again slumped, to an annual average of slightly over 1.5 percent. The end of the boom is part of why both income inequality and fiscal deficits have been rising. Pandemic innovations such as remote work have sparked hope for a productivity resurgence, with many companies reporting big gains from such new work arrangements. But many other businesses have reported slowed productivity from these very same practices—and are thus sharply curtailing them.

The collapse in productivity growth has hampered not only prosperity at home but also U.S. competitiveness internationally—especially against China, whose productivity explosion over the past two generations has transformed the nation’s economic and military might. From the People’s Republic of China’s founding in 1949 until the death of its first chairman, Mao Zedong, in 1976, China experienced almost no growth in productivity because of the state’s tight control over all economic decisions. But when Chinese leader Deng Xiaoping began to liberalize the economy in 1978, productivity spiked. The share of industrial output produced by state firms fell from 80 percent in 1978 to less than 30 percent by 2016. Foreign direct investment in China by Western multinational companies surged. So did China’s exports in the other direction. At the same time, Beijing launched massive public investments in education and research, much as the United States had after World War II. China’s total R & D expenditures rose from about $9 billion in 2000 to $293 billion in 2018—the second-largest national total in the world, after that of the United States.

The productivity effects of all these policy changes were profound. A recent World Bank study calculated that from 1979 to 2019, Chinese productivity grew at an annual average of nearly 7.5 percent. In 1980, China’s total GDP was only $191 billion, or 1.7 percent of total world output. Its GDP per person was only about $195, one of the lowest in the world. Forty years later, however, Chinese GDP reached a remarkable $14.7 trillion—17.4 percent of the world’s total. GDP per capita rose to $10,408, solidifying the country’s middle-income status.

China’s productivity growth has clearly slowed in recent years. One reason is the rapid aging of the country’s population. Another is Chinese President Xi Jinping’s broad reassertion of state control over the economy in key areas such as banking. But this year and next, China’s productivity is forecast to grow by about four percent—more than double the rate forecast for the United States. The country continues to innovate and expand its productivity in many key sectors. In clean technology, Chinese companies dominate the global market for electric vehicles, batteries, and solar power. And through its 2013 Belt and Road Initiative and its 2020 Regional Comprehensive Economic Partnership, Beijing has been pushing to build a new global framework for international trade and investment outside the U.S.-led system. Washington, meanwhile, continues to turn more protectionist.

#### Growth pacifies great-power tensions. Downturn is existential.

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1 Introduction

Although peace and development are central themes of our time, various forms of conflict – between nations, ethnic groups, organizations, and individuals– remain pervasive. High-profile geopolitical tensions, such as the ongoing conflicts between Russia and Ukraine and in the Middle East, serve as stark reminders of the preciousness of peace. The shifting global landscape and power struggles among major nations are particularly concerning. Thucydides’s Trap, a concept popularized by political scientist Graham T. Allison (Allison, 2015, 2017), draws from the ancient Greek historian Thucydides, who noted that the rise of a new power often led to conflict with an established one. The idea has gained significant attention in contemporary international relations, particularly in the context of the perceived rivalry between the United States and China.

Historical accounts underscore the recurring nature of power transitions leading to conflict. For example, the rise and fall of British naval mastery, as discussed by Kennedy (2017), and broader analyses of war and change in world politics by Gilpin (1981) illustrate the Thucydides Trap.1 Allison (2015) refers to 16 historical cases over the past 500 years where a rising power challenged an established power, finding that 12 resulted in war. The two World Wars are also prominent historical cases. These historical perspectives highlight the potential for instability and conflict during significant power shifts.

This deterministic view has been challenged by scholars like Lee (2019) and Chan (2020) who argue that conflict is not inevitable and that other factors, particularly economic conditions, can influence the trajectory. This argument is further supported by analyses of historical power shifts, such as Britain’s response to its relative decline (Friedberg, 2021) and the dynamics of power transitions in Asia (Shambaugh, 2005).2 This opens the door to investigating whether economic conditions can alter the course toward conflict or cooperation in power dynamics.

Economic conditions are undeniably crucial in determining international conflicts. World War II, for example, was significantly influenced by the Great Depression. Economic prospects also influence domestic politics and conflicts. Collier and Hoeffler (2004) suggest that economic conditions largely determine the opportunity for rebellion in civil conflicts, while Blattman and Miguel (2010) and Ray and Esteban (2017) identify lower income levels and weak economic growth as strong predictors of civil wars. Gartzke (2007) and Mitra and Ray (2014) highlight the role of economic development in reducing war and mitigating communal violence. The role of economic factors in power transitions is more complex. Gilpin (1981) and Kennedy (2017) argue that disparities in economic growth can disrupt the balance of power, potentially leading to instability and conflict.

Building on this, we explore how economic prospects affect the likelihood of cooperation and conflict between rising and established powers. We hypothesize that growth prospects encourage cooperative strategies, as both parties stand to benefit from mutual gains. Economic interdependence driven by positive economic prospects can foster stronger trade relations, investment, and collaboration in technology and infrastructure, creating a stabilizing effect where both powers have a vested interest in maintaining peace. Conversely, bleak economic prospects can intensify competition over limited resources. An established power may perceive the rising power’s growth as a threat to its dominance, prompting preemptive actions. Similarly, a rising power facing economic difficulties may adopt aggressive strategies to secure resources and markets, escalating tensions.

Better understanding the interactions between the dynamics of power and economic trajectories provides valuable insights into the potential for cooperation or conflict on the global stage.3 However, numerous confounding factors make it difficult to isolate the causal effect of economic prospects on the natural occurrence of conflicts. It is also impractical to create real conflict scenarios in the real world to test these hypotheses. Therefore, we used a laboratory experiment to simulate interactions between two entities undergoing a power shift under varying economic prospects. While this experiment cannot capture the full complexity of international or commercial relations, it does allow us to study the causal relationship between economic prospects and conflict in a power-dynamic context under controlled conditions.

To achieve this, we designed a dynamic power rivalry game where two players in fixed pairs, A and B, simultaneously decide how to allocate a pie in each period by either choosing to “Maintain Status Quo” or “Challenge”. If both maintain the status quo, the pie is shared equally. If one or both challenge, the pie size shrinks by a social loss coefficient, and the remaining pie is distributed according to the players’ relative strength, which shifts over time. Player A represents the rising power, starting with low relative strength, which increases each period. Player B, the established power, starts with high relative strength, which declines over time. Across the 21 periods of the game, their strengths undergo a symmetrical reversal, with Player A starting at 0.2 and Player B at 0.8, each shifting by 0.03 per period. Players incur a cost when choosing to challenge.

We compared three economic prospect conditions across between-subjects treatments, independent from the players’ actions: in the Constant treatment, the pie size remains constant across periods at 20,000 tokens; in the Decline treatment, the pie size starts at 30,000 tokens and decreases by 1,000 tokens per period; and in the Growth treatment, the pie starts at 10,000 tokens and increases by 1,000 tokens per period.

The Nash equilibrium of the game predicts that Player B will challenge in the first eight periods, while Player A will challenge in the last eight, with both players maintaining the status quo in the remaining periods. Notably, the different economic prospects do not alter this equilibrium. In contrast, our results show that the proportion of challenges from both players, as well as the overall conflict incidence rate, is highest in the Decline treatment and lowest in the Growth treatment. The differences between these treatments are significant across various metrics. Only the Growth treatment reaches a conflict rate significantly lower than the Nash equilibrium. Specifically, Player A (the rising power) challenges significantly more than the equilibrium in both the Decline and Constant treatments but challenges insignificantly less than the equilibrium in the Growth treatment. Player B (the established power) challenges less than the equilibrium in all treatments but only significantly so in the Growth treatment.

Further analyses of the behavior of different types of players with absolute advantage, characterized notably as “money maximizers” who always challenge or “peace lovers” who never challenge, support the robust pattern that growth prospects reduce conflict. We also show that the initial action is crucial in determining subsequent behaviors. Though triggering a conflict is socially inefficient, growth prospects help enhance social welfare. Exploring the mechanisms driving the different impacts of decline and growth prospects, we reject potential explanations in terms of differences in wealth accumulation. A behavioral model with psychological costs for challenging and reciprocity helps rationalize why different economic prospects lead to divergent routes in terms of conflict and cooperation when relative powers shift. This model shows that an established power is less likely to challenge when expecting its rival’s reciprocity. Given its expectations of the rival’s psychological costs, an established power is less likely to initiate a challenge in the Growth treatment than in the other treatments.

To test the real-world relevance of the dynamics observed in our experiment, we conducted a preregistered online survey experiment in the United States with a representative sample of 813 individuals. After presenting each of two scenarios describing long-term global economic prospects –one optimistic and the other pessimistic –, respondents reported their beliefs about the probability that tensions between China and the United States would escalate into conflict over the next decade. In line with our laboratory experiment findings, respondents perceived a significantly higher likelihood of conflict in the slow-down scenario than in the growth scenario. Moreover, most respondents believed that major powers are most likely to engage in conflict when global economic prospects are declining and least likely under global economic prosperity and growth trends.

#### Collapse ignites global hotspots---extinction from nuclear draw-in, follow-on effects, AND irregular war.

Cobb ’24 [Justin; November 12; Operations Sections Chief at the Supreme Headquarters of Allied Powers Europe, Master’s from Auburn University; Center for International Maritime Security, “Considering Global War: A Strategy for Countering Revisionist Powers,” https://cimsec.org/considering-global-war-a-strategy-for-countering-revisionist-powers/]

Zoom out and look beyond the operational outlooks to consider strategy. Any future conflict with the People’s Republic of China (PRC) begun over an invasion of Taiwan is destined to end up being about more than just the fate of Taiwan. The stakes are much higher than the fate of Taiwan alone. A number of articles and studies have concluded that the best, and perhaps only way to prevail against an invasion of Taiwan is to rapidly defeat and destroy the invasion force itself through a denial strategy.1 These arguments have reviewed the possibilities and implications of horizontal escalation, broadening the war to regions outside of Taiwan, and carefully studied slower more gradual responses such as blockades and sanctions. All have concluded that neither horizontal escalation nor gradual or distant approaches are likely to prevent a successful lodgment of PRC forces on Taiwan, making a PRC victory probable. As accurate as these studies and proposed strategies may be, they have erred from the very start by beginning with the premise that the defense of Taiwan itself is the highest strategic goal should war with the PRC break out.

The denial strategy advocates internalize that a high-intensity limited war fought between the US and PRC is possible, with options for off-ramps from conflict easily defined by either a quick US victory by preventing the initial invasion, or a quick PRC victory by achieving a first successful lodgment and occupation. A more likely scenario, however, is that if large-scale open conflict between the US and the PRC has been initiated, the struggle to defend Taiwan would be better understood as a single named operation in a series of ensuing battles that will almost surely rage through protraction and across theaters regardless of the outcome on the beaches in Taiwan. Neither PRC occupation nor US victory in preventing a successful amphibious landing would present any realistic offramp for cessation of hostilities. The Chinese Communist Party (CCP) has repeatedly staked its legitimacy on bringing Taiwan to heel.2 Once forces and the reputation of the PRC were committed to combat, CCP leadership would be bound to continue hostilities for many of the same reasons that Russia’s future and fate are tied to Ukraine, except with much higher political and military stakes and much greater depth of resources and social will to continue.3 Even without the strong political, social, and psychological requirements to sustain and prevail, given the PRC’s massive industrial advantage, it would have many rational military incentives to pursue protraction against the United States and hunker down to achieve its objective. Conversely, if Taiwan were lost, the United States would also have little incentive to accept the outcome and work towards some new normalized world order. Even less so if it had lost considerable numbers of servicemembers and forces in the process. Certainly, at some level of loss, it could become politically impossible for either side to disengage, and that level may be a single aircraft carrier, or even a single destroyer.4

It is challenging to reach the conclusion that after a violent clash and initial outcome on Taiwan that broader war could be quickly terminated. War between the PRC and US could be as catastrophic as that between great powers during the world wars and would carry the nuclear dangers of the Cold War. The stakes of such a conflict would also be broadly similar to both of these historical analogies, the legitimacy of the global order and the future direction of the world.

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If a future war over an invasion of Taiwan only signals the opening salvos of a broader conflict for global leadership and order, responses to such an invasion must be understood in that context. How might such a global conflict unfold? How should the US respond to a prolonged struggle in defense of the current rules-based order, and what roles do US allies and partners play in such a conflict? And, if such a future is on the horizon, what should the US and its coalition of like-minded partners and allies be doing now to prevent or prepare for it? Who is likely to be involved and how might such a conflict play out? A theory of the conflict should be developed before proposing the way ahead. If the US is prepared to commit huge numbers of forces and resources to defend Taiwan in a high-stakes decisive battle, it must also be cognitively prepared for the possibility of escalation up to and including total war and widespread mobilization of populations and industrial capacity. Committing entire fleets to operations that risk the loss of tens of thousands of servicemembers and perhaps dozens of warships and hundreds of aircraft over a short period by either the US or PRC (or, more likely, both) risks enormous potential to fast-track uncontrolled escalation. As unlikely as a controlled decisive battle scenario is, a war geographically focused exclusively on Taiwan itself also seems less likely. The current size and capability of both the PRC and US military eliminates the possibility of a single knock-out strike by either side. Whether the PRC strikes US forces first in a Pearl-Harbor redux, or endures the first phase of a US-led denial strategy before openly targeting US forces and allies, both sides would still maintain a massive conventional capability for military response. There is little compelling reason to assume that even after an initial defeat in the Taiwan Strait that the PRC would not open large-scale counteroffensive campaigns that could include land assaults against places that enabled a US response, including parts of the Philippines and Ryukyu Islands of Japan and certainly involve subsequent attempts on Taiwan.5 Such actions would have immediate implications for a rapid denial strategy and likely cause shifts in political and military priorities from the very beginning. The potential scale of the conflict would likely continue to grow.

<<PARAGRAPH BREAKS RESUME>>

Outside of the immediate region, increasing cooperation and broadly aligning geopolitical objectives between the PRC, Russia, North Korea, and Iran point to the potential for a conflict that becomes more coordinated than opportunistic and rapidly expands to threaten US interests globally.6 In what has been called the “axis of ill will,” despite their differences in priorities and desired endstates, many signs point to increased cooperation and belligerence from these revisionist actors, not less.7 In Ukraine, the Red Sea, and the Levant, the world is getting a sense of what this cooperation might look like, albeit at a lower intensity than is likely if open conflict breaks out between the PRC and US.8

Planners and strategists should fully expect support and varying levels of involvement from each of these belligerents should conflict initiate over Taiwan. Across the globe, direct, indirect, and opportunistic support will confront the US and its allies in every theater. Large-scale conflict between the US and PRC would provide the pretext and opportunity for Russia to expand its belligerence to smaller or more vulnerable nations, and for Iran to attempt to further regional dominance. The Democratic People’s Republic of Korea (DPRK) may be sufficiently deterred by a mutually assured devastation from an outright invasion of the Republic of Korea (ROK). But they should be expected to increase their militancy to tie down ROK support to the US and provide their military support and resources to the PRC, Russia, and Iran at a much larger scale than they have already begun.9 The axis of ill-will would be incentivized to take advantage of the opportunity to harm the US in any way that presents itself. Russian submarines could be hunting US and allied ships in the Atlantic and Pacific while maintaining they were PRC submarines, or Iranian forces dramatically increasing missile and drone attacks against US and allied forces and interests throughout the Middle East.

With increasing rapidity and intensity, military actions and maligned activity would threaten nations across Europe, the Middle East, and Asia. Simultaneously, irregular and cyber warfare from each revisionist belligerent nation might target western financial, utility, and communications networks. Large swaths of the global commons would be at risk for declared no-fly and maritime exclusion zones – all under constant threat. Maritime shipping and global air travel would be severely impacted and, in some cases, paralyzed. Economies and populations would be held at risk, and irreversibly impacted.

Even at the lowest levels of cooperation and intensity, the US and US-led coalition would be forced to respond to these actions simultaneously. Defending shipping, trade, travel, networks, utility grids, and borders simultaneously, those defending the rules-based order would be hard pressed to also mount sustained large-scale counter assaults focused exclusively on Taiwan. US military support and resources would be in even greater demand to defend the homeland and territories as well as that of allies across the globe, even as they are most urgently needed in mass in the Pacific.

Away from the front lines and missile strikes, a rapid partial decoupling of western economies from China would likely follow any large-scale military conflict and be damaging for both sides. In the economic warfare domain of the conflict, western nations might fare worse in the short run as the PRC has been diligently working to insulate itself from current levers of power, while western nations have done relatively little to de-risk their own economies from reliance on the PRC.10 The economic fallout that is likely to result following a massive military campaign itself could be devastating if full decoupling were to occur.11

In most likely scenarios involving open hostilities between the US and PRC, one thing is almost certain, the status quo ante bellum will not return. While regime change or total victory are far outside the scope of any war involving major nuclear powers, cessation of conflict by either grinding protraction or reasoned detente will still leave a world forever changed. Even in the best-case scenarios that do not involve total war or nuclear exchanges, once large-scale open conflict has commenced the most likely conclusion will be a perpetual state of lower end conflict with occasional high-intensity flare-ups until significant leadership or political changes occurred in either the PRC or the west. If the US was substantially damaged through such a conflict, a new era of global instability, violence, and balkanization would likely take hold, as those no longer restrained by American security guarantees take advantage of a more permissive global environment.

How can the US respond and what roles will allies and partners play?

A strategy that emphasizes speed and large-scale force-on-force actions should be considered the least preferable. Such a strategy risks more unpredictable outcomes, considerably less opportunities to politically message and manage escalation, and is simultaneously far less likely to receive in-kind support from most US allies. Additionally, if the US were to lose or even draw such a large-scale high-stakes engagement, it would have the deleterious effect of leaving allies and partners more vulnerable to follow-on aggression globally.

Assuming deterrence has failed, the US-led coalition should instead focus on building responses designed to degrade and deny the long-term strategic objectives of the revisionist coalition. The range of response options should allow the US to buy time and pursue alternate outcomes while broadly shoring up and defending the global order – directly countering the ultimate strategic objectives of the revisionist block. Relying on proxies (namely the Taiwanese military or remnants of that military should the main force be defeated), non-attributional and irregular responses across all domains, and political and economic pressure at the outset of conflict would allow the US to also posture and provide military resources globally. Escort duties, air defense, forward presence, and some limited conventional responses will be required across strategically significant regions and in support of allies.

While countering and blocking aggression globally, US aims should be focused on draining revisionist powers of resources, will, legitimacy, and support. The US will need to assume the leading role of a global counter-revisionist response that stitches together allies and partners, protects and reinforces the global economy, and reduces the military and economic capabilities of adversaries in ways that do not threaten existential escalation. This US-led effort must out-compete the PRC for any future global leadership role and win the narrative that will define the global order.

When required, counter-strikes and coordinated offensive action across all domains (including cyber) should be layered with special operations actions, arming and funding proxies and resistance groups, intense lawfare, economic warfare, and the building and strengthening of broadened NATO-like alliances with committed global partners. With few notable exceptions, most US allies are in a better position to contribute to this style and intensity of conflict than large-scale conventional modern warfare. An attempted invasion or strangulation of Taiwan could either serve as the rallying point to dramatically strengthen the resolve of a new coalition of allies and partners steeled to resist the PRC and autocratic and totalitarian regimes, or as the opening stages of an even darker chapter of global disorder and destruction.

What should the US be doing now?

The most urgent effort the US should be undertaking is revitalizing its leadership role and strengthening alliances and relationships globally. At home and abroad, the US should be more clearly articulating the stakes and making the case for why the current rules-based order is worth defending. The most pressing question that should be asked is how to better compete and win without widescale conflict, and how to design and inspire a deterrence strategy that is truly whole-of-government and coordinated with allies and partners to resist the revisionist order envisioned by rivals.12 The defense of Taiwan is only one component of an effort that requires Cold War-like mobilization of governments, economies, and militaries with shared values and a vision of the future that is not dominated by oppressive authoritarian regimes.

While it is true the US and the west more broadly are increasingly engaging and challenging the PRC across the diplomatic, information, military, and economic spectrum, it does not appear well-coordinated and does not seem to have clear leadership. This is visible even within the Department of Defense where the services can be readily seen pursuing different priorities, objectives, and theories of competition and victory, even while congressional reports implore a comprehensive strategic posture.13 The confused response levied against the PRC for activities in the South China Sea targeting the Philippines and the Second Thomas Shoal provide a pointed example of how far the US still has to go to mount a unified counter-response to the revisionist deconstruction of the global order.14

The US can and should lead a strengthened diplomatic, economic, and legal effort, bolstered by meaningful multi-lateral non-military response options, to rally the rest of the world against PRC actions and behaviors. There is a lot of distance between holding the line or pushing back against PRC malign and illegal activity in the global commons on one hand and preparing the US military for massive kinetic response options on the other. If the US is unable or unwilling to do the former, the latter should not be seriously considered. Furthermore, the overarching strategic objective cannot be simply to deny offensive action across the Taiwan Strait. Developing a force focused on a specific operational outcome may be as likely to achieve that objective as it is to become the Maginot Line of the modern era. Making matters worse, such a narrowly-focused strategy could also heighten the prospect of broader deterrence failure in the first place.15

The U.S. has already moved into an era beyond straightforward competition for global order. The revisionist challengers have signaled they intend to use violence and military strength rather than economics, influence, and soft power to usher this change.16 Recognizing this fact, those committed to the defense of the current global order must prepare. A denial strategy focused exclusively on Taiwan is not a true strategy but rather a subsidiary campaign objective. Zoom out and assess the broader implications of countering destructive revisionist powers. Western aligned nations must begin expanding military power and cooperation immediately and address the dilemmas that define effective force design and deterrence posturing globally.17 NATO and new NATO-like alliances of like-minded nations must be developed, strengthened and postured everywhere to defend the global commons, protect our way of life, and defend our shared values. The US certainly needs more ships, aircraft, and missiles, but it also needs to articulate the stakes, prepare economies and people, and engage across every domain to counter and out-compete revisionist nations.

#### Power vacuums in the absence of a hegemon entomb the globe.

Torrieri ’23 [Jeffrey D; Fall; Gettysburg College; Gettysburg College Scholarship, “The Effect of Power Shifts on War,” https://cupola.gettysburg.edu/cgi/viewcontent.cgi?article=2174&context=student\_scholarship]

THE POWER TRANSITION THEORY

The power transition model, as originally spelled out in The War Ledger, predicts that nations are likely to become aggressors when they are experiencing rising power yet still feel like they are receiving a smaller share of the benefits than other equal, yet more established, powers are receiving from the international system. This is due to the fact that these rising powers were not part of the original coalition of nations that built the international order and, as a result, were not designed to receive the advantages that other great powers are in such an order (Organski and Kugler 1980). Without support from other great powers, these rising nations would logically resort to aggression in order to cement themselves in the position they think they deserve on the world stage.

Whether or not the emergence of a rising power disturbs the international system enough to cause a war depends on some factors. Not only does it depend on the size of the rising nation, but also on the “speed with which modernization occurs within big countries…” (Organski and Kugler 1980, 21). It is likely only a rapid shift in power that would cause a conflict to occur, as a slow rise in power would give the dominant nation more time to work out the problems that are occurring as the rising nation transitions (Organski and Kugler 1980). Besides size and speed, the level of power that the rising nation actually achieves relative to how much power the dominant nation has is also important. A rising nation that achieves a power nearly equal to the power that which the dominant nation has will be more likely to incite a system-changing conflict (Kim 1991; Kim 1992).

Woosang Kim adds to the power transition theory as expressed in The War Ledger, arguing that major war becomes more likely when the established dominant nation feels threatened by the way in which a newly rising power, a power which may become the new dominant power, is changing the international order (1992). Kim writes, “Threatened by demands for changes in the existing international order, the dominant nation has a large stake in preserving the status quo, in which it and its allies share the benefits and privileges of…. The dominant nation, with the support of its allies, tries to thwart the challenger’s progress. During such a period of power transition…major power war is more likely.” (Kim 1992, 156-157). This means that there are two ways in which power transition could lead to war; if the rising power feels left out or if the dominant power feels like they are being overshadowed.

The power transition theory can be useful when trying to figure out if a contemporary situation in International Relations shows potential for major conflict. One such situation is the rise of China as a potential challenger to the United States as the dominant nation on earth (Clarke 2011). Throughout the bulk of this century, China has been rapidly growing both economically and militarily. China has also been seeing a sharp increase in the amount of soft power, which is the ability for a nation to influence another nation without using force or pressure, that it wields (Nguyen 2017). China has been able to expand its soft power by exporting its culture to other parts of the world. For example, the Chinese film industry has grown to become the second largest in the world, and it is being used to promote Chinese culture to global audiences (Nguyen 2017, 51). The expansion of soft power can be used by China to rise in overall power more discreetly, as the actual effect of soft power can’t be measured as easily as something like GDP growth. This discrete rise in power, when combined with its military and economic expansion, will allow China to appear to be rising in power even faster relative to the United States, which, according to Organski and Kugler, is a main factor in increasing the likelihood that a power transition will lead to war (1980).

The power transition theory is not without its flaws, as literature exists that claims to disprove, or at least critique, Organski and Kugler’s theory. According to one critique, very few of the dominant nations since the beginning of modern International Relations (1648), “were seriously threatened by rising powers or coalitions of great powers. They went to war because they thought they were powerful enough to become more powerful still” (Lebow and Valentino 2009, 405). One of the nations that Lebow and Valentino reference as not seriously threatened by coalitions of great powers was Nazi Germany (2009). I would argue that, if you actually examine this time period from the perspective of the power transition theory, it was Nazi Germany that was the rising power threatening the declining dominance of Britain and France, and Britain and France declared that they would fight Germany if it invaded Poland out of fear of Germany superseding them as the dominant power if they were to successfully do so. Such an explanation would also fit in with Woosang Kim’s addition to the power transition theory stating that a dominant power would be willing to go to war for the sake of preserving the status quo from which they benefit, as Britain and France had enjoyed effectively running Europe postWorld War I until Hitler became aggressive (1992).

THE THEORY OF HEGEMONIC WAR

Another theory that builds upon ideas similar to the ones laid out in the power transition theory is Thucydides’ theory of hegemonic war. This theory essentially says that the stability, or instability, of the international system is determined by the presence, or absence, of a rigid hierarchy of nations, topped by a clear hegemon (which can be defined as single dominant power the global order (Snidal 1985)), free of economic or political disturbances (Gilpin 1988). In a disturbed system, the threat of instability breaking the hierarchy of nations has the potential to ignite a hegemonic war, which can lead to a system change if the hierarchy is successfully broken by the conflict (Gilpin 1988).

In the modern day, the theory of hegemonic war, like the power transition theory, can be examined when looking at the rise of China, which is predicted to be “an aggressive state determined to achieve regional hegemony” (Beeson 2009, 95). If China was to try and claim this hegemony in this type of way, it would surely shake up the US-led global order, as China would be essentially taking a major region of the world, East Asia, out of US control. Given that China’s economy and military have been growing rapidly over the last few decades, the nation has become the world’s largest importer and exporter of goods, and has seen its military budget rise by almost a factor of ten in the past twenty years, it seems the country is gaining power enough to attempt a reclamation of the region (Nguyen 2017). Furthermore, the East Asian powerhouse has already begun to challenge the US “through trade agreements, political rhetoric, and regional organizations that together build up a soft balance against the U.S. primacy” (Nguyen 2017, 58). If this challenge gets to a point that the United States begins to feel a disturbance in the current hierarchy of nations, a hegemonic war could very possibly occur.

Though the theory of hegemonic war is useful in examining possible threats to the current international system, it is far from a perfect theory. One issue with the theory is that it assumes that “collective action in the international system is impossible in the absence of a dominant state,” even though “Graphical analysis…show[s] that cooperation can not only be sustained in the face of declining hegemony, it may even be enhanced.” (Snidal 1985, 579-580). Such information could disprove the hegemonic war theory’s assumption that the absence of a rigid hierarchical structure of the international system with a hegemon on top will lead to turmoil, seeing as how cooperation is the opposite of conflict. On the contrary, however, one could point to instances in history where the absence of a clear hegemon led to instability, and eventually to system-changing war. Webb and Krasner point out that in the period between the first and second World Wars, a time marked by political instability in Europe and global economic depression, Britain, which acted as the global hegemon before the first World War, had lost its ability to do so, and the United States, which emerged from World War I as the only real candidate to replace Britain, refused to assume such a role (1989). I would add that the fact that World War II, the deadliest system-changing war in history, directly followed this inter-war time of hegemonic instability further proves that the turmoil caused by the absence of a hegemon in the international order could outweigh any attempts at cooperation.

APPLICATIONS TO ASSUMPTIONS IN INTERNATIONAL RELATIONS

The theories I elaborate on above are inextricably linked to broader theoretical perspectives on the study of International Relations. The power transition theory, as well as the theory of hegemonic war, to an extent, are fundamentally identified with neorealist theory because of the focus on national security as the chief concern of major powers in the international system. Neorealists, as we learned in class, make the following assumptions about the international system: states are the only significant actors, the issues that states face are arranged in a fixed, hierarchical structure with national security always at the top, and states act as a unitary actor. The power transition theory looks exclusively at how states interact within the international system, ignoring any supranational powers, international organizations, or even individual actors that could alter the course that these states take on the way to power transition. Organski, Kugler, and even Gilpin seem to consider all of the various actors, both groups and individuals, within states as part of one whole, which is a fundamentally neorealist idea. This comes as no surprise, especially considering that the theory of hegemonic war is based on the writing of Thucydides, who was the ancient Greek historian considered the father of the realist theories.

CONCLUSION

By examining the assumptions that are made by both the power transition theory and the theory of hegemonic war, which I have determined can hold up to the scrutiny of critical opinions, I have determined that my original hypothesis, which is that system-changing wars are more likely to occur when a major actor experiences a rapid shift in power in either direction, is supported. The power transition theory supports this hypothesis by explaining the idea that a state that is quickly rising in power can often cause the state that is already in the dominant state of power, or is slipping out of the dominant state of power, to feel threatened, which could lead to a major war between these powers. The theory of hegemonic war validates this hypothesis by explaining a similar phenomenon in which a hegemonic power, when feeling that the international system allowing them to retain such dominant power is in danger of collapsing, is likely to initiate a major conflict in an attempt to preserve the system.

I believe both of these theories are useful in making predictions about how the current, rapidly rising power of China in a United States-led international system could possibly lead to the first system-changing war since 1945. Knowing that these theories have merit to them, we can assume that it is at least possible that preventing future relations between the United States and China from turning into a power struggle where the US is feeling as if China is trying to undermine or overtake it could make a difference in preventing system changing wars. The next step would be trying to figure out meaningful policy goals that both nations could advance to proactively stop such a disaster from occurring. That, however, is a question for a different time.

#### CCP-led order causes extinction.

Cabestan ’24 [Jean-Pierre; 2024; Senior Researcher at France's National Scientific Research Center, professor and head of the Department of Political Science at Hong Kong Baptist University; China the Super Predator: A Challenge for the Planet, “Foreword,” ISBN: 1803414162]

This is both an important and essential book. It is important because Pierre-Antoine Donnet has drawn up a damning and worrying assessment of the current Chinese regime and its domestic and international projects. Essential because it is long overdue for us Europeans and French to draw the appropriate conclusions from our relationship with the People's Republic of China, on the diplomatic- strategic, economic and human levels. The title of this book—China: The Super Predator—is clearly inspired by the title of a recent book by Franqois Heisbourg, Le Temps des prédateurs [The time of predators], Odile Jacob, 2020. Nevertheless, Pierre-Antoine Donnet rightly focuses his attention on China, not only because it is the country that he has been studying for more than 40 years and whose language he speaks, but also because the current Chinese political regime presents, in his eyes and as the subtitle of his essay indicates, "a challenge for the planet." I would add that it is this regime, that is the Chinese Communist Party (CP)—a huge machine of more than 90 million members, run with an iron fist and in total opacity by an elite leading cadre of fewer than 600,000—and not Chinese society that presents the main challenge for the planet today.

Pierre-Antoine Donnet analyzes here in five incisive chapters the reality of today's China, especially the inner workings that the Chinese CP tries to hide with its propaganda and disinformation campaigns. I am not going to repeat the arguments he develops, since we know them. The regime in Beijing, and especially the one honed and perfected by President Xi Jinping since 2012, is more toxic than ever to freedom. Having set up Orwellian surveillance systems thanks to modern technologies, it has managed to stay far ahead of any force that could threaten it. It has taken over Hong Kong, strangling the remnants of democracy and political freedom that have survived there since 2020. It has brutally repressed Tibet and even more so Xinjiang, painting all Muslims (Uyghurs, Kazakhs, Kyrgyz) who fight for real political autonomy or simply seek to preserve their culture and religion with the brush of "terrorism." Even more brutally than before, the regime nips in the bud any hint of democratization or even political reform. And it has openly stated its intention to remain in power—in undivided power—for "a thousand years" as China's Foreign Minister Wang Yi recently put it. In short, the Chinese regime and the "secret society" that presides over the country's destiny have become the number-one enemy of democracy. It is number one not because it is more opposed to democracy than other authoritarian governments. Putin's Russia, the recent military coup in Burma and even the seizure of the Capitol in Washington—an event unprecedented in the history of the United States of America—remind us how widespread authoritarianism is and how fragile democracy can be, and how quick and easy it is to move from democracy to dictatorship. No, China is number one because it is now the second- largest economic and military power in the world. It is likely to surpass the United States in terms of gross domestic product (GDP) before the end of this decade. And every day, it is in a better position to challenge the United States and its allies in its region, especially in the Taiwan Strait and the South China Sea. What might the future of our democracies be if American leadership were to give way to Chinese leadership? Democracy would inevitably be in a weaker position; our values would be more clearly at risk.

Those in the West who believed that our policies of engagement and "soft trade" would acculturate the People's Republic of China to democracy were quite mistaken. Pierre-Antoine Donnet is kind enough to quote from my book (2018). Sadly, three years after its publication, it is clear that my pessimistic conclusions remain valid. Moreover, as the author of China: The Super Predator clearly shows, the Beijing government no longer only criticizes what it calls "Western democracy" to protect its survival, that is, the Communist Party's dictatorship over Chinese society. Its economic strength now allows it to advance its pawns and to try to modify the balance of power between socialism and capitalism in its favor, between its highly authoritarian system and our democracies. While denying accusations that it seeks to export its "model," Beijing pushes its advantage by denouncing daily the universalist approach of human rights, by praising urbi et orbi the advantages of its system of governance and by developing, in particular in the UN system, an unprecedented entryism that allows it to impose its narrative, 1 including Xi's message that humanity shares a common destiny...

The predatory nature of the Beijing regime has many facets. The unprecedented development of the Chinese economy must be welcomed as the success of an element of Chinese society over which the Communist Party finally resolved to ease control in 1979, allowing it to do business and gain profits. But this unprecedented modernization has brought with it an unprecedented challenge as well: the environmental challenge. Xi Jinping's government is aware of this, but its opacity and its partial and unfinished integration into the international community have aggravated the problems it faces and that the world in turn must overcome: in China itself, the slow pace of decarbonizing electricity production and the large-scale pollution of water; on a global scale, the deforestation of the world's tropical regions and the organized plundering of the world's ocean fish stocks. It has long been known that the Chinese regime will stop at nothing to acquire and master the technologies that will enable it to overtake the technological leadership of the United States, and more broadly the developed countries. In recent years, this battle has intensified thanks to the economic strategy introduced by Xi in 2020. In reality, this new "dual circulation" economic strategy, according to which the country must both stimulate domestic consumption and continue to globalize its economy, aims for the reduction of China's dependence on Western technologies. The real objective of the strategy is for China to develop its own technologies and standards and then to impose them upon as many countries as possible. First, upon the countries of the South that are the easiest prey to capture, and then on those of the North most dependent on the Chinese economy. In other words, the Chinese government is introducing its own strategy of economic decoupling from the West. Will China succeed in this endeavor? Will it succeed in becoming a leader in the technologies of the future? I am not certain it will. While China has acquired levels of excellence—missiles, rockets, satellites, drones, high-speed rail, online payments—it is still lagging far behind in many areas: microchips, aircraft engines, nanotechnology, medical research, to name a few.

China's international ambitions are well known: to reunify Taiwan at all costs; to take control of the maritime domain it claims as well as all the resources there; to impose its own international standards; and to reorganize the world economy so that the West is no longer its center but rather the Chinese economy itself. In this way, only the People's Republic can, in the eyes of the Chinese CP, knock the US off its pedestal. Those who refuse to see the strategic dimension of Xi Jinping's New Silk Roads are acting in bad faith. It is clear that the Belt and Road Initiative (BRI) pursues economic objectives: the internationalization of large Chinese groups, the conquest of new markets, the securing of supplies of raw materials. But by multiplying the links of economic and financial dependence between an ever- increasing number of countries in the South, China has set up new asymmetrical and, so to speak, dependent relations, constituting a new form of hegemony. The large number of states that have supported the Chinese government's policy in Xinjiang or Hong Kong in recent years at the insistence of the Chinese attests to this rise in power. Does this mean that these countries "love China"? No, of course not; it simply means that they are indebted to China and that the Chinese regime is keeping them on a leash.

The good news, if you will, is that the BRI is running out of steam, not only because countries in the South are finding it increasingly difficult to repay their debts to Chinese state banks, but also because Beijing needs more funding to support domestic growth, its own infrastructure projects, and research and development in advanced technologies. But this development is unlikely to mitigate the increasingly rough-and-tumble nature of Chinese diplomacy. Australia, Canada and now the European Union, who have dared to impose targeted sanctions against some of the most egregious human rights abusers in Xinjiang, are paying the price. And Beijing's threats against Taiwan are increasing. This is fueling fears of a military crisis, even an armed conflict which would inevitably pit China and the United States directly against each other and could quickly turn nuclear. And this in the context of a never-ending Covid-19 health crisis, where Europe's economy remains at half-mast while China and America are returning to sustained growth (between 6% and 8% in 2021), and populism and intolerance are on the rise in democratic countries.

In these circumstances, and given the worrying assessment that Pierre-Antoine Donnet has made with precision, what should we do? First, I believe that we must take measure of the geostrategic confrontation, the economic competition and the ideological rivalry that poses us against China. Personally, I believe that we have entered a new Cold War, not because we want to, but because the Chinese CP, through its discourse, policies and actions, has imposed it upon us. I understand very well the reasons that could lead the reader to disagree with my analysis because of the obvious differences that distinguish the current period from the old Cold War that I still remember. My first passage through Checkpoint Charlie in Berlin was in 1974 and my first trip to the Soviet Union was in 1977 when Brezhnev had just revised the country's constitution and become President of the Republic, in addition to his title of General Secretary of the Communist Party of the Soviet Union (CPSU). We are in a globalized world and China is part of it. But it has not fully integrated into it, taking liberties not only with the universal values we believe in, but also with the norms of the World Trade Organization, the law of the sea, and now the rules of politeness and courtesy of diplomatic life. And since it has become strong, it has fought these values and norms wherever it can.

Some Europeans tell me, echoing Beijing's arguments, that we have no strategic conflicts with China. They say we are far from the Asia-Pacific region, that our strategic concerns are on our doorstep: Islamic terrorism, the Sahel, Russia, the Middle East. They say we do not have the means to intervene militarily in the Far East, except to recall in a very symbolic way the principle of freedom of navigation, notably in the South China Sea. But in the event of a Sino-American conflict in the Taiwan Strait, for example, what policy will we adopt towards the People's Republic? As members of NATO, won't most European countries be forced to support their American ally, to impose a blockade on China and to severely curtail or even freeze our economic and human relations with China? We are not there yet, but we must be careful not to accept the likes of a Munich Accord with Beijing, giving in to this capital's will to impose its diktat upon Taiwan and to deny it any control over its destiny, or to gradually take control of the islets in the South China Sea or the East China Sea administered by other countries. Europe is better prepared for economic and especially technological competition with the People's Republic. However, it seems to me that it is now essential to reduce our economic dependence on this country as much as possible, by repatriating the most strategic industries and moving the others to countries that are less inclined to, or less able to, exploit this dependence at our expense. In doing so, we obviously risk losing market share in China itself. But hasn't the Chinese government's plan for several years been to marginalize the footprint of foreign groups in its domestic market? Doesn't it open up its economic sectors to foreigners only once it has ensured that its national champions are in a strong position?

Finally, more than ever before, we must defend democracy and its values. Because if we don't, no one will do it for us. In this regard, I would like to instill a dose of optimism into the discussion. I have been teaching at a Hong Kong university on the domestic and foreign policy of the People's Republic for 14 years. When I arrived in 2007, my students were generally not very political, not very interested in the affairs of the city. Then things changed; they got burned first during the Umbrella Movement in 2014 and then during the protests against the extradition bill and for the democratization of the territory in 2019. We know what happened. My students have obviously become more cautious. But we continue to cover all the topics that a political scientist must cover. Those of them who come from the mainland show a sensitivity to politics and an independence of mind that I would not have imagined even ten years ago. More generally, the interest of my students in the Taiwanese democratic experience is growing. And I don't need to push them, despite my known penchant for extolling the virtues of that island society and ignoring the other qualities of those there who still used the term "communist thugs" (gongfei) when I studied there in the late 1970s.

So Chinese society is changing, and the reader who knows little about China should not be taken in by Beijing's propaganda. It's true that the regime still enjoys an undeniable "legitimacy of result," to use a Weberian expression (Sintomer et al., 2014). The Chinese are in their majority nationalists; but few of them "love" the Chinese CP and fully believe what it tells them. Those who join do so out of careerism. And many mainland Chinese—and now Hong Kong Chinese—tend to keep their thoughts to themselves and their relatives. They remain aloof and defiant of the official discourse. They are well aware that the Party's propaganda embellishes reality and hides anything that might damage its image. Above all, they know that the Party is above the law and that power is the rule. Finally, among the elites, Xi Jinping is contentious. The personalization of his power, his authoritarianism and his aggressiveness on the international scene are all criticisms that are regularly heard in China. But this does not mean that Xi is in any danger, even if some people venture to predict his downfall following a palace revolution. It means even less that his regime is in the doldrums. But it does mean that Chinese society is becoming more autonomous, more global, and that a pluralism of ideas is emerging more and more. The Chinese are better educated and better informed than ever about the outside world and about their own country. They also aspire to more freedoms, especially freedom of information and opinion, as demonstrated by the Covid-19 crisis in the spring of 2020.

Let us also not forget that the Chinese government—any Chinese government, for that matter, regardless of its political color—will continue to face multiple domestic challenges. In addition to the worrying environmental situation, the rapid aging of the population, the dramatic reduction in arable land, the relative but persistent poverty of a good half of society (600 million Chinese earn less than 120 euros per month) and the ever-increasing expectations of an urbanized middle class in search of wellbeing. In other words, China is not as powerful as it wants everyone to believe. And as I try to show in a forthcoming essay, it will continue to hesitate to engage in armed conflict with the United States, preferring to use what strategists call "the grey zone" between war and peace to its advantage, including in dealing with Taiwan (2021). These are all reasons not to give in to the demands, threats and intimidation of the Chinese communist regime. We are engaged in an arm-wrestling match with the Chinese regime that is bound to last for a long time.

We must therefore be better prepared. This preparation does not prevent us from trying to cooperate with the Chinese government where our interests converge, such as in the fight against global warming, the management of the Covid-19 crisis, or the Iranian and North Korean nuclear programs. But we must not delude ourselves, either. Today's world structurally favors confrontation over cooperation.

#### Pursuit is inevitable and we go down fighting.

Jakobsen ’22 [Jo; February 26; PhD, Professor, Department of Sociology and Political Science, Norwegian University of Science and Technology; The Geopolitics of U.S. Overseas Troops and Withdrawal, “Political Realism and Structural Constraints on Retrenchment,” p. 67-100]

A decision to retrench, neoclassical realists would say, is far less likely in most instances. For example, Jeffrey Taliaferro et al. (2018) argue that, for a hegemon experiencing relative decline, three conditions will normally have to be met in order for it to acquiesce to a process of “peaceful change” that essentially transfers influence to a rising challenger. Two of these conditions are primarily “second-image” ones, revolving around issues that concern the domestic costs of, and constraints on, resisting the challenger. The third is closely linked to systemic factors. It centers on the question of whether the hegemon perceives that change is inevitable and that resistance to such change represents an untenable position. This, in turn, hinges on “the relative distribution of power, the nature of the strategic environment that a hegemon confronts in a particular region, and the degree of systemic clarity regarding threats and opportunities” (Taliaferro et al., 2018, p. 286). In the case of the United States (when facing off against China, Russia, or any other challenger), there is little to suggest that there are widespread perceptions that, for such reasons, retrenchment or withdrawal from other regions is inevitable. The United States is today by no means confronted with the same brutal power realities as was, for instance, the Soviet Union in the late 1980s. The authors conclude that, in spite of widespread “fears about Washington’s retreat from global leadership under President Donald Trump, America still enjoys overwhelming preponderance in economic and military capabilities. That condition will likely continue for the foreseeable future,” which implies that there “is no reason to expect the United States to accept peaceful change in the near future” (Taliaferro et al., 2018, pp. 289–290).

In a neoclassical realist world, therefore, conscious and voluntary retrenchment is considerably rarer than is expansion, which is rarer still than conscious (or what is perhaps more often than not less conscious) attempts to uphold the status quo. Indeed, even expansionary drives can often best be judged as status-quo-preserving ventures; offensive moves for eminently defensive purposes are a staple trait of great-power politics. For example, an increase in forward-deployed troops, for balancing purposes, or to fill geopolitical “vacuums” (lest they be filled by one’s adversary), are often based on the same better-safe-than-sorry inclination that undergirds policies driven by a wish to preserve things as they are. The increase of the United States’ military presence in Central and Eastern Europe in recent years (which actually does not show in the official troop numbers) is by and large a product of the domino-related fear that Russia’s new-found assertiveness generates. The same is true for the Asia–Pacific region, where increased activity is reflected in official numbers. From Washington’s perspective, China’s rise needs to be balanced or countered in order to preserve stability and the prevailing state of things, which also follows from realist theory. In fact, in those cases where U.S. troop numbers have increased in recent years, this increase is almost always motivated by the objective of preserving the status quo. So this expansion, which is simultaneously real and only apparent, is, in terms of the objectives sought, actually less about aggrandizement than it is about keeping things as they are. This is particularly so when troop increases manifest in host countries where the United States already has a physical presence. This is mostly (albeit not always) the case in Eastern and Central Europe, and it is virtually always the case in the Asia–Pacific region. Changes in circumstances—that is to say, an increase in China’s and Russia’s power and ambitions, along with related security-dilemma mechanisms—spawn U.S. “expansion” to secure its position at its self-declared reference point, which for all intents and purposes equals the status quo.

#### American hegemony is sustainable, retrenchment causes war, and alternatives fail.

Ero ’25 [Comfort and Richard Atwood; January 1; The president and CEO of the International Crisis Group; Executive vice president of the International Crisis Group; Foreign Policy, “10 Conflicts to Watch in 2025,” https://foreignpolicy.com/2025/01/01/conflicts-2025-syria-sudan-gaza-ukraine-iran-haiti-mexico-myanmar-korea-china/]

In the Middle East, a chain reaction set off by Hamas’s Oct. 7, 2023, attack on Israel has propelled a year of staggering change. Israel has buried Gaza under rubble; degraded Iran’s regionwide network of nonstate proxies; demolished Tehran’s own defenses; and, inadvertently, set the stage for Islamist rebels to topple the Assad family’s half-century-old dictatorship in Syria.

In Asia, where China vies with the United States and its allies for primacy, flash points in the South China Sea, the waters and skies around Taiwan, and the Korean Peninsula look ever more precarious. Russia’s assault on Ukraine is, judging by President Vladimir Putin’s threats, part of a struggle to revise post-Cold War arrangements, and it threatens to tip into a wider confrontation in Europe.

Elsewhere, a wave of conflict—including Myanmar’s civil war, a Rwanda-backed rebellion in the eastern Democratic Republic of the Congo, a gang takeover that has left millions of Haitians in warlike conditions, plus the devastation in Sudan—is adding to a global tally of people dead, displaced, and hungry due to fighting that is higher than at any time in decades.

Generalizing about what drives the turmoil is hard, given each conflict’s distinct roots. China and Russia—and to some degree, North Korea—are challenging orders that were underpinned for decades by U.S. power in Asia and Europe. Elsewhere, absent a hegemon or concert of big powers acting in unity, more leaders sense constraints crumbling. More see opportunities to pursue ends by violent means or fear losing out if they hold back.

Most governments, of course, do not seek to crush rivals at home or sponsor proxies abroad, let alone annex neighbors or kill civilians en masse. But more are taking things into their own hands. Increasingly, the main check on their actions is how much fight their foes can put up.

If adventurism is on the rise, its knock-on effects—how rivals sensing the same loosened fetters might react—are harder to foresee. Interlinked conflicts make unintended consequences likelier. Yahya Sinwar, the Hamas leader who masterminded the Oct. 7 assault, surely underestimated the ruin that a largely unrestrained Israel would wreak on Gaza in response.

Even Israel, for all its spycraft, did not predict that its hammering of Hezbollah in Lebanon would help a reformed al Qaeda offshoot seize Damascus. (Syria’s new ruler, despite his jihadi past, says he’s not looking for a fight with Israel.)

Trump’s return brings fresh uncertainty. In Europe, the Asia-Pacific, and the Middle East, Trump’s promises are often contradictory, as are the views of his cabinet picks and loyalists. If he doubles down on confrontation, how much risk will he tolerate? If he seeks deals, what trade-offs might they entail, and what might the implications be for U.S. allies? Outside those arenas, if Washington is largely absent, how will others fill the space?

Trump’s admirers see virtue in impetuousness. Keeping rivals and allies on their toes can deter the former and extract concessions from the latter. Putin, they say, was shyer of acting up with Trump in office, and Trump’s ambiguity about NATO has shaken Europeans out of their complacency about the continent’s security just as much as the Kremlin’s aggression has.

But unpredictability could just as easily backfire. While no one wants all-out war, miscalculation is as much a risk along major-power fault lines as elsewhere. If Trump or top officials get too hawkish, a rival could respond in kind, aiming to reset a red line but crossing one of Washington’s own. Or a U.S. ally—the Philippines, say, or Taiwan or Israel—could overstep, prompting retaliation from China or Iran that risks dragging in the United States.

On the other hand, if Trump disparages Washington’s alliances, an adversary—Moscow, most likely, but plausibly Pyongyang or even Beijing—could decide to test Trump’s willingness to come to the aid of U.S. allies, prompting a political uproar in Washington that forces the president’s hand.

Bellicosity might also engender more united resistance. Talk of a China-Russia-North Korea-Iran “axis” is overblown, given that the four capitals share few interests beyond resisting U.S. power and evading sanctions. Still, they increasingly help one another out. Iranian and North Korean arms; dual-use components from China; and, now, North Korean troops are helping to sustain Putin’s war effort in Ukraine. The defense pact that Putin inked with North Korean leader Kim Jong Un in November in principle binds Pyongyang, and potentially peninsular security, to the war in Europe.

Ties among these adversaries will likely tighten if Trump ratchets up hostility on all fronts—all the more so if he pushes Europe to toughen trade restrictions on China or encourages NATO to involve itself more in Asia.

For dealmaking, Trump’s heterodoxy might be more of an advantage—if it’s aimed in the right direction. The hypothetical grand bargain with Chinese leader Xi Jinping that is floated by some in Trump’s orbit—which would lead Washington to accept Chinese primacy in Asia, including over Taiwan (the manufacturer of almost all the advanced microchips that the global economy relies upon)—seems far-fetched.

A deal with Russia that left Ukraine demilitarized and without security guarantees, as Putin demands, would quickly collapse. No stable path to sphere-of-influence-type agreements in Asia or Europe exists, even if Trump could persuade U.S. allies to think otherwise.

#### A long list of trends verifies Russian revisionism.

Charalambides ’22 [Yiannos; June 26; doctorate and head of Ledra College’s International Relations department; “A Russian Revisionist Strategy on the Rise?” 10.1080/09700161.2022.2076303]

The better we understand why Russia intends to increase its geopolitical and geostrategic position and role in the regional arena, the better we can realize why and how the Russian revisionist policy has been developing since 2008, from Europe to the Middle East, via the Caucasus region. Since 2008: a) Russia prevented NATO’s expansionist policy through the wars in Georgia, Crimea and Ukraine. Russia returned stridently to the international arena; b) Russia has consolidated its position as a leading and dominant power in the Caucasus region; c) It took action in the Middle East and defended its strategic interests in Syria.

Moscow uses all the necessary factors available to realize its revisionist strategy. Such factors are:

Military strength. The first level is that of a preventive strategy. The second is that of the Russian aim to consolidate its strategy either with force—as occurred in the cases of Georgia, Crimea, Syria and Ukraine—or in the shadow of its power.

Gas and oil. Russia uses the pipelines like ‘energy divisions’ to serve its interests and increase its political influence over states and governments.

Technology. Russia combined conventional and cyber techniques and tactics in the wars that it led from 2008. Its conventional military forces include sophisticated weapons such as the missile systems of S-300 and S-400 and the hypersonic missiles (3M22 Zircon) that combined with its extended cyberwar capabilities provide Russia with the chance to attenuate the advantage that the US holds in the sea due to its tremendous war fleet power. 41

Historical and imperial Russian consciousness.42 Moscow has an imperial identity and consciousness, military power, national resources and a pivotal geopolitical position in the core of the Heartland. By combining these factors, Moscow fuels its political machine to accomplish its strategic missions and targets.

Russian minorities existing in other states are used by the Kremlin as strategic instruments to achieve its national goals. This phenomenon is evident in the cases of Crimea and Ukraine. Minorities also exist in the Baltic States and other countries, which emerged in the regional system after the collapse of the Soviet Union. Therefore, this specific issue of minorities takes wider and more complicated dimensions. It is also relevant to political and legal motives and the right to self-determination, the exercise of which depends on conflicting and convergent national interests of the parties involved as well as the uniqueness of each case. Moreover, humanity experienced tragic implications when Adolf Hitler exploited the Sudeten Germans as a strategic instrument to occupy Czechoslovakia paving the way for the Second World War. It is not a new strategic practice. Therefore, history repeats itself because the feeling of national integration cannot be easily suppressed.

The lack of an adequate European and American preventive strategy is a quasi-ally of Russia which pursues to restructure the international system and promote its revisionist strategy. The American and European expansionist policy offered Russia the pretext to put forward a preventive and then a revisionist policy in Georgia, Crimea, Syria and Ukraine. Moscow seized the opportunity to make its case by accusing the US and NATO of following an aggressive strategy that put Russian security at stake. While Russia argues that it is in defence, at the same time, it promotes its revisionist, even belligerent strategy, which partially induces a redistribution of power and the restructuring of the regional and international system in line with its hegemonic strategic goals.43 Whether this policy will be successful and to what extent, is something that only time can show. The War on Ukraine seems to be a cornerstone for the future structural changes in Europe and worldwide. Russia pursues to raise itself as a game-changer. The relevant question is the following: What structural changes the Russo-Ukrainian War could bring about?

#### The US is more likely to be decolonial and anti-imperial in its global presence.

Deudney ’15 [Daniel, John Ikenberry; August; Johns Hopkins University; Princeton University; “America’s Impact: The End of Empire and the Globalization of the Westphalian System,” https://gji3.scholar.princeton.edu/sites/g/files/toruqf2666/files/gji3/files/am-impact-dd-gji-final-1-august-2015.pdf]

In contemporary debates, this argument undercuts, modifies, and qualifies characterizations held by so many of the United States as essentially imperial, and the American order as an empire. In our rendering, the United State is not the last Western empire, but the first anti-imperial and post-imperial great power in the global system. Our argument is thus focused on the consequences of American foreign policy for the evolution of the international system, and we do not in this confined treatment offer an explanation for the origins of U.S. foreign policy. In short, we offer an argument about impacts rather than the sources of America’s anti-imperial and pro-Westphalian role.

Empires and State Systems: Historical Patterns

Empire has been the historically predominant form of order in world politics. Looking at a time frame of several millennia, there was no global anarchic system until the European explorations and subsequent imperial and colonial ventures connected desperate regional systems, doing so approximately five hundred years ago.7 Prior to this emergence of a global scope system, the pattern of world politics was characterized by regional systems. These regional systems were initially very anarchic, and marked by high levels of military competition. But almost universally, they tended to consolidate into regional empires which had fairly limited interactions with polities outside their regions.8 Thus, it was empires – not anarchic state systems – that typically dominated the regional systems in all parts of the world.

Within this global pattern of regional empires, European political order was distinctly anomalous because it persisted so long as an anarchy. Despite repeated efforts to consolidate Europe into one empire – or what the Europeans referred to as “universal monarchy” – this region remained a plural, multi-state political order. After the Peace of Westphalia ending the Thirties Year War, this plural anarchic system, the Westphalian system, and was sustained by a rough balance of power among its autonomous states and the weakness of the claimants of European empire. This Westphalian system was based on a roughly equal distribution of power among its major units, sustained by various balancing practices that thwarted a succession of regional European empire-builders, and had an elaborate system of public international law and ideological justification.9 While this system rested on a balance of power, it was juridically crystallized into a system of mutually recognized sovereigns.

Outside of Europe, however, the European states, including those that were most active in preventing empire within Europe, were extraordinarily successful in conquering and colonizing vast areas across oceanic distances.10 The Europeans did not invent empire, but they were spectacularly successful at empire building on a global scope, largely because of the imbalance of power that stemmed from European innovations in technology and organization.11 The Europeans conquered and dominated empires, states, and peoples in every previously loosely coupled or isolated regional system across the world. The Europeans also successfully planted numerous colonies of settlers, mainly in the temperate zones in North and South America, Oceania, and the southern tip of Africa.12 States from the Western European core of the Westphalian system thus brought into existence a global-scale political system made up of vast multi-continental empires of conquered peoples and a scattering of colonial “new Europes.”13

This pattern of European empire building was different from its predecessors, not just in its global scope, but also because the European states were continuously warring against one another for dominance within Europe. These struggles between states within Europe against empire in Europe were fought on a global scale. Thus the first “world war,” defined as a war fought across multiple continents, occurred in the later 18th century. In this struggle Britain sought to thwart French attempts to dominate Europe and the battle lines were in Europe, North America, South Asia, and across the global oceans. This pattern of the globalization of intra-European warfare continued in the 20th century with the wars triggered by German efforts to dominate Europe. The growing imbalance of power between the Europeans and the rest of the world during the 18th and 19th century enabled the Europeans to easily expand their empires at the expense of non-Europeans. But during the same periods, the Europeans found it very difficult to conquer each other within Europe. Thus vast armies wrought great destruction fighting over tiny parcels of land in Europe, while comparatively small European imperial expeditionary forces readily mastered non-European armies in the Americas, Africa, and Asia. Thus a balance of power underpinned the Westphalian system in Europe, while an imbalance of power between Europe and the world underpinned imperial expansion.

Anti-imperial and anti-colonial rebellions and resistance are as old as empires, but successful rebellion against European imperial rule outside Europe began in the 18th century with the revolt of the colonial settler colonies in the Americas – first in North America and then in South America. This first wave of settler-colony rebellion marked the end of what historians refer to as the “first British empire,” as well as the first great European empire in the Americas, that of Spain. The success of this first wave of anti-imperial rebellion in Spanish America was crucially facilitated by the weakening of Spain during the Napoleonic wars for domination within Europe.

In the later-19th century, European empire building outside of Europe entered a second wave, enabled by the new industrial technologies that further amplified the imbalance of power between Europeans and non-Europeans, which in turn allowed the Europeans to extend their imperial domination into the large interior spaces of the continents, particularly in Africa and Asia.14 In the 20th century, further wars among the core European states weakened Britain, France, and Holland, the leading European colonial powers, thus creating opportunities for anti-imperial independence movements in Asia and Africa. Paradoxically, the fact that the Europeans were continuously fighting one another fueled their imperial ambitions and successes, while at the same time, such wars weakened them and helped enable the success of rebellions against their empires.15 Thus as the British empire was reaching its territorial zenith in the early years of the 20th century, Britain was critically weakened by the world wars in Europe and Asia against the aspiring German and Japanese empire builders.

The territorial aggression of the Axis Powers constitute a third wave of empire building which was short lived and thwarted by the successful mobilization of the “United Nations,” a coalition led by the United States, Great Britain, the Soviet Union, and China. A fourth wave of empire building, by the Soviet Union and the international communist movement in the second half of the 20th century, was thwarted and dismantled by the United States and its allies.

The Pattern of American Anti-Imperial, Anti-Colonial, and Pro-Westphalian Impacts

Against the backdrop of this evolution of the international system and the four waves of empire building and dismantlement, it becomes possible to see more clearly the many ways in which the United States played important anti-imperial, anti-colonial, and pro-Westphalian roles. 16

In each of the four waves of empire building and dismantlement, the United States had an impact. The United States was the first “new nation” to emerge from a rebellion against European imperial rule during the first wave of modern empire. The United States also supported the independence of other European settler colonies throughout the Americas and, with the Monroe Doctrine, helped sustain their independence against European efforts to recolonize parts of the Americas. In the second wave of late 19th century empire-building, the United States, despite its great relative power, did not establish an empire of its own of any significance or duration. And during the latter part of the 20th century, the United States pushed European decolonization, thus facilitating the breakup of second wave empires. In the great world wars in the 20th century, the United States played an important role in thwarting a third wave of imperial projects of Germany, Japan, and Italy. In the second half of the 20th century, the United States played decisive roles, both ideological and military, in thwarting the fourth wave of empire building, the expansion of the communist great power, the Soviet Union, as well as communist coups and revolutions in many weak and small independent states.

[Chart Omitted]

The United States also played a variety of important roles in building and strengthening Westphalian institutions, moderating inter-state anarchy, and facilitating the ability of states to survive as independent members of international society. From its inception, the United States was precocious in its support for the law of nations, the institutions of the society of states, particularly the laws of war and neutrality, and public international law, as a means of restraining war and aggression. In both the 19th and 20th centuries, the United States, first regionally and then globally, inspired and helped legitimate anti-colonial and anti-imperial independence movements and national liberation struggles among peoples struggling against empires all over the world. In the 20th century, the United States led the efforts to institutionalize Westphalian norms of non-aggression and sovereign independence, first with the League of Nations and then with the United Nations Charter. In the second half of the 20th century, the American-led liberal international order institutionalized free trade and multilateral cooperation, thus providing the infrastructure for a global economic system, thus enabling smaller and weaker states to sustain their sovereign. Also in the second half of the 20th century, the American system of military alliances contributed to the dampening of violent conflicts among allied states, particularly in Europe and East Asia, thus protecting the Westphalian system from the return of violent conflict and empire-building.

[Chart Omitted]

Taken together, these varied American activities in the world clearly provide strong preliminary evidence for our claim that the United States has significantly contributed to the dismantlement of empires, the thwarting of further empire-building, and to the universalization, institutionalization, and stabilization of the Westphalian state-system.

#### The international order is contingently constructed.

Wilhelm ’19 [Fränze; 2019; Research Group on International Political Sociology at the Institute of Social Sciences, Christian Albrechts University, Kiel, Germany; New Political Science, “An Ontology of Global Order? Heidegger, Laclau, and Political Difference,” vol. 41 no. 2]

Secondly, with regard to the question of global order, there can be no such thing as a universal, all-encompassing order which has ontological primacy over all other orders. However, the implications of the originary nothing do not end with postulating a particularistic pluralism of contingent orders next to or opposed to each other. Global order denotes an order of a group of particular things which humans structure through their specific political actions. Hence, to ground being on the foundational nothing helps to arrive at the ontological principle of ordering. The ordering of order – or the ordering function of order – denotes a gap that can never be rationally closed, for if both sides of the difference were to overlap exactly, the very need for what Laclau has called investment – and what we might also call the incentive for action and even thinking in the first place – would dissolve.

This last aspect also brings about the scope of implications which a postfoundational approach presents for both further research in the field of international political theory as well as global politics. The understanding of particular ontic orders as representations of a contingent ontological investment into a necessary universal ordering function is simply nothing else than to presuppose an always already failing structuration. And yet, this does not need to mean failure in its negative connotation. Rather, the impossibility of political and social closure, in spite of a human desire for ontological certainty, is the positive impetus for generating both a theoretical and applied practice of global order. Regarding epistemological and methodological aspects of interpretation and analysis, postfoundational thinking in the Heideggerian-Laclauian orientation presents a critique of positivist logics of explanation. The social sciences in general and therefore classic theories of social and political order presuppose a particular ontology which structures their explanations by way of deduction and causation. Postfoundationalism, instead, stresses the ontological aspect of explanation based on the ontological difference. The logic of investigation changes from deduction to retroduction, that is, to inferring the conclusion for a phenomenon indeed in a definite logical form – but only ever problematically as one of many possible explanations. This is exemplified in research and discourse analyses of the so-called Essex School. The critical-explanatory concepts developed and applied by its members “are explicitly linked to the radical contingency at the heart of Being, or more particularly the ‘lack’ or ‘void’ in any given symbolic order.” 84 It becomes clear in this context, that a postfoundational political ontology is not a positive ontology in the sense of basic concepts in any normative or empirical investigation. Rather, the ontological premise of the dislocation and contingency of all and any ontological foundation stems from the nature of being itself – from the ontological difference which discloses being as both no-thing and possibility. An ontology of global order needs to be a political ontology in this postfoundational sense. As such, it will be able to come to terms with challenges of politicization, possible politics and decisions, responsibility and the need for political contestation which go beyond the confines of ontological fixity in traditional explanations of social order. Ultimately, the postfoundational condition both explains and increases our experiences of paradox and wonderment, dislocation and conflict in the global order(s).

#### Intervention is a relic of the past---the default is retrenchment over imperial expansion.

Yom ’20 [Sean; February; Professor of Political Science at Temple University and Senior Fellow in the Middle East Program at the Foreign Policy Research Institute; Global Policy Volume, “US Foreign Policy in the Middle East: The Logic of Hegemonic Retreat,” vol. 11]

This explanation is predicated upon two arguments. First, American hegemony in the MENA was always typified by its will and capacity to launch violent interventions to destroy perceived enemies and reify its strategic primacy. Since the 1980s, most states and societies in this region have lived under the shadow of such univalent American coercion. Yet since the late 2000s, US foreign policy has been characterized by increasing noninterventionism, meaning extreme reluctance for this superpower to deploy its unparalleled financial and military resources to regulate regional order as it once did. Second, whereas the spread of communism and disruptions to Arabian oil production constituted foremost threats to US interests in the past, today there are no equivalent perils that can justify maintaining America’s vast regional infrastructure of militarism. Over the past decade, the two most frequently cited threats from the MENA against the US have been radical Islamist terrorism (such as from the Islamic State of Iraq and Syria, or ISIS) and a nuclear-armed Iran. While scholars can debate whether these post-Cold War actors have meaningful offensive capabilities or else are merely constructs of Western fear, the reality is that these are regional perils rather than international ones. They will not traverse the Atlantic Ocean and wreck the prosperity and security of the American home- land.

American hegemony, thus, is retrenching for reasons that go well beyond the Trump Doctrine. It is not for lack of resources, such as the financial and military weaknesses that hobbled British imperialism in the Middle East after World War Two; or the learned wisdom of American policy makers, who like all decision-making elites struggle to absorb costly lessons over time. Rather, at play is an emergent under- standing that protecting US economic and political institutions no longer requires imposing hierarchical order in the Middle East. For the first time in generations, ensuring American prosperity does not necessitate dominating that region. This produces several policy implications worthy of testing in future years. The US will continue shying away from major conflicts and interventionist opportunities, which will create geopolitical breathing room for other global pow- ers with aspirations to shape local affairs, such as Russia and China. The US will not simply fold its military and economic interests and exit so much as continue gradually redistributing the costs of its MENA presence through off-shoring strategies, meaning greater reliance upon regional allies. The only variable that could reverse this trend of hegemonic drawdown is a massive attack on American citizens or military forces, which would once again put the US on war footing.

The theoretical implications of this study are twofold. First, by identifying the strategic backbone of American domination in the Middle East, this analysis suggests that the ideological content of controversial foreign policies such as the Trump Doctrine should be carefully reconsidered. In this case, the seemingly abrupt shifts in American interventionism are less puzzling than initially thought when contextualized within a wider context of vanishing credible threats. Second, the current period presents a fascinating episode of declining hegemonic presence driven not by economic or military weakness, which crippled previous imperial powers, but instead a deliberative shift in great power positioning. The US is gradually removing itself from the Middle East landscape due to lack of will rather than material capacity.

This essay proceeds in several sections. First, it delineates the full extent of America’s hegemonic domination in the MENA today, emphasizing its capacity for unilateral interven- tion as the ultimate benchmark of paramountcy. Second, it interrogates whether the Trump Doctrine indeed represents a radical departure from previous US foreign policy, as often argued by liberal internationalists and neoconservative crit- ics alike. Third, it traces the decline of US interventionism as starting well before the Trump administration, specifically in the Obama years; it rejects two explanations for such dimin- ishment, namely political learning and material shortages. Finally, it unpacks the changing role of the Middle East within the wider realm of the American imperium. With the demise of global communism and US achievement of energy independence, combined with the limited reach of the greatest threats from the MENA today – radical Islamist terrorism, and a nuclearized Iran – the US faces no credible perils that could endanger its social and economic life.

American hegemony in the MENA

American hegemony across the MENA has been historically expressed by its capacity to transform or create major geopolitical crises, shape the behaviour of regional states, and when necessary reconfigure the domestic balance of power between local governments and societies. Informally, researchers and journalists understand such superpower domination to mean a quotidian but inescapable reality: in most countries stretching from Morocco to Oman (and excepting declared antagonists like Iran), the second most important building in the capital city is usually the American embassy. Formally, and more analytically, this hegemonic presence is best expressed by a peak benchmark – the offensive capabilities of the US to deploy coercive force, whenever necessary, to achieve its strategic goals regardless of the preferences of regional states and populations.

Such militarism amplifies the diplomatic and economic basis of American interests, since it gives Washington an overarching instrument by which to violate local sovereign- ties and project its power across vast territorial spaces. For- eign aid and arms sales, of which the US provides in mammoth amounts, are transferred through voluntary trans- actions that require recipient governments to consent. By contrast, coercion requires no such consent. Since the pro- mulgation of the Carter Doctrine in 1980, which explicitly justified US military entry into the Persian Gulf to protect the export of Arabian oil to Western ports, Washington has exercised this primacy to a degree unmatched by even the heights of British imperialism.

Consider two indicators for such predominance. The first is the sheer list of sovereign countries in which US troops have waged war since 1980. As Andrew Bacevich has argued, that year marked a new hegemonic era in which the US ‘ventured into the Greater Middle East to reassure, warn intimidate, suppress, pacify, rescue, liberate, eliminate, transform, and overawe’ (Bacevich, 2016, p. 361). Since then, American forces have interposed within several civil wars, most notably the Lebanese conflict in 1982; attacked multi- ple sovereign governments, including Libya twice (1986, 2011), Iraq twice (1991, 2003), and Sudan (1998); liberated occupied Kuwait in 1991; and fought Iranian forces in the Gulf repeatedly, including the 1987–1988 tanker wars which culminated in the world’s largest naval surface battle since World War Two. After the 9/11 terrorist strikes, US intelli- gence and military units dispersed to wage the so-called Global War on Terror, a networked campaign of covert oper- ations and military operations that advocates framed as a crusade equal in importance to the struggle against commu- nism (Morell, 2015). All these military episodes reflected the willingness of US presidential administrations to bear not only the financial price of intervention, but also bear the social and political costs of sacrificing some members of the American population to distant lands that most other citi- zens in the US homeland never desired to visit.

The second benchmark is the sheer physical infrastructure of American militarism. Washington has accumulated a wide variety of bases, installations, and formal territorial rights since the 1980s through which it can wage war. For instance, today the US operates or shares drone bases in Tunisia, Jordan, and Saudi Arabia, as well as army facilities designed to host infantry units in Jordan, Iraq, and Kuwait. Qatar hosts a major American air force command centre, while Turkey still maintains one of America’s oldest overseas air bases. Bahrain hosts the US Navy’s Fifth Fleet, which dur- ing conflicts (as in the Iraq War) can instantly expand to become the world’s single largest naval flotilla; further downstream, both the UAE and Oman provide use of shared maritime installations. Even countries that do not allow for permanent facilities are regularly ‘touched’ by the imprint of American coercion. Annual training exercises have allowed the US to become intimately familiar with the leadership and strategies of many national armed forces, as in Mor- occo. Combat and surveillance drones fly with impunity over Syria and Yemen. Countries that purchase US fighter jets, missile systems, and other complex arms, such as the Gulf kingdoms, are obligated to also secure maintenance pro- grammes that allow American personnel to manage local technicians and monitor the upkeep of such weaponry. The US also maintains the logistical capacity to implant elite spe- cial forces troops in virtually any country, while operating a colossal network of satellites and other reconnaissance tools that can monitor regional events intimately.

In this context, the MENA embodies the regional expression of American global hegemony – the notion that ‘the United States has the right, responsibility, and wisdom to manage local politics almost everywhere’ (Mearsheimer and Walt, 2016, p. 71). No other non-MENA power commands anything close to this sprawling distribution of firepower. No other country furnishes anything more than a fraction of total US non-military foreign aid to its Middle East allies, which includ- ing economic grants, loans, and developmental assistance hovers around $14 billion annually. Russia, for instance, is lim- ited to a small collection of outposts and a naval base in Syria. France maintains a small facility in the UAE, while the UK operates several small installations in the Gulf, in the shadow (and with permission) of the American armada.

In historical perspective, not even the brief peak of Euro- pean imperialism in the Middle East provided such categorical authority over regional affairs. Until its postwar demise, French colonialism was limited to its proximate North African holdings of Morocco, Algeria, and Tunisia, with a weaker presence in Syria and Lebanon in the Levant. Bri- tain did claim imperial license over parts of the region until postwar financial and military contractions resulted in the expiry of its fledgling empire in 1971, when its last Gulf holdings gained independence. However, British hegemony was expressed far more indirectly through the stability and loyalty of its protectorates rather than the absolute size of its military forces in the region, which were relatively small and scattered (Gause, 2019).

Trump’s foreign policy: what has changed?

This record of hegemony imbues natural expectations that American power will seek to perpetuate itself for as long as possible. It is within this milieu that the Trump Doctrine has emerged as a lightning rod of controversy. In general terms, US foreign policy under the Trump administration is elusive to define. The few authoritative pronouncements struggle to fully capture what has been an unorthodox period of policy making, one defined by internal administrative conflicts and an impulsive presidential style (Anton, 2019). Further, given President Trump’s rejection of many institutional norms of policy making as well as provocation of fractious disputes with other leaders, discussions of foreign policy within the American public sphere have become extremely argumenta- tive and polarizing. Aligned with party allegiance, Trump’s detractors hold that US foreign policy since 2016 is spelling doomsday for global peace and human security, while his supporters see it as divinely restoring US pride and national- istic defiance against an oppressive global establishment.

Across this ideological cleavage, however, many observers conclude that all else being equal, the US since 2016 has become more isolationist. Favouring ‘America First’ slogan- ism, the Trump presidency seems less willing to guarantee international security than its predecessors. It questions globalism and globalization, casts doubt on multilateral alliances and treaties, and prioritizes the populist concerns of domestic constituencies over all else. The observable implication in the Middle East and North Africa is the following: at the regional level, the US now refuses to act as the hegemonic provider of order that its size and power would suggest. Critical voices in the MENA have described this perceived abandonment of American interests under the Trump Doctrine in five dimensions.

First, the US has been accused of ‘leading from behind’ in terms of ceding its frontline role as external mediator to regional conflicts that require a guiding hand (Indyk, 2018). The Israeli-Palestinian issue is a case in point. American apa- thy to the Oslo peace track, the multilevel structure of nego- tiations that had previously guided conflict resolution, was embodied by President Trump’s clear favouring of Israel through controversial initiatives, such as US recognition of Jerusalem as the Israeli capital, closure of the Palestinian Lib- eration Organization’s embassy in Washington, and insis- tence upon a ‘deal of the century’ that will likely eviscerate any independent Palestinian state. Second, US policies seem bereft of principled consistency when dealing with antago- nists. For example, the Trump administration ordered missile-based retaliation against the Syrian regime for its use of chemical weapons in April 2017 – but refused to follow up with either further punitive measures or prolonged efforts to hasten the end the brutal Syrian civil war (Bentley, 2017). Its later wavering on whether to fully withdraw the small US military presence in Syria also speaks to discrepancy between intention and practice.

Third, critics contend that the US has adopted democratic neutrality, vacating previous concerns for human rights and democratic values. This has seemingly emboldened repres- sive autocrats, with the prime regional example being unprecedented arms sales with Saudi Arabia and other Gulf kingdoms despite their recalcitrant domestic repression (Wastnidge, 2017). Such transactions attracted greater atten- tion after the 2018 controversy surrounding the murder of Jamal Khashoggi, which rattled many Western capitals but made little impact with the Trump administration. Fourth, the US has also relied heavily upon local actors, symbolically entrusting allies to police the regional landscape in return for profuse aid and assistance. For instance, while Washington has slashed its foreign aid to the Palestinian Authority, it has maintained or ramped up US financial or military support to Egypt, Jordan, Saudi Arabia, the United Arab Emirates, and Israel. President Trump’s enthusiasm for an ‘Arab NATO’, led by some of these states and which would take responsibility for regional security, sharply contrasts with his lukewarm attitudes to the original NATO (Mansour, 2019).

Fifth and finally, the Trump Doctrine has been marked by extreme restraint in the face of Iranian provocation. On the one hand, official US rhetoric has been bellicose and aggressive, periodically instigating global headlines predicting war- fare in the Gulf. Undoing the 2015 nuclear deal and reinstalling sanctions were among Trump’s first major regional moves. Since then, the Trump administration has repeatedly promised to level Tehran and declared Iran’s Islamic Revolutionary Guard Corps as a terrorist organization – the first time the US has placed any official unit of a national military institution into that category. Yet on the other hand, not a single threat of intervention has proven credible. During the summer of 2019, tit-for-tat skirmishes raised new alarm about US-Iranian conflict; among them was the shoot- down of an American drone, multiple attacks and harassments against commercial vessels, the outright Iranian seizure of a British-flagged vessel, and suspected support for a Houthi drone strike against Saudi oil refineries that temporarily crippled the kingdom’s hydrocarbon production.

However, the official US response against Iran was muted, marked initially by deploying more military forces in the Gulf but also a refusal to use those assets in any intervention. In July, as Gulf tensions peaked, Secretary of State Mike Pompeo conceded that despite Tehran’s ‘bad regime’, the responsibility of undoing Iranian aggression fell to other allies: ‘we don’t want war with Iran’ (Norman, 2019). In the fall, the Trump administration shrugged off further expectations of war with new sanctions, driving some analysts to declare that by repeatedly exposing American inaction, Tehran had essentially ‘won’ the Gulf (Pollack, 2019). This also presumed that without US militarized action first, no other American ally, from Israel to Saudi Arabia, would dare risk confronting Iran.