# Nationalize Industry Paper

## Top Level

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### Why Nationalization?

#### The 2025-26 college policy debate resolution should center nationalization of secondary industries.

1. This topic will force AFFs to take a radical departure from the status quo---The US has long treated private ownership as sacrosanct, even in moments of national crisis. Nationalization forces debates about the limits of state power, public control, and the benefits of substantial departures from the current political economy of private ownership.
2. Vote for this topic if you are interested in domestic debates that are both stable and researchable regardless of Trumpian politics. Nationalization is grounded in structural political economy and will not be impacted by day-to-day regulatory decisions or XOs due to the radical departure the topic will require AFFs to conduct from the status quo. Unlike foreign policy topics, which can be wiped out by a tweet or a truth social post, or a legal topic, which will have to grapple with the “what if Trump ignores it,” this topic is insulated from Trump. Even if the Trump White House is in full upheaval, this topic keeps debaters grounded in arguments that matter long after the news cycle moves on.
3. Scalability options: This topic can be adjusted in multiple ways to constrain the AFF through wordings that mandate industry-wide changes or by including wordings that include sectoral lists of topical action.
4. Functional limits will be golden on this topic, regardless of the size of the resolution. The states counterplan will be strong, as most industries are already constrained by a patchwork of state regulations (however, the states counterplan will be far from a silver bullet, as smart 2As can still generate solvency deficits about national and international supply chains, etc.) Politics will be vibrant due to the resolution’s mandated expansion of the fed. Conversely, private innovation good will be a fallback against every AFF.
5. This topic is the perfect middle ground for creativity. Want to talk about China? Read an advantage about competitiveness. Want to talk about transportation? Read an AFF that nationalizes transportation or rail. Want to talk about surveillance or data privacy? Nationalize technology. Want to talk about pharma, banks, arms sales, etc.? The list goes on.
6. Want to have in-depth K debates? I genuinely believe that this topic will create the most nuanced and in-depth K debates that we have had in a very long time. Affirmatives can defend theories of Marxism, socialism, or worker control and Negatives can read from an abundance of literature that criticizes such, ranging from questions of whether nationalism is true liberation, what these policies look like under our current administration, or any plethora of Ks of Marxism, which there are a TON of!
7. K AFFs! The topic invites substantive criticisms of the logics of the state, capital, and the public.
8. Why secondary economic sector? Secondary economic sectors take raw materials and manufacture them into products. This is the ideal sector to work within because it provides a limit on the goods able to be nationalized. It’s also preferrable to other sectors:
9. Primary industries involve extraction of resources, and would have substantial overlap with the 24-25 energy topic
10. Tertiary and Quaternary industries represent services (can’t get to substantial internal links) and knowledge-based economies (which ahs substantial overlap with the 24-25 HS IP topic

### Proposed Wordings

#### 1--The United States federal government should nationalize a secondary economic sector in the United States

Limiting. Allows AFFs to nationalize broad sectors (defense, healthcare, transportation, etc) in their totality, and does not allow sectors of industries (Airforce, pharmaceuticals, rail, etc.)

#### 2---The United States federal government should nationalize an industry in the secondary economic sector in the United States.

Broadest wording, yet the one I would recommend. Limited by secondary sectors, but allows AFFs the ability to select specific industries within the sectors.

#### 3---The United States federal government should nationalize an industry in one of the following secondary economic sectors: national defense, healthcare, and/or transportation.

Allows specific industries within sectors, but is limited by a list.

### Potential AFFs

#### AFFs are elite!

AFFs on this topic do not have to confined to a list, but are supported within the secondary sector definition above. This would look like once privatized a transformation of raw materials, into a government owned process. Although solvency advocates in the index support nationalization of transportation, national defense, and/or healthcare; there are a litany of different sectors that have ample affirmative and negative ground for in-depth debates. Although this list isn’t exhaustive, it provides a jumping off point for common themes to explore in the topic.

#### National Defense:

Nationalizing industries that are vital to national security aid in debates that involve international relations, supply chain management, and competition with global powerhouses. This could include advantage areas about critical mineral manufacturing, weapon manufacturing, shipbuilding and aerospace manufacturing, and electronic manufacturing intrinsic to military development.

#### Transportation:

Nationalizing transportation industries secures mobility infrastructure critical to economic stability, emergency response, and national defense. Debates could include topics on climate resilience, supply chain reliability, and public safety. Advantage areas could focus on nationalizing railroads, public transit manufacturing (like buses and trains), shipping logistics, and EV production to ensure energy independence and environmental sustainability.

#### Healthcare:

Government ownership of healthcare industries strengthens pandemic preparedness, public health outcomes, and cost accessibility. This opens debates around biosecurity, equity in access, and international health competitiveness. Affirmatives could focus on nationalizing pharmaceutical production, hospital systems, medical equipment manufacturing (like ventilators), and vaccine production to ensure availability and affordability.

#### Food:

Government control over food processing sectors ensures food security, stabilizes rural economies, and mitigates monopolistic practices. This would frame debates around food sovereignty, labor rights, and rural development. Advantage areas could include nationalizing meatpacking plants, grain milling facilities, and dairy processing operations.

#### Chemicals and Pharmaceuticals:

Nationalizing chemical industries supports strategic manufacturing for agriculture, healthcare, and industrial processes. Debate grounds could explore supply chain autonomy, worker safety, and environmental protection. Affirmatives might nationalize fertilizer production, industrial chemical manufacturing, and pharmaceutical ingredient processing.

#### Technology Manufacturing:

Nationalizing technology manufacturing protects critical digital infrastructure, ensures supply chain security, and maintains global technological competitiveness. Debates could center around cyber resilience, economic independence, and competition with China and other tech powers. Advantage areas could include nationalizing semiconductor fabrication, battery production (especially lithium-ion and solid-state batteries), quantum computing hardware development, and manufacturing of AI-enabling components like GPUs and sensors.

### Functional NEG Limits

#### The NEG is just as good!

As AFFs nationalize privatized industries that transform raw materials, NEG ground gets deep fast across core debate themes. There are tons of strategic negative arguments you can run across different sectors. This isn’t an exhaustive list, but it is a strong case for the negative on this topic.

#### Agency Tradeoff

Nationalizing industries stretches government capacity thin. NEG teams can argue that managing new industries pulls resources away from crucial initiatives that agencies are currently focusing on. This argument is especially strong against AFFs in defense, healthcare, food, and tech — sectors where technical expertise matters and regulatory oversight can get sloppy if the government is overstretched.

#### Business Confidence DA

When the government starts grabbing private industries, investors freak out. NEG teams can argue that nationalization sparks capital flight, slows down economic growth, and chills innovation.

#### International Relations DA

Nationalization can strain relationships with allies and trading partners that depend on U.S. private industries. NEG teams can argue that taking over sectors like defense manufacturing or tech triggers diplomatic backlash, worsens trade wars, and makes it harder to rally allies against China.

#### Market-Based DA

Taking industries public messes with market forces. NEG teams can argue nationalization makes markets less efficient, limits consumer choice, and stifles innovation. Private companies are better at adapting to fast-changing sectors like transportation (EVs), healthcare (vaccines), and tech (quantum computing). Slowing down innovation and entrenching bureaucratic dysfunction are big impacts here. These DAs can be specific to sectors of the secondary economy, regardless of if AFFs are industries within sectors.

#### Politics DA

Large-scale nationalization is politically radioactive. NEG teams can argue it triggers huge partisan backlash, burns political capital, and derails other priorities like climate legislation, immigration reform, or defense spending.

#### Partial Ownership CP

Instead of full-blown nationalization, NEG teams can propose partial ownership---the government buys minority stakes to steer industries without taking total control. This CP keeps private sector efficiency intact while letting the government protect strategic interests.

#### Decentralized Commons CP

Rather than handing everything to the federal government, NEG teams can advocate decentralizing control---giving power to local cooperatives, worker-owned firms, or decentralized community governance. It lets you argue you empower communities, spark more innovation, and avoid federal bureaucracy DAs.

#### PPP CP

Instead of full takeover, NEG teams can push for structured partnerships between government and private firms. In transportation (railroads, shipping), healthcare (vaccine development), and energy (battery manufacturing), PPPs can align public goals with private expertise.

#### CP to Nationalize Other Industries

Another move: argue the AFF is nationalizing the wrong industry. NEG teams can counterplan to nationalize other industries (primary or tertiary are the best examples) to solve the internal links of AFFs OR nationalize a primary or tertiary aspect of an industry that also contains secondary elements (nationalize the first step of the supply chains of pharmaceuticals or defense)

#### Ks of nationalization

Finally, NEG teams can K the entire idea of state ownership. NEGs can argue that nationalization props up state capitalism, extends bureaucratic violence, reinforces racialized governance, or accelerates environmental destruction. Kritiks drawing from anarchism, Afro-pessimism, eco-Marxism, or indigenous theories have exemplary nationalization literature.

### Novice Accessibility

#### This topic will be great for novices.

Nationalization is ideal for novice accessibility. The topic will be simple, with distinct AFFs constrained by similar mechanisms. Similarly, AFFS will clearly resolve internal links, and the NEG will be guaranteed nationalization-based generic DAs and counterplans as functional limits. Debates will be grounded in real issues---such as industry productivity, and competitiveness. Debates will be centered on core economic theories, such as Marxism vs capitalism, and negative criticisms will be based off ideal leftist organizing. Nationalization will forces debaters to grapple with economic theories (capitalism vs socialism), governance models (federal control vs private innovation), and existential impacts (competitiveness, disease, climate change, economic collapse, national security). Plus, the AFF and NEG are balanced: affirmatives can solve big systemic harms like inequality and supply chain fragility, while negatives can easily argue economic disruption, innovation stagnation, and authoritarian overreach.

### AT: Trumper

#### He doesn’t kill the topic!

There’s very little evidence on Trump’s relation to the topic, but Youngstown Sheet & Tube Co. v. Sawyer rules the president cannot nationalize or take possession of private property without authorization from Congress, which means broader Trump concerns are limited on this topic. It’s preferrable to a international topic, because trump provides uniqueness for this topic by marking industries, but doesn’t decimate link uniqueness (by doing things like irrevocably destroying the LIO) Most if not all trumper-esque arguments are solved by durable fiat on this topic, too---solvency advocates have very detailed descriptions of how nationalization should occur and the government’s role in it.

#### But, even assuming Trump, AFFs on this topic are in-line with his ideals to an extent, Nationalization is popular with trump---He wants government action away from foreign trade policies

Tucker 18, Todd Tucker is a political scientist and fellow at the Roosevelt Institute (Todd, 2/22, “If Trump Really Wants To Save American Steel, He’d Nationalize It”, Politico, https://www.politico.com/agenda/story/2018/02/22/trump-save-steal-nationalize-industry-000643/

Last Friday, the Commerce Department set off an uproar in the trade world when it recommended that President Donald Trump use an obscure law to impose tariffs of up to 53 percent on steel imports. The agency argued that current import levels pose a risk to U.S. national security, potentially leaving the manufacturing workforce without the skills and experience to carry out a major military buildup.

But if Trump wants to address the real national security concerns, stabilize the steel industry and save these high-paying manufacturing jobs, a tariff is a clumsy way of doing so, likely violating international trade rules and infuriating important allies. There is a much simpler, straightforward idea that could work: Nationalize the industry altogether.

That may sound crazy—after all, nationalizations are rare, and political lightning rods. But it would solve the central problem the steel industry faces. No tariff, no matter how high, will reverse China’s domination of the steel industry and put U.S. steel companies onto long-term stable footing. Trying to fix the problem with trade policy creates needless complications and global tensions, all for the sake of a relatively small—though strategically vital—industry. Nationalization, in effect, sidesteps this problem altogether by eliminating the need to turn a profit. If Trump is committed to turning around the steel industry, nationalization is his best option.

This is, admittedly, not a free market solution—and critics, including much of Trump’s own party, will likely recoil at the notion. But the truth is that the free market has already failed the basic metals industry, failing to generate prices that reflect the true long-term social value of the industry. In fact, there’s no such thing as a free market for steel. Internationally, steel production is shot through with political interventions by foreign governments such as China. In the U.S., steel companies are stuck in a cycle of requiring more and more government protection just to buy them another few months or years. In other words, the industry is already totally dependent on the U.S. government to stay alive.

The government isn’t wrong to offer that protection, either. Concern about American steel is well-founded. Over the past 15 years, China has become the world leader in steel, a position it shows no sign of surrendering. It now has as much capacity as the rest of the world combined, going from 128 million metric tons of production in 2000 to 808 million metric tons in 2016. The country’s rising production lowered global prices and boosted overall imports into the U.S., leading to chronic profitability problems in the U.S. The six big domestic producers went from nearly $5 billion in profits in 2008 to an average annual loss of $666 million in the years since. Before China entered the World Trade Organization in 2001, the U.S. steel industry employed over 200,000 workers. By 2016, it dropped to 142,000. To be sure, automation has also contributed to these job losses, but China’s rising dominance in the steel industry played a central role.

This isn’t just, or even, primarily an economic problem for the United States. As the Commerce report argues, it’s also a national security threat. According to the most recent available numbers, roughly half of the steel consumed in the U.S. is by industries deemed critical by Congress, including dams and nuclear production. This is on top of the steel directly consumed by the government. If the domestic steel industry atrophies, the U.S. would be stuck trying to rebuild capacity if or when another military conflict arises just to make the trains run on time, let alone to fight a war.

To address this risk, Commerce recommended invoking an obscure trade statute called Section 232, which dates back to the Eisenhower and Kennedy era and allows the federal government to impose tariffs on foreign imports to protect U.S. national security. The agency argued that the U.S. steel industry needs to be operating at 80 percent capacity to survive, instead of its current 72 percent. By effectively raising the price of foreign steel, tariffs would allow the U.S. steel industry to better compete with foreign suppliers.

At least, that’s the idea. But there are good reasons to be skeptical it would work. For starters, the WTO would almost surely rule against it. Under one option put forward by Commerce, the U.S. would target the 12 countries most responsible for the steel surge with a 53 percent tariff while exempting others like Canada. But this move risks violating the WTO’s most-favored nation rules — something the South Korean government has preemptively promised to challenge legally. Alternatively, if the U.S. applies a lower 24 percent tariff on all imports regardless of origin, it will risk undermining key allies like Canada and Europe while still likely violating WTO rules. Either way, the costs to steel-using industries will go up, perhaps as much as $150 per metric ton.

Moreover, even with a tariff, there’s no guarantee the industry will be able to compete with a Chinese state-directed industry in the future, or that steelworker jobs will be well-paying and sustainable. The steel tariffs imposed by George W. Bush in 2002 — the most recent action of the type Trump is contemplating — were struck down at the WTO and arguably cost more jobs in steel-using industries than they created in steel itself. In other words, while Trump has pinpointed a real problem in our trade and security policy, Commerce’s recommendations are unlikely to work.

Luckily, there’s a better way. The U.S. could simply buy up existing U.S. steel producers and ensure that they are working at 80 percent capacity, regardless of the global price of steel or Chinese competition. It would create a more stable supply of steel, ensure the U.S. has a capable industrial base and save high-paying jobs. Importantly, this plan wouldn’t risk violating trade rules, since there are no WTO rules against nationalization. Steel could be rebuilt without raising costs through tariffs or risking trade conflicts — the two primary concerns of opponents of the Commerce recommendations.

There are other benefits as well. Rather than shedding jobs or pushing for labor concessions in contract negotiations, a public steel industry could support high-paying union jobs. Rather than attempting to cajole private companies to adopt environmentally friendly production methods, Congress could directly require the public industry to adopt cutting edge green technologies. Moreover, any profit the public enterprise did generate could be used to fund infrastructure investments and other public priorities at a time of falling government revenues from other sources. Indeed, a nationalized steel industry could provide even cheaper steel to industries that use it, all while maintaining high labor and other standards.

Nationalization may also be truer to Congress’ intent when it passed Section 232. The statute gives the executive branch broad authority to use trade sanctions to prop up industries for a wide array of problems, from “substantial unemployment” to “loss of skills or investment.” In other words, it basically gives the U.S. a mandate to pursue a forward-looking industrial policy and to determine which industries are indispensable to the nation’s well-being and ensure their longevity. The newly public steel factories would allow the government to maintain and build out centers of manufacturing excellence throughout the country and preserve vital skills — the exact intent of Eisenhower-Kennedy era law.

Of course, nationalization comes with real costs. How much would depend on the specific path taken. An uncompensated nationalization would be free, but would likely be struck down by courts as a violation of Fifth Amendment protections against such takings of private property, as the Supreme Court did when President Harry Truman sought to seize the steel mills during the Korean War. If the government were to obtain congressional agreement to offer compensation to steel company shareholders, the amount could be in the tens of billions of dollars. (Though it would have been cheaper before Commerce released its recommendations, which pumped up share prices of steel companies on the expectation the government would swoop in to help them.) If the price tag seems high, consider that the U.S. spent hundreds of billions bailing out Wall Street and Detroit.

It’s also possible that the government would be a worse manager of the industry, leading to inefficiencies and wasted resources. But while many critics of government often level this charge against public enterprises, economic scholars have found the evidence is mixed, with a number of successful companies run with government ownership. In fact, market failures often plague capital markets, while well-run public bureaucracies can impose political discipline on public entities.

Nationalization of an entire industry may seem like an extreme option for a president who has promised to shrink the government. But throughout his business and political career, Trump has worried about the threat of foreign countries’ trade policies, and advocated for significant government action. With steel, he has now rightly targeted a real problem. But tariffs won’t provide a lasting solution: nationalization will.

## Definitions

### USFG

#### It’s the three branches, and the states counterplan should be competitive.

White House N.D. (“Our Government,” https://www.whitehouse.gov/about-the-white-house/our-government/ , date accessed 8/14/24)

The Federal Government is composed of three distinct branches: legislative, executive, and judicial, whose powers are vested by the U.S. Constitution in the Congress, the President, and the Federal courts, respectively.

### Nationalization

#### “Nationalization” refers to bringing privately controlled assets under government ownership or control

Hanna 19, MA, Research Director, The Democracy Collaborative (Thomas M., “A History of Nationalization in the United States,” The Next System Project, p. 3, https://thenextsystem.org/sites/default/files/2019-09/A\_History\_of\_Nationalization\_in\_the\_US-Hanna-NSP.pdf)

As does all countries around the world, the United States government regularly plays a variety of active roles in the functioning of the economy, including direct interventions on behalf of certain firms and sectors. For instance, the fossil fuel industry itself receives around $26 billion a year in government subsidies.2 The government also routinely provides financial assistance to strategically important companies that are experiencing financial difficulties. What makes these types of more regular economic interventions different from nationalization is the question of ownership and control. Nationalization is the process of bringing previously privately controlled assets (businesses, land, real estate, services, natural resources, etc.) under public authority. While a shift in control is often associated with a transfer of ownership, as will be documented in this paper, this is not always the case. In some instances, the government has taken legal and operational control of an enterprise or asset without taking an official ownership position. This results in some blurred lines when it comes to determining when a government intervention does and does not amount to nationalization. In what follows, I have attempted to only include examples where there is a clear shift in either ownership or control (or both).

### Nationalization = euyouts or expropriations

#### “Nationalization” can occur through buyouts or expropriation. That enables the industry to function for the public good. Examples: transit, finance, internet providers, healthcare, commercial space.

Martindale 23, freelance writer and former associate editor at In These Times (Dayton, 9-5-2023, "Nationalization Is a Great American Tradition," In These Times, https://inthesetimes.com/article/big-idea-nationalization-public-good-twitter-amazon-spacex-tyson)

So what’s the point?

Under private ownership, CEOs and shareholders are incentivized to make the most profit for themselves at the expense of workers, consumers and the planet. Through public ownership, industries could prioritize people first. Activists and policy experts have called to nationalize all sorts of companies, especially in industries with an outsized influence on the broader economy. An incomplete list: Amazon, airlines and transit, banks, internet and telecom providers, fossil fuels, healthcare, SpaceX, Twitter and Tyson Foods.

How would that even work?

Generally, a government would gain a controlling stake of a company by buying up a majority (or all) of the company’s shares. Other times, a government might just seize control directly, with or without compensation to the former owners.

Doesn’t sound like we could do that here in the United States.

In fact, this country has a long history of nationalization. During World War I and II, the federal government took control of radio, railroads, coal mines and more. In 1984, the government took 80% ownership in the failing Continental Illinois bank, which remained nationalized until 1991. The Bush administration took similar action to bail out banks in 2008. Many of these nationalization efforts were temporary, and companies that tolerated government control during crisis eventually wanted the reins back. But there are (inevitably) new crises to come, and some nationalizations — such as the largely voluntary transfer of private passenger rail to Amtrak in the 1970s — have had staying power.

Is this the road to socialism?

Not by itself. Like Engels pointed out, ​“So long as the propertied classes remain at the helm, nationalization never abolishes exploitation but merely changes its form.” Just because the government is in charge does not mean the people are — and without democratic management, government bosses are just as capable of polluting, exploiting and price gouging as private bosses. Socialism worthy of the name, then, likely requires a more egalitarian national government or other forms of oversight— through municipalities or workers’ councils, for example. But nationalization could play a key role in taking essential industries out of private hands and putting them toward the public good.

This is part of ​“The Big Idea,” a series offering brief introductions to progressive theories, policies, tools and strategies that can help us envision a world beyond capitalism. For past In These Times coverage of these ideas, see, ​“Is Decentralizing the Internet the Answer?” and ​“It’s Time to Democratize City Budgets.”

### Nationalization = expropriation or confiscation

#### “Nationalization” can mean EITHER expropriation, in which adequate compensation is offered, or confiscation, in which it is not.

Darling 74, (William, “One Problem with Using an Escrow to Deter Nationalization of Foreign Investment,” 14 NAT. RES. J. 271 (1974). Available at: https://digitalrepository.unm.edu/nrj/vol14/iss2/8) [FN 2]

2. Throughout this Comment I have used the term "nationalization" instead of "expropriation" or "confiscation." Expropriation implies that effective compensation for the enterprise was made to the investor. Confiscation implies that it was not. Since this Comment envisions a situation in which the issue of effective compensation is not yet raised, neither word is appropriate. I have therefore used nationalization to mean a taking by the host country without any implication that compensation was or was not adequate.

### Nationalization = class of assets

#### It’s not just a single firm---nationalization requires expropriating a class of assets

Lin 94, \*Assistant Professor of Management and International Business, California State Polytechnic University at Pomona. \*\* Professor of Business Administration, and Director, Center for Legal and Regulatory Studies, Graduate School of Business, University of Texas at Austin. (\*Lianlian and \*\*John R. Allison, Winter 1994, "An Analysis of Expropriation and Nationalization Risk in China," Yale Journal of International Law 19, no. 1, p. 140)

When properly used, the term "nationalization" refers to a state's undertaking a number of individual expropriations with the common aim of partially or totally restructuring the country's economy.20 The government takes property not because it belongs to certain owners, but because it is of a certain type. Although nationalization and individual expropriation are not precisely equivalent, they both involve the exercise of sovereign authority by a state over property within its borders for the purpose of accomplishing a compulsory transfer of property rights from private to public ownership. 21

### Nationalization includes foreign assetts

#### “Nationalization” means either public possession of private property OR seizure of foreign assets and transfer to local ownership.

Krieger 4, Professor of Political Science, Wellesley College (Joel, Published online 2004, "Nationalization," The Oxford Companion to Politics of the World (2 ed.), Oxford Reference, https://www.oxfordreference.com/display/10.1093/acref/9780195117394.001.0001/acref-9780195117394-e-0508)

Two distinct types of government policies may be referred to by the term nationalization. The first is public ownership: the state's possession and control of private property, particularly in key industries. The British Labour government asserted such control in the late 1940s and early 1950s when it nationalized the coal, gas, electricity, steel, and transport industries. French Socialists pursued similar policies in the early 1980s and offered a similar rationale: greater income equality, rationalized production, and greater state control over economic planning. In Britain, many of the same industries were reprivatized in the 1980s, under Conservative Prime Minister Margaret Thatcher. Thatcher not only stressed the costs and inefficiency of state control (also important issues to the French Socialists, who quickly abandoned their nationalization plans after an initial foray into banking and steel), but also her opposition in principle to such public ownership, even in cases of natural monopolies.

Nationalization can also refer more specifically to the seizure of foreign assets and their transfer to local ownership, usually to state firms. Such indigenization policies were pursued extensively in Latin America, Africa, and the Middle East in the 1960s and 1970s. They were focused largely in raw materials and extractive industries, in countries that were highly dependent on export earnings from those industries. The most vulnerable sectors, according to Raymond Vernon, were those that had already developed standardized products and processes, but where foreign investors had not yet adapted to their weaker bargaining position with host countries. The largest expropriations came in oil exporting countries, which replaced foreign oil companies with state-owned enterprises in production and refining. Foreign firms still had significant advantages in exploration, transport, and marketing and used them to maintain a major international role. Indeed, nationalized firms have continued to rely on them for final sales and sometimes for operations and management.

### Nationalize = Nationalization

#### They’re synonymous and nationalize is a term of art.

Cambridge ND. (Cambridge Dictionary, No Date, https://dictionary.cambridge.org/us/dictionary/english/nationalize)

(of a government) to take control of a business or industry:

### Secondary Industry

#### Secondary industries transform raw materials into valuable goods---Other industries are distinct.

George 23, (October 10, https://www.clearias.com/sectors-of-economy-primary-secondary-tertiary-quaternary-quinary/

What are the sectors of the economy?

Human activities which generate income are known as economic activities. Economic activities are broadly grouped into primary, secondary, tertiary activities. Higher services under tertiary activities are again classified into quaternary and quinary activities.

Let us first understand the differences between the different sectors of the economy, so that it will be easier for us to understand the factors responsible for the location of primary, secondary, and tertiary sector industries in various parts of the world (including India).

Primary activities

Primary activities are directly dependent on the environment as these refer to utilisation of earth’s resources such as land, water, vegetation, building materials and minerals. It, thus includes hunting and gathering, pastoral activities, fishing, forestry, agriculture, and mining and quarrying.

People engaged in primary activities are called red-collar workers due to the outdoor nature of their work.

Secondary activities

Secondary activities add value to natural resources by transforming raw materials into valuable products. Secondary activities, therefore, are concerned with manufacturing, processing and construction (infrastructure) industries.

People engaged in secondary activities are called blue-collar workers.

Tertiary activities

Tertiary activities include both production and exchange. The production involves the ‘provision’ of services that are ‘consumed. Exchange involves trade, transport and communication facilities that are used to overcome distance.

Tertiary jobs = White-collar jobs.

Quaternary activities

Quaternary activities are specialized tertiary activities in the ‘Knowledge Sector’ which demands a separate classification. There has been a very high growth in demand for and consumption of information-based services from mutual fund managers to tax consultants, software developers and statisticians. Personnel working in office buildings, elementary schools and university classrooms, hospitals and doctors’ offices, theatres, accounting and brokerage firms all belong to this category of services. Like some of the tertiary functions, quaternary activities can also be outsourced. They are not tied to resources, affected by the environment, or necessarily localised by market.

Quinary activities

Quinary activities are services that focus on the creation, re-arrangement and interpretation of new and existing ideas; data interpretation and the use and evaluation of new technologies. Often referred to as ‘gold collar’ professions, they represent another subdivision of the tertiary sector representing special and highly paid skills of senior business executives, government officials, research scientists, financial and legal consultants, etc. Their importance in the structure of advanced economies far outweighs their numbers. The highest level of decision-makers or policymakers performs quinary activities.

Quinary = Gold collar professions.

## Evidence Appendix

### AFF---Transportation

#### Rail and bus (and planes, which should be scaled back)

**Marx 20** (Paris Marx, author and podcast host on critical technology, “Nationalize the Means of Transportation,” https://jacobin.com/2020/06/airports-planes-flying-covid-coronavirus-transportation-trains, published 6/16/2020, accessed 4/14/2025, //Rock Chalk)

The COVID-19 pandemic has reshaped much of modern life — but perhaps no economic sector has been impacted more than transportation. Automobile traffic volumes plummeted as the pandemic hit, with car crashes declining along with them and people around the world taking photos of the unusually clear skies. Amtrak has also seen declines in passenger volumes of more than 90 percent, and passenger numbers on US airlines fell more than 96 percent year-over-year in mid-April. And while some in the industry hope people will quickly hop back on planes by the end of the year and the global tourism industry will return to normal, the data we have suggests that’s very unlikely. Naturally, people are beginning to wonder what a post-pandemic transportation system will look like, and that will play out on two levels: what will happen within cities, and how people will move between them. The debate over whether the automobile will return to its throne or will finally get displaced by bikes and transit is ongoing, but in this piece, I’ll address the latter question: With air travel effectively halted, where do we go from here? It’s essential that the Left seize this opportunity to push for an intercity transportation system that centers collective solutions, environmental sustainability, and equity. That means challenging the dominance of automobiles and airlines, and ensuring the government plays an effective role in planning a network that meets those goals. Airlines Aren’t Going Back to Normal People already hate flying. Between having to get to an airport located on the outskirts of the city, having to be there far in advance of your flight to ensure you have enough time for the post-9/11 security theater, then having to cram into a metal tube with little personal space for several hours, that should come as no surprise. But there are often few alternatives, and in a post-pandemic world, that will get even worse. US airlines are already fighting plans for social distancing in airports and on planes, including the requirement to keep middle seats empty, but reports suggest there will be temperature screenings and requirements to wear masks. Passengers may need to carry proof they do not have COVID-19, and if they want to use the toilet while on a plane, they may have to raise their hand and wait for permission from the flight attendant. Seating configurations could even be changed to place plexiglass between seats and reverse the middle seat. Christopher Schaberg, author of The End of Airports, has suggested that in the worst case scenario, first-class cabins could allow for proper social distancing, while economy passengers would be crammed together in the back, crossing their fingers they don’t get infected. It’s clear that can’t be allowed to happen, and the government must step in to ensure that’s the case. The pandemic will fundamentally alter the business model of air travel. With lower passenger volumes, airlines will not be able to generate adequate revenue if flights return to pre-pandemic levels without the passengers to fill them. In the United States, airlines have talked to the Transportation Department about consolidating routes to allow multiple airlines to sell tickets for a single flight, but we need to remember that the government used to play a much greater role in regulating air travel. Before 1978, government officials set airline ticket prices in the United States, requiring them to cover the actual cost of running the airline. That meant prices were higher than they are today, when adjusted for inflation, but ensured direct flights to smaller regional airports. After deregulation, there was significant consolidation in the industry, and the new airline giants focused on flying out of a central hub rather than connecting smaller cities. Airlines were also given the power to set their own prices, but lower ticket prices made it much more difficult to cover the cost of the flight. In many cases, especially at budget airlines, that means ticket sales no longer cover the actual cost of running the airline, requiring them to squeeze more passengers in cabins and adopt an “à la carte” pricing model charging ever-higher fees to make up the difference. In a post-pandemic world, the government must take a more active role in planning and regulating the transportation system, but it cannot simply try to scale up air travel to pre-pandemic levels. The focus must be reversed, with expanded rail and intercity bus options being the core of the system, and air travel filling in the gaps where those options cannot provide adequate service. Trains Are the Future With few people moving in the ways they used to, we now face a rare opportunity to choose how we scale back up, and with the economy facing a depression worse than in the 1930s, the economic stimulus measures taken to put people back to work will determine what our lives look like in the coming decades. When it comes to transportation, the focus must be on rail. For decades, rail has largely been ignored in favor of new roads and highways, with cars or planes handling long-distance trips. That cannot continue. Instead, we need a massive reinvestment in rail. One of the signature aspects of a post-pandemic recovery plan must be a nationwide high-speed rail network, making it both easier and more attractive for people to take trains instead of alternatives. High-speed rail is already competitive on a growing number of routes worldwide, and potential fears about infections and fatigue with the hassle of air travel could make it even more attractive to more passengers. California has already started on its own high-speed rail line, and despite running into some issues from a lack of dependable funding and overreliance on consultants, it’s created more than four thousand good jobs in the Central Valley. But the focus can’t simply be on rail without having a comprehensive, systemic approach. Air France is cutting 40 percent of domestic flights and will not operate on any routes where a train trip is less than two-and-a-half hours because of bailout conditions set by the French government. But it would be much more efficient to take the airlines into public ownership as Italy did with Alitalia and plan them as part of a larger transportation system, winding down service as better, more frequent rail connections are completed. Trains and planes alone will also not effectively serve everyone’s transportation needs. There will be areas of the country where delivering rail service simply won’t be effective. To fill those gaps and ensure people still have quality intercity transportation options that connect into the larger system, a public bus service should be established with community input on schedules and destinations so it meets their needs. The best way to ensure the entire system serves the public good instead of profit motives or the electoral considerations of politicians is to have it publicly owned, with democratic inputs from the public. Taking control of our transportation system can be the first step in a larger rethinking of how we structure the economy. Planning for Better Mobility Everyone deserves the right to mobility, and access to it should not be mediated based on ability to pay. For the past century, there has been a greater emphasis placed on individualized transportation instead of collective forms of mobility. Billionaires like Elon Musk, a car salesman himself, are trying to maintain that individual focus, but it’s clear that’s failed. In order to truly address environmental and equity concerns in transportation, we need to shift the emphasis from cars and planes to prioritizing investment in rail and bus services. Meeting those goals will also require those systems to be liberated from the market, with control placed in the hands of the public. We can build a better transportation system, but that requires being clear on what matters. And when it comes to connecting people with their families and friends, with entertainment and community activities, and with work and other opportunities, it’s clear that turning a profit should be our last priority.

#### Rail – solves mismanagement and is popular

**Nichols 23** (John Nichols, national affairs correspondent for the Nation who writes about histories of American socialism, “It’s Time to Talk About Nationalizing America’s Railroads,” https://www.thenation.com/article/politics/railroad-nationalization-public-ownership/, published 2/23/2023, accessed 4/14/2025, //Rock Chalk)

If the derailment of a Norfolk Southern train carrying hazardous materials in East Palestine, Ohio, tells us anything, it is that the corporate CEOs, billionaire speculators, and profit-hungry investors who control America’s transportation systems are not up to the job of running railroads. As Ohio Senator Sherrod Brown told CNN, “There’s no question [that the railroad company] caused it with this derailment because they underinvested in their employees.” “That’s why I’m angry when I look at these companies lay people off,” Brown said of the rail corporations, which have reaped enormous profits while undermining workers and lobbying against safety measures. “They never look out for their workers. They never look out for their communities. They look out for stock buybacks and dividends. Something’s wrong with corporate America, and something’s wrong with Congress and administrations listening too much to corporate lobbyists. That’s got to change.” But what should the change be? There’s talk in Congress and the major media about new regulations. But why not listen to the workers who know what’s needed to make the nation’s railroads more reliable, more responsible, and, above all, safer? They have a simple solution: nationalize the rail industry so that the people, not the corporations, are in charge. “Railroads are systematically destroying the freight rail system,” explained Ross Grooters, a railroad locomotive engineer who cochairs Railroad Workers United, an inter-union solidarity caucus of rank-and-file railroad workers that has championed worker and community safety. “We need public ownership of this critical infrastructure to correct freight railroad problems—just like all other U.S. transportation infrastructure and other rail systems around the world.” Last fall, as rail workers were engaged in a frustrating fight to get their bosses to provide paid sick leave and adopt needed safety measures, the Railroad Workers United (RWU) steering committee proposed the nationalization of the rail industry. The move got little attention at the time, but it’s picking up steam. In an online resolution, the RWU detailed the arguments for public ownership of the railroads, explaining that corporate owners had, in their pursuit of profits, put the industry on an irresponsible trajectory to the detriment of shippers, passengers, commuters, trackside communities, and workers. On-time performance is in the toilet, shipper complaints are at all-time highs. Passenger trains are chronically late, commuter services are threatened, and the rail industry is hostile to practically any passenger train expansion. The workforce has been decimated, as jobs have been eliminated, consolidated, and contracted out, ushering in a new previously unheard-of era where workers can neither be recruited nor retained. Locomotive, rail car, and infrastructure maintenance has been cut back. Health and safety has been put at risk. Morale is at an all-time low. The ongoing debacle in national contract bargaining sees the carriers—after decades of record profits and record low Operating Ratios—refusing to make even the slightest concessions to the workers who—contrary to what the [major carriers] may state—have made them their riches. Railroad Workers United concluded that “since the North American private rail industry has shown itself incapable of doing the job, it is time for this invaluable transportation infrastructure—like the other transport modes—to be brought under public ownership.” That’s not a particularly radical notion. Much of the transportation infrastructure in the United States, including the interstate highway system, is publicly owned. And the railroads were themselves under federal government control during World War I. When the war ended, rail workers and their unions pushed to keep the industry publicly owned. Eugene Victor Debs, a veteran railroad union leader, campaigned on the issue in his 1920 Socialist Party presidential bid. But the government handed the railroads back to their wealthy owners and the issue died down—until the Great Depression devastated rural America. In 1933, Joseph Bartlett Eastman, a member of the Interstate Commerce Commission, was nominated by President Franklin Roosevelt to serve as Federal Coordinator of Transportation. The following year, Eastman argued: Theoretically and logically public ownership and operation meets the known ills of the present situation better than any other remedy. Public regulation of a privately owned and operated industry, reaching deeply into such matters as rates, service, capitalization, accounting, extensions and abandonments, mergers and consolidations, is a hybrid arrangement. When an industry becomes so public in character that such intimate regulation of its affairs becomes necessary, in strict logic it would seem that it should cease to masquerade as a private industry and the government should assume complete responsibility, financial and otherwise. Eastman’s ideas appealed to organized labor. Rail union heads called in 1935 for “the immediate taking over of the railways of the United States by the federal government and the creation of agencies within the federal government to manage and operate the railways.” American Federation of Labor President William Green told his group’s convention, “It seems to me that the railroads are headed for government ownership. I do not see where we can find any other remedy. The only way the railroads can be saved, the interest of the workers maintained, and service be kept up for the good of the country is through government ownership.” In Congress, Montana Senator Burton K. Wheeler, a progressive who had been the vice presidential nominee on Wisconsin Senator Robert M. La Follette’s anti-monopoly ticket in 1924, was a steady advocate for public ownership of railways “as a matter of expediency.” Today, agitation for nationalization—which the great New York Times labor reporter A.H. Raskin once referred to as “the dirty word on U.S. railroads”—has been renewed. The Railroad Workers United effort has gained thoughtful attention in left media and support from the United Electrical, Radio and Machine Workers of America, whose members build locomotives in Erie, Pa. “Our nation can no longer afford private ownership of the railroads; the general welfare demands that they be brought under public ownership,” UE argued in a January statement that observed: Railroads are, like utilities, “natural monopolies.” The consolidation of the Class 1 railroads in the U.S. into five massive companies over the past several decades has made it clear that there is no “free market” in rail transportation. With most customers having no other choice, and no central authority mandating long-term planning, each individual railroad company has little incentive to make investments in infrastructure and every temptation to take as much of their income as possible as profits. Democratic Socialists of America, which has Ohio chapters that have been supporting mutual aid projects for communities near the East Palestine derailment site, has also endorsed public ownership—with a statement reflecting on the wreck. “This was no ‘natural disaster,’ nor was it unpreventable,” argues DSA. “Railroads like Norfolk Southern are owned and controlled by a handful of greedy billionaires, backed by equally greedy board members, who answer only to profit, even though it is the working class—from the overworked train crew, to the firefighters exposed to toxic chemicals, to the teachers at schools closed due to contamination, to displaced families living near the tracks—who bears the brunt of this and other rail disasters.”

### AFF---Airlines

#### Airlines – solves consolidation and climate

**Sammon 20** (Alexander Sammon, staff writer at The American Prospect, “It’s Time to Nationalize the Airlines,” https://prospect.org/economy/time-to-nationalize-the-airlines/, published 3/18/2020, accessed 4/16/2025, //Rock Chalk)

In a world free of coronavirus, today might have been a day like any other for the airlines. It may well have been a good day—the past ten years have been full of them. Indeed, American carriers have posted record profits for multiple years running, while boasting sky-high stock prices. Things have been so good, in fact, that in 2017, American Airlines CEO Doug Parker put it succinctly: “I don’t think we’re ever going to lose money again.” The 2010s were prosperous times for the domestic airline industry thanks in large part to merger-driven consolidation and the sheer innovative force of baggage fees. According to the U.S. Department of Transportation’s most recent airline baggage fee report, domestic carriers bloated their profit margins with nearly $5 billion in baggage fees in 2018, up from $4.5 billion in 2017, and a mere $1.1 billion a decade ago. American Airlines set the pace with $1.2 billion in baggage fees alone, followed closely by United, with $889 million. They also increased fees for changing one’s flight, got rid of meals and seat-back entertainment systems, and created a new class of ticket, the universally reviled “basic economy” seat. Meanwhile, in just over a decade the number of large and midsize U.S. carriers shrank from 18 to 10, as American bought US Airways, Continental merged with United, and Northwest merged with Delta. Today, the four largest airlines control about 80 percent of total domestic passenger traffic. (In many cities, it’s even more extreme: At 93 of the top 100 airports, one or two airlines control a majority of the seats for sale.) One might think, with all that extra profit wrung out of thin air and little competition to speak of, the airlines would be in strong shape to weather an exogenous crisis, something like a global pandemic that zaps travel and forces temporary cutbacks in seat purchases and flights. But that is not what has happened. Between 2014 and 2020, in an attempt to boost its earnings per share, American spent more than $15 billion buying back its own stock. The company managed not only to spend down its cash reserves in a stock-buying spree, but it simultaneously engorged itself on cheap loans. It now has debt obligations of nearly $30 billion, almost five times its current market value. And while American was the most egregious of the airline behemoths, it certainly wasn’t the only one: Over the past ten years, the biggest U.S. airlines spent an unfathomable 96 percent of free cash flow on buying back their own shares. Of course, shareholders saw no problem when the airlines were funneling money back to them at breakneck speed, goosing the stock price to the detriment of investments in equipment, worker pay, and passenger comfort. But now that the full economic impact of the coronavirus has begun to reveal the extreme folly of that approach, the airlines have stuck their hands out for an unprecedented bailout of at least $58 billion. That figure is more than three times the size of the industry’s bailout after the September 11 attacks. The bill has come due for the shareholder frenzy, and those same shareholders expect to avoid a bludgeoning with the help of taxpayer dollars. The economic headwinds facing the industry are certainly significant. United announced it would cut its flights by at least half in April and May, and is currently in talks with its unions about steps that could include furloughs, pay cuts, and more. American and Delta, too, have announced severe cuts in flying, hiring freezes, and voluntary unpaid leave for employees. But to simply bail out the airlines would represent a grave missed opportunity to reverse four decades of catastrophic consolidation and help mitigate the climate crisis on a crucial front. It’s time to nationalize the airlines. The airline industry has become another cautionary tale of the pitfalls of deregulation, the result of extremely misguided policy set loose over decades. Air travel wasn’t always like that. In its early days, between 1937 and 1978, air travel was treated as a public utility. The Civil Aeronautics Board (CAB) managed domestic flights and was responsible for establishing schedules, fares, and routes. But in 1978, under the guidance of the Jimmy Carter administration, the industry was deregulated, in the name of increasing competition and driving down prices. What claim do the airlines have to public assistance? If they are going to be on the receiving end of a massive public bailout, it’s time first to admit that deregulation has been a colossal failure. Initially, that decision was ballyhooed as a free-market triumph, a true success story that made the case for deregulation and privatization. A smattering of startup airlines joined the skies; the price of a plane ticket fell; the number of fares sold increased dramatically. But quickly, the airlines began to merge, and the industry became an oligopoly (if you’re feeling charitable) or a cartel. The airlines dropped unprofitable routes, many of them direct flights, and went to work upping bag fees and cutting back on meals, entertainment, and the size of their seats in coach, infuriating consumers while racking up massive profits. Study after study began to find that airfares had actually fallen more rapidly before Carter’s Airline Deregulation Act, and that, if the CAB had been allowed to continue enforcing its long-standing formulas for setting maximum fares, prices would have been considerably less than the free-market offering. As a result, U.S. airlines currently pull in net profit margins of 7.5 percent, which is twice the average for airline companies internationally. Meanwhile, the U.S. hasn’t seen a new scheduled passenger airline come into existence since 2007. So what claim do those airlines have to public assistance? If they are going to be on the receiving end of a massive public bailout, it’s time first to admit that deregulation has been a colossal failure and begin to reverse its course. And if the federal government is going to assume financial responsibility, it should do so only on the grounds that the airlines will be again treated as public utilities, providing a narrowly defined public service that society needs to function. That could take a number of different forms. The government could set the stock price at zero, while assuming the operations and the debt obligations of the major carriers. Such a decision might make investors howl, but they have little claim to being made whole: They reaped massive financial benefit, in the form of dividends and escalating stock prices, from a risky, self-sabotaging management scheme that they could have sold out of at any time. Already, they benefit from massive public investments in air travel infrastructure and lax environmental standards, and could not exist without them. A refusal to pay them off would help discourage the runaway financialization that has wreaked havoc in the U.S. economy. But even a more generous package—a financial bailout package that results in the public holding a majority of shares—could have a similar salubrious effect on air travel in America. Such a move would allow the government to rein in an industry that is already abhorred by consumers nationwide, while also, simultaneously, affording the American public a head start on tackling the exorbitant environmental impact of the airline companies, which are some of the most flagrant polluters on the planet. The United Nations has forecasted that greenhouse gas emissions from airplanes would triple by 2050, a figure that recent estimates say is an undercount. The International Council on Clean Transportation found in September that emissions from global air travel may be increasing more than 1.5 times as fast as the U.N.’s estimate. By one count, aviation could take up a quarter of the world’s carbon budget by 2050. Not only does the U.S. airline industry deliver miserable customer service, but it is also a unique environmental hazard. Last year, flights from airports in the United States were responsible for almost one quarter of global passenger flight–related carbon dioxide emissions. On this metric, we’re number one, above China and Japan. The nationalization of the American airline industry could not only deliver travelers from the horrors of air travel, but it could also forge a path out of our 2008-grade thinking when it comes to public intervention in the market. The airlines now present an opportunity to remedy some of the most misguided policy decisions, not just of the past decade, but the past 40 years. And instead of wasting our time with marginal environmental improvements like carbon offsets and tighter emissions standards, returning the airlines to public-utility status could set the tone for decarbonization in other industries as well, including the energy system, where it’s sorely needed. As the climate crisis becomes increasingly urgent, these sorts of steps have become essential. It might even bring the end of the basic economy seat.

The rapid growth in the number of cases of the novel coronavirus, known as COVID-19, has quickly cratered air traffic as people cancel their holidays, postpone business travel, and avoid close contact with others to limit its spread. Airlines around the world are now facing severe financial pressures and are responding by cutting flights, laying off workers, and begging governments for financial assistance. In the United Kingdom, IAG, which owns British Airways, has announced its flight capacity will be cut by 75 percent and Virgin Atlantic will cut 80 percent of its flights — with staff asked to take eight weeks of unpaid leave. Ryanair, EasyJet, and Norwegian are also cutting most of their flights and their workers face layoffs, pay cuts, and potentially even job losses. Similar announcements are being made by airlines throughout Europe, North America, and Australia and New Zealand as the Centre for Aviation estimates most airlines could be bankrupt by May without government assistance. Airline share prices are falling dramatically: British Airways down almost by half, Lufthansa down 41 percent, and Air-France/KLM down 56 percent. Even before the coronavirus, the airline industry was in a fragile position — with smaller airlines like Flybe and Wow Air hitting the wall and larger airlines often hopelessly over-leveraged. This crisis calls for a radical reassessment of the sector as a whole, and a means for governments to plan a way forward. Even in the face of the climate crisis, air travel remains an important part of the economy — but that does not mean it must continue in the same way it has in the past. Instead of simply bailing out the airlines so they can resume operations once the virus is cured, we need to rethink the role that airlines play in our transportation networks and take them into public ownership so they can be democratically planned to achieve social and environmental goals. Major airlines used to be owned by national governments until a few decades ago and many continue to operate under public ownership, or at least with a significant stake owned by governments. In response to the coronavirus crisis, Italy has already renationalized Alitalia. It will be the first of many countries to make similar moves. Clearly, action needs to be taken today to protect airline workers’ jobs — but it must be strategic. Handing over huge sums of public money to wealthy airline investors or celebrity billionaires like Richard Branson without securing additional powers for the state in terms of input into the future of the industry, improving conditions for workers, and meeting urgent climate targets would be a foolish mistake. If airlines are truly poised to go under, they should be nationalized at a significant discount. If assistance is provided, it cannot be without strings, which must include an ownership stake along with a commitment to meeting public goals that would include integrated planning, a better passenger experience, and protections for workers. (Re)nationalized airlines should be planned as part of a broader transportation system, with the goal of reducing unnecessary air travel, particularly on short-haul routes, to achieve emissions reductions. Ideally, this would be in conjunction with a rail system that is also returned to public ownership, which would allow for improvements to reliability, frequency, and a reduction in ticket prices to encourage people to use trains instead of cars and planes. This would enable a public intercity transport authority to effectively plan for the public’s mobility needs by diverting more resources into the rail system, while eliminating short-haul flight routes where the same trip can be taken on a train in a reasonable time. In practice, a focus on reducing emissions while keeping trips affordable and ensuring people can reach their destinations in a similar time frame as an entire air journey, including time to and from the airport and going through security, would allow for resources to be diverted from air to improving rail service throughout the United Kingdom and on many routes to the continent. Train services are already competitive with flights between major centers in the United Kingdom, and that will only improve with HS2 and High Speed North. A public rail system could also improve services to smaller cities and communities around the country. Already, train services are time-competitive with flights to cities in France, Belgium, the Netherlands, and even parts of western Germany. However, reaching those destinations by train can often cost more than booking a discount flight. An intercity transport authority, in cooperation with partners on the continent, must work to change that by pricing in the externalities of air travel and reducing the price of train journeys in recognition of the broader social and economic benefits of increasing access to transport services and connections between peoples. But there will be some routes that simply won’t be able to be serviced by trains because the distances are too long. For those routes, the air travel experience must improve with greater comfort and space for passengers, instead of making people feel like sardines packed into a metal tube, and fewer punitive fees for everything from a bag to a forgotten boarding pass. Private jets, which emit much more per passenger than a conventional flight, must also be banned, with the rich forced to fly in the same planes as everyone else. Thousands of airline workers are being thrown to the wolves today, with mass layoffs already in Norwegian, Scandinavian Airlines, and KLM. To prevent the same in the United Kingdom, we need action today. That means government recognizing the particular problem the airline industry faces — not just today, but over the coming years in the context of the climate crisis — and its strategic importance to both the economy and society. Any such recognition would make the case for nationalization at substantially reduced cost clear. Airline workers have contributed to the incredible wealth of the executives and shareholders of major airlines, and if the companies themselves can’t afford to pay their workers without going bankrupt, the government must. But in exchange, they have to insist on airline executives and wealthy investors taking a very significant hit. Golden handshakes and vulture profiteering as thousands of workers lose jobs will rightly infuriate the public. As concern about air travel emissions has grown in recent years, especially given they’re rising at a much faster rate than in other industries, those concerned with climate change have been wondering how air travel might be curbed in a sustainable future. The crisis brought on by COVID-19 is stark — but it offers an opportunity to break with the status quo. Policies which last week seemed impossible are now being implemented in countries around the world to combat the economic fallout. With planes grounded around the world, it’s time to rethink the structure and incentives of our transportation networks — and for governments to take decisive action not only to protect workers today but to determine how people travel in the future.

### AFF---Healthcare

#### Partial nationalization of the pharmaceutical industry provides good debates with ample ground on both sides

**Myounggock 25** (Elomri Myounggock, department of Pharmacology at the University of Sao Paulo, “Strategic Factors in Deciding Partial Nationalization of the Pharmaceutical Industry,” https://www.hilarispublisher.com/open-access/strategic-factors-in-deciding-partial-nationalization-of-the-pharmaceutical-industry.pdf, Pharmaceutical Regulatory Affairs Brief Report Volume 14:01, 2025 //Rock Chalk)

Introduction The pharmaceutical industry plays a pivotal role in global healthcare systems, impacting public health, economic stability and the development of modern medicine. The question of whether or not governments should intervene in the ownership structure of pharmaceutical companies is a longstanding debate. With growing concerns over high drug prices, equitable access to medicines, national security in drug supply chains and the ethics of profit-driven motives in healthcare, the issue of partial nationalization has emerged as a significant policy consideration. Partial nationalization refers to a situation where the government acquires a controlling or influential stake in a private industry, without completely taking over the sector. The pharmaceutical industry is particularly susceptible to this form of intervention because it affects crucial aspects of society such as public health, economic development, innovation and access to essential medicines. Strategic factors must be considered to weigh the benefits and risks associated with such a decision [1]. The foremost concern when discussing partial nationalization of the pharmaceutical industry is public health. Governments have a vested interest in ensuring that essential medicines are accessible to their citizens at affordable prices. In many countries, particularly in developing nations, high drug prices are a significant barrier to healthcare. Nationalization could be seen as a way to reduce the influence of profit-driven motives and to prioritize public health over corporate profits. By partially nationalizing the pharmaceutical industry, governments could potentially regulate pricing, control the production of essential medicines and ensure that life-saving drugs are available to all, especially marginalized and underserved populations. However, there are significant challenges in balancing the need for public access to medicines with the costs of developing new treatments. Pharmaceutical companies invest heavily in Research and Development (R&D) and a reduction in profit margins could discourage innovation. Thus, the government must carefully consider how much control to exert over the industry while still maintaining the incentives for pharmaceutical companies to innovate and develop new treatments [2]. Description The economic implications of partial nationalization are profound and multifaceted. Pharmaceutical companies are major economic players, contributing significantly to GDP, employment and tax revenue. A significant policy shift such as nationalization would have wide-reaching consequences for the market and for employees working in the sector. While nationalization might lead to greater control over prices, production and access to medicines, it could also disrupt supply chains, decrease foreign investment and reduce the overall efficiency of the industry. Governments need to evaluate the potential benefits of greater control over drug pricing and production against the risks of market inefficiencies. Nationalization could also result in political interference in business decisions, potentially stifling the entrepreneurial spirit that drives pharmaceutical innovation. For governments, the key question is whether they are willing to bear the economic costs of nationalization for the sake of improved public health outcomes. Pharmaceutical companies are part of a global market where competition plays a central role in innovation and price control. Partial nationalization would likely affect a nation’s ability to participate effectively in international trade and could impact global supply chains. Nationalized pharmaceutical companies might face restrictions on exporting drugs or might be subject to trade barriers imposed by other countries [3]. Furthermore, the pharmaceutical industry is a complex global system with interdependencies between research hubs, manufacturing facilities and distribution networks. If a government partially nationalizes domestic pharmaceutical companies, it risks disrupting international relationships, particularly with countries that advocate for free-market capitalism and limited state intervention in business. This could strain diplomatic relations and impact trade agreements. A strategic approach to nationalization must therefore consider the consequences for the international pharmaceutical market and the nation’s role within it. A carefully designed policy framework would need to balance national interests with global responsibilities and commitments to international trade and human rights. Politics and ideology play a crucial role in the debate over the partial nationalization of industries, particularly those as vital as pharmaceuticals. Governments with a socialist or interventionist economic approach are more likely to favor nationalization as a means to address perceived inequalities and market failures. In contrast, more marketoriented, capitalist governments may resist such moves, preferring a system where competition and private enterprise are the primary drivers of innovation and efficiency [4]. The pharmaceutical industry is often criticized for prioritizing profits over patient welfare. The high cost of medications, particularly life-saving drugs, has sparked significant ethical debates about the role of private companies in healthcare. In countries with a strong focus on social welfare and equity, nationalization could be seen as an ethical imperative to ensure that every citizen has access to necessary medications without being financially burdened. Moreover, nationalization may help address the ethical concerns surrounding the marketing practices of pharmaceutical companies. With government oversight, the emphasis could shift from maximizing profits through aggressive advertising and pricing strategies to promoting public health outcomes. Governments would be able to impose stricter regulations on marketing and sales tactics, ensuring that the focus remains on patient welfare. However, ethical concerns also arise around the possibility of government mismanagement or corruption in a partially nationalized industry. Ensuring accountability, transparency and ethical governance would be crucial for the success of any nationalization effort. A careful ethical framework would need to be developed to guide the policies surrounding pharmaceutical nationalization [5]. Conclusion The decision to partially nationalize the pharmaceutical industry is a complex one, shaped by a variety of strategic factors including public health concerns, economic impacts, political ideologies, innovation and research incentives and ethical considerations. Nationalization has the potential to improve access to essential medicines, reduce drug prices and prioritize public health over corporate profits. However, it also poses risks, such as economic inefficiency, disruption of global markets and reduced incentives for pharmaceutical innovation. A well-balanced, carefully considered approach to partial nationalization is essential for ensuring that the benefits outweigh the costs. Governments must weigh the public interest in ensuring access to affordable healthcare with the need to foster a dynamic and innovative pharmaceutical sector. Ultimately, the strategic decision to partially nationalize the pharmaceutical industry must take into account both domestic priorities and global responsibilities, fostering an environment that promotes the welfare of citizens while encouraging progress in medical research and development.

#### Nationalize pharmaceutical industry – key to solve problems with development and access to drugs

**Shure and Quigley 2020** (Natalie Shure, writer and research who focuses on history, health, and politics, and Fran Quigley, directs the Health and Human Rights Clinic and Indiana University McKinney School of Law, “It’s Time to Socialize Big Pharma”, https://jacobin.com/2020/07/national-health-service-covid-health-care-spending, published 7/13/2020, accessed 4/26/2025, //Rock Chalk)

In the early days of the coronavirus outbreak in the United States, Health and Human Services secretary Alex Azar sparked viral outrage. When asked at a congressional hearing about whether any potential COVID-19 vaccine would be made affordable to all, Azar refused to be drawn into a promise. “We would want to ensure that we work to make it affordable,” he replied, “but we can’t control that price, because we need the private sector to invest … Price controls won’t get us there.” His answer was lambasted by commentators: Senator Bernie Sanders called it “an outrage,” and Representative Jan Schakowsky tweeted that Azar was “giving Big Pharma a blank check.” The Verge insisted the move “could put everyone’s health at risk.” And yet, in the context of a system that relies on a profit-driven pharmaceutical industry to produce lifesaving drugs, Azar’s answer was relatively mundane. These companies’ business models are predicated on high prices and weak regulation, not altruism and the common good. The multiple pharmaceutical firms currently working to develop vaccines and treatments are doing so in hopes of producing valuable commodities, something that by definition not everyone will get to have. If Azar’s critics were correct to be irate, and in their belief that COVID-19 drugs ought to be universally accessible, the recipient of their anger should have been the system responsible for drug production itself. Can we really be surprised when for-profit companies attempt to profit off their products? But things don’t have to be this way. We don’t have to leave ourselves at the mercy of the most profitable sector on Earth to get the drugs we need to lead healthier lives. As drug prices soar, public health care systems in most of the world find themselves drained of resources. In 2018 alone, the National Health Service (NHS) in England spent £18 billion on medicines — or 16 percent of its total annual budget. This is despite the fact that the UK government spent £2.3 billion of public money on health research and development (R&D) in 2015. In fact, in their recent book The Pharmaceutical Industry, Michele Boldrin and David Levine estimate that two-thirds of all upfront drug R&D costs are funded by public investments. In the United States, of course, the situation is even worse. The prices imposed by drug companies are often passed directly onto patients, as all-powerful corporations tighten their grip on the political system and strangle progressive proposals like Medicare for All. In the current moment, it’s clearer than ever that the interests of the public and the interests of the pharmaceutical industry will never be aligned. Ensuring that all patients are able to access treatments based on need rather than ability to pay will require reimagining how drugs are researched, developed, and manufactured. To turn medicines into public goods, we must nationalize the pharmaceutical industry — and doing so may be less of a stretch than you think. Health Care Profiteering Outcry over obscene drug prices long predates Azar’s offhand comment about future COVID-19 therapeutics. An estimated 10 million people worldwide die each year because they can’t afford the drugs that would have saved their lives. Even in advanced capitalist countries — where the burden of drug prices is less severe — Big Pharma’s greed causes deaths. In the United States there have been multiple cases of deadly insulin rationing in recent years as prices topped $300 per vial. Around one in three Americans say they’ve skipped necessary doses due to costs, while pharmaceutical profit margins can reach as high as a mind-blowing 40 percent — a rate of return unseen in most other sectors. But even where the results aren’t fatal, this system is a major problem. Last year in Britain there was the prominent example of Luis Walker, a young cystic fibrosis patient whose campaign to access Orkambi was frustrated by pharmaceutical corporation Vertex’s refusal to lower their eye-watering £105,000 price tag. On foot of his case, polls showed 68 percent of voters supported Jeremy Corbyn’s proposal to establish a public medicine development company, including a comfortable majority of Tories (57 percent). There’s a very simple reason why pharmaceutical firms charge such exorbitant prices: because they can. In the United States, where prices are the world’s highest, there’s no robust mechanism for lowering them: companies name their price, and seldom receive actionable pushback. In England, the National Institute for Health and Care Excellence (NICE) determines what drugs are available on the NHS — but are over a barrel when it comes to the price charges by pharmaceutical giants. Big Pharma argues that they are fair reflections of the value of the products and the money invested to take them to market. But that explanation barely holds up under scrutiny. The private pharmaceutical industry’s handsome profits are all the more galling when you consider the degree to which they’re publicly subsidized. The most expensive and riskiest stage of the research process — the basic science on the back end — is usually funded by governments, not private companies. But this doesn’t mean that the public benefits. The 2017 Pills and Profits report for Global Justice Now found that the NHS was spending £1 billion annually on medicines developed through public funding — and that two of the five most expensive medicines available on the NHS were developed with UK government funding. Across the world, publicly funded research is nonetheless eligible for private patents, which guarantees a company years of market exclusivity and unchecked pricing power for a given drug. As if that weren’t enough, governments are also the largest buyers of drugs, shelling out inflated prices for breakthroughs that would have never happened without them. In short, the public pays twice while the private sector profits. If the situation is perverse for necessary drugs — the kind that public resources tend to flow toward — it’s nothing compared to drugs we’d perhaps be better off without. Chief among these are so-called “Me Too” drugs, which are practically indistinguishable from already existing medicines but are aggressively peddled to doctors and patients to gain a market foothold, despite having little if any justifiable reason to exist. Shockingly, the pharmaceutical industry’s marketing budgets exceed what they spend on research and development. It is an industry geared toward chasing lucrative markets, not public health needs. Toward Nationalization Nationalizing the pharmaceutical industry would solve both major problems at once: it allows essential medicines to be made and distributed without the pressure to funnel profits back to private firms, and stops wasting valuable time and resources on medicines that no one needs. Publicly provisioned drug development would not only keep public research in the public domain, but allow for democratic oversight over what drugs get made. Publicly funded clinical trials will reduce gamesmanship and concealment of critical data, giving us more reliable and credible information than ever. And public pharmaceutical manufacturing and pricing offers a much more straightforward pathway to affordable drugs than the current one, which relies on waiting out years of patents, followed by the entry of multiple generics manufacturers into the market to eventually compete prices down. Governments could accomplish all of this without being held hostage by Big Pharma. There’s certainly plenty of legal precedent for doing so. In the UK, the beginning of the NHS coincided with an enormous appropriation of private hospitals. The groundwork for this was laid by the wartime Emergency Medical Service. In fact, in both the UK and the United States, manufacturing plants and even entire industries were taken over during wartime. More recently in America the entire airport security system was nationalized after the attacks of September 11, 2001. The coronavirus crisis is a greater emergency by many magnitudes of scale. And if the Uinited States and UK did seize the domestic assets of private pharmaceutical industries, it could potentially export affordable medicines globally, the way nations like India have done for decades. The real hurdle isn’t legal — it’s political. And it’s in that realm that the pharmaceutical industry has always fiercely protected itself, which is why little action has been forthcoming despite polls ranking lowering drug costs as the number one issue Americans want Congress to deal with. Big Pharma pushes millions in campaign donations and lobbying out the door each year, notoriously earning itself a spot inside health care reform negotiations back in 2009. And because its profit margins are among the highest on Earth, the sector remains a prized investment vehicle for wealthy and powerful shareholders who’d prefer not to see their portfolios upended. Taking control of the industry in any country for public benefit would be met with considerable opposition; this ought to be anticipated and fortified against by a grassroots movement demanding it, allied with elected politicians with the fortitude to stand up against the industry’s attacks. After all, Nye Bevan was compared to the Nazis for founding the NHS. The truth is abundantly clear: astronomical private pharmaceutical profits and universally accessible medicines will never be compatible goals. It’s tough to imagine a more dysfunctional industry than Big Pharma. But, as COVID-19 shows, the need for pioneering medical research and products is only likely to grow. If we want the results of these endeavors to be available to all of those who need them, it’s time to imagine a fundamentally different system of medicine production.

In 2010 at the medical school of the University of Pennsylvania, a 6-year old girl was cured of her leukemia using a single-dose medicine — a cutting edge form of cell-gene therapy called CAR T-cell therapy (or CAR-T for shorter). Developed by researchers at the university using government funds from the National Institute of Health (NIH), the curative promise of CAR-T got the attention of the mega pharmaceutical company Novartis, which swiftly stepped in to commercialize the treatment.

“We pretty rapidly did a tech transfer from the very, very small manufacturing facility at Penn,” said former Global Senior Director of Novartis Peter Holman. “I think that facility had five little rooms where they were doing [the therapy]. … So they really did not have the capacity to scale up.” Researchers at Penn were savvy when it came to negotiating the new partnership with Novartis. “Penn wasn’t looking for somebody to just commercialize the one product, Holman said. “They were looking for a research partner to work with. Penn said very upfront, ‘If all you want is to license this in, then we don’t want to do business with you. We want a full collaboration.’” And that’s what Penn got, a research collaboration with a lot of money from Novartis that lasted for seven years.

The “CAR” in CAR T-cell therapy refers to “chimeric antigen receptor.” The way the drug works, very basically, is you take blood from the patient, reengineer the immune system T-cells found in the blood to begin destroying specific cancerous cells, and then reintroduce those modified T-cells back into the patient. In order to get the patient’s T-cells to recognize and attack the cancerous B-cells of blood cancers like leukemia and lymphoma, the T-cells are infected with a virus which introduces a new gene into them. This new gene causes the T-cells to express the chimeric antigen receptor on their surface. The chimeric antigen receptor is what recognizes the specific antigens found on the cancerous B-cells, thus allowing the T-cells to target and destroy them.

Every dose of Penn’s CAR T-cell therapy, now owned by Novartis and branded as Kymriah with FDA approval to treat leukemia and lymphoma, is an individualized treatment that is quite time consuming and labor intensive to create. It usually takes around 21 days for the drug to be manufactured at Novartis’ labs, and the pressure is on, given how sick the patients are. Kymriah currently has FDA approval as a third-line treatment, meaning that a patient must have gone through two prior rounds of traditional chemotherapy and have either not responded to those treatments or relapsed both times before Kymriah can be used. “These patients have been on chemo and drugs for years so they’re extremely frail,” Holman said, “We’ve had patients die waiting for product manufacturing to complete.”

Currently, some companies are developing CAR T-cell therapies which attempt to limit common adverse side effects of these treatments by having kill-switches built into the modified T-cells, thus stopping them from attacking normal B-cells. Without built-in kill-switches, you’re just waiting for the modified T-cells to eventually clear from the system. “But we have some patients where we can’t identify any genetically modified T-cells in their system anymore,” Holman said. “And some of those patients have no cancer, so, nobody likes to use the ‘cure’ word, but…”

Even with certain variabilities in different CAR T-cell treatments, mostly having to do with the specific genetic modifications made to the patient’s genes, companies are generally using the same CAR T-cell therapy techniques first pioneered at Penn. “The manufacturing process [Novartis] uses has had improvements to it but it is fundamentally the manufacturing process that Penn was using in their tiny little lab,” Holman said.

Novartis’ CAR T-cell therapy, along with others like Yescarta made by Gilead, can all trace their lineage back to the work that was done at Penn by Dr. Carl June and his fellow researchers starting in the 1980s. The research and development of these therapies was ultimately funded by both the public and the private sectors. Depending on who you talk to, who paid how much for what varies considerably. Neither Novartis nor the University of Pennsylvania responded to my questions asking for an accounting of the funding numbers. This kind of stonewalling is par for the course for Novartis. When asked about the manufacturing costs for these therapies, a Novartis representative said that the numbers have "never been made public and cannot be for proprietary reasons."

According to prior statements made by Novartis’ former CEO Joseph Jimenez (take with a grain of salt), they estimate that they spent more than $1 billion on bringing Kymriah to market. In comparison, according to the consumer advocacy organization Patients for Affordable Drugs, the government-funded NIH spent approximately $200 million on CAR-T research at the University of Pennsylvania. By Novartis’ own forecasts, Kymriah is set to make upwards of $1 billion a year in sales. Add on top of that the approximately $1.2 billion that the company has already made selling Kymriah, and Novartis will have already made back their research and development costs and then some.

Regardless of who ultimately paid how much for what, the initial research, development, and patient trials of CAR-T were conducted by researchers at Penn before Novartis ever came into the picture. Even in the FDA approval documents that were submitted by Novartis to get Kymriah ready for market, Novartis used the critical safety data that came from the original patient trials conducted by Penn alone.

Novartis is currently trying to streamline its manufacturing process to cut down the turnaround time for patients. The company recently performed a clinical trial, known as the “Belinda” trial, to try to get the drug approved for second-line treatment. This would potentially improve the efficacy of the drug itself. Ideally, patient T-cells would be untouched by chemotherapy. “We know that prior therapies can have a big impact on the robustness and how healthy the T-cells are,” Holman said. “I’ve said to people before, if I was diagnosed with [lymphoma] tomorrow, before I had any chemotherapy I would have my T-cells frozen.” Currently, under Kymriah’s FDA approval requirements, 80% of the modified T-cells must be viable, living cells when infused into the patient. Part of Novartis’ manufacturing struggles have been not being able to consistently meet this 80% threshold. But if the drug were approved for second-line treatment, the patient’s T-cells would be healthier, not having gone through two successive rounds of damaging chemotherapy, and may therefore yield more viable cell numbers. To the disappointment of many, the Belinda trial failed to get Kymriah FDA approval for second-line treatment.

Which brings us to the profit problem. Holman said that Kymriah is not at the profitability level that would be desirable for Novartis (surprise! no amount of profit is ever enough for a corporation). The drug is meant to be a one-time dose, so the company cannot rely on ongoing treatment payments the way that traditional drugs would. And the number of patients per year that would qualify for Kymriah is relatively low. Blood cancers like leukemia are less common than hard-cell, tumorous cancers (incidentally they also respond better to CAR-T than tumors do), and most people do respond at least somewhat to chemotherapy treatments. Novartis was hoping that Kymriah would eventually be a “blockbuster” drug, making upwards of $1 billion a year in sales. They have yet to reach that lofty goal since Kymriah first got FDA approval back in 2017.

The advocacy group Patients for Affordable Drugs made the claim that Novartis could price Kymriah at $160,000 instead of the current $475,000 in the U.S. and still make a profit. Novartis would of course dispute this claim. But the price for Kymriah in the U.K. is comparatively low at $361,000. This has something to do with the NHS’s ability to collectively negotiate drug prices in the U.K., something that the U.S. pharmaceutical and health insurance industries will not allow to happen. But if Novartis wants to make the claim that the price of their drugs reflects the costs of development and continued research and manufacture, then how can the company justify such large discrepancies in the prices between countries? Is it maybe just because Novartis and other drug companies price their treatments as high as they think they can get away with in order to maximize the profits earned from ransoming a life-saving cancer therapy?

Another big problem that CAR-T treatments are facing is difficulty in getting hospitals to actually administer the treatment due to its complex nature. There are many hoops which care providers have to go through in order to make sure they can be onboarded as official treatment centers. Firstly, Kymriah requires the patient’s blood to be collected through a process called apheresis, which is similar to dialysis. Apheresis extracts the patient’s blood, separates the necessary T-cells, and then reinjects the blood into the patient. This process requires an apheresis machine that some smaller hospitals may not already have. Once the T-cells are separated, they must then undergo cryopreservation, being frozen down to liquid nitrogen temperatures. This process requires a cell lab, which, again, most smaller hospitals probably do not have. There are some third party companies offering cryopreservation to fill this gap. In contrast, Gilead’s Yescarta therapy does not require cryopreservation, the cells remain fresh. But this then means that the turnaround time for getting Yescarta back into the patient has to be very quick. Kymriah’s freezing process allows for some more breathing room. Once the therapy has been manufactured at Novartis’ labs using the patient’s T-cells, it must then be reinfused and the patient must be monitored for side effects. As Holman points out, CAR-T’s main side-effects, neurotoxicity and cytokine release syndrome, “are not side effects that are things that your general community hospital is used to dealing with.” The drugs that must be on hand for helping to deal with these side effects may not be part of the usual stock of smaller hospitals.

Given the barriers of these kinds of cell therapies to smaller community hospitals, the alternative would be to have those hospitals refer their patients to larger oncology centers that are already registered to use these cell therapies. But that presents another problem, namely financial competition. As Holman explains:

Community hospitals are not always thrilled about referring their patients to big oncology centers because they often don’t get their patients back. The oncology centers take the referral and they hold onto the patients. And in our, let’s say, capitalistic world, the hospitals are making money off of their patients. And so when they lose patients to other hospitals, that’s a revenue steam that they’re losing. And so, probably not the most altruistic thing for them to hold onto patients that might be able to get a good product or therapy elsewhere, but it does happen.

Because of the for-profit healthcare system in the U.S., rural community hospitals with small patient populations simply do not have the support that they need. As an article in Democratic Left magazine points out, “More than 120 rural hospitals have gone out of business nationwide since 2005, and the trend is accelerating. Large swaths of the Mid-west lack rural hospitals, especially in those states that declined to expand Medicaid.” Not only are low profits leading many hospitals to close down, it is also causing the ones which remain standing to avoid sending their patients to other hospitals where they may receive better treatment.

Another issue that hospitals face when using these CAR T-cell therapies are the many inspections and audits from the pharmaceutical company. Pharmaceutical companies that have these cell therapies are currently required by the FDA to ensure that the “inputs” into their system for manufacturing these therapies, namely the patient’s own T-cells, are harvested safely and correctly. And so these companies are closely monitoring the hospitals to make sure that they are doing everything right. However, as Holman explains, this a rather unusual way of doing business. Normally, with traditional chemical drugs such as ibuprofen, pharmaceutical companies get the raw material for their drugs from a supplier, and then the company manufactures their drugs with those raw materials. The pharmaceutical company is responsible for ensuring that their suppliers are all above board by doing inspections. But now, with these new CAR T-cell therapies, the only supplying that is done for the treatment is the hospital giving the patient’s own T-cells over for manufacture. Under FDA rules, any treatment center that is involved with processing human tissue, such as T-cells, needs to be registered with the FDA as a tissue establishment. This means that the FDA is the organization responsible for monitoring the hospitals that are dealing with tissue processing. When it came time to figure out how these new CAR-Ts would be managed, it seemed that the FDA would be the most appropriate entity to monitor these therapies through their tissue establishment guidelines. But that’s not what happened. Novartis specifically asked the FDA if these hospitals need to register with the FDA or update their current tissue establishment licenses since they’ll be doing white blood cell collections. “And the FDA explicitly said ‘No,’” Holman said, “‘[The hospitals] should not register with the FDA. They should not update their registration. This is an input to [Novartis’] manufacturing process. You are responsible to ensure that inputs to your manufacturing are appropriate, not the FDA.’”

So now every pharmaceutical company that has CAR T-cell therapies on the market is responsible for inspecting the hospitals for the work that they’re doing in providing the starting cells. The companies are treating the hospitals the same way that they would treat a supplier for traditional chemical drugs. But hospitals and drug companies are not used to this kind of arrangement. “The hospital is providing these cells, it’s a critical starting material for manufacturing, but a hospital is not a supplier in the sense of what is typically a supplier,” Holman said. “They’re not in the business of supplying anything to anybody. They’re a healthcare provider and that’s their business.” These audits by the pharmaceutical companies present several problems.

Firstly, as mentioned above, hospitals are not used to being treated like a supplier in the drug manufacturing chain. They do not have the staff and the resources to deal with all the audits from pharmaceutical companies. Secondly, every company has different requirements for their cell therapies, some of which are ridiculously exacting. Holman said that different companies even have different standards for exactly how long the tubes on the blood bags that hold the patient’s plasma need to be. “Some say we want a 12-inch tube, some are saying we want a 6-inch tube, some are saying we want an 8-inch tube that has two crimps in it, some say we want three crimps.” This level of detail and variability takes a toll on hospitals that only have so much bandwidth.

And as more cell therapies are developed, each with its own set of requirements and inspections from the company, at some point a hospital will not be able to take on any new treatments simply because they do not have the time and the staff to manage all the variability. This isn’t just a barrier to getting already approved cell therapies into hospitals, but in-development drugs as well. Pharmaceutical companies often rely on hospitals to conduct clinical trials for new treatments seeking FDA approval. If a hospital is already overburdened by too many cell therapies then they are less likely to take on a new clinical trial as well. “And that’s not good,” Holman said, “because that small company that comes along may have the next great thing. And maybe it’s having a hard time getting into trials because the hospitals are saturated by too much variability already.” Because of this over-complication, the hospitals are asking the drug companies to get together and simplify their requirements.

Despite a lower profitability level than Novartis would like, the company has invested a lot in CAR-T. As Holman said: “It’s a unique product in the field, it’s a first in the field, it’s a potentially curative therapy, so I think Novartis is giving it a bit of wiggle room.” Even if it may be challenging for large companies to find a sustainable pricing model for these kind of therapies, they would much rather figure it out for themselves than have to compete with (or acquire) a smaller, more nimble startup firm that developed its own curative CAR-T therapy. But the likelihood of the small guys beating the big guys is slim. “I think those little companies will have a hard time,” Holman said. “If big pharma is fully in and fully invested, the amount of resource that a company like Novartis can throw at a product is enormous.”

Smaller companies with less funding are at a disadvantage because of all of the patents involved in the cell-gene therapy space, let alone the pharmaceutical industry in general. The economist Dean Baker notes that patents “can make the research to develop new drugs and medical diagnostic products considerably more expensive and thereby slow the process.” In an area like biotechnology, the equipment, tests, and biological materials are all subject to patents requiring payments for their use, with the licensing and legal fees being enormous. These “patent thickets” prevent smaller developers from being able to bring new drugs to market. And even if a patent allows free use for research and development purposes, if a small company gets to the point of having a CAR-T therapy ready for commercialization, those patents will then kick in to take a cut of the sales.

It must be noted that patents raise prices so consistently and immensely that it would be fair to say this is their primary purpose. As Baker explains: “These protections can often raise the price of protected items by several multiples of the free market price, making them comparable to tariffs of several hundred or even several thousand percent.” Baker points to the example of a hepatitis C drug sold in the U.S. for $84,000 for a three month round of treatment, while generic versions are available in India for as low as $300. High drug prices also ensure the perpetuation of both the for-profit health insurance industry and the bloated administrative staff of healthcare providers. As Baker points out: “With drugs selling at prices that even middle-income families could readily afford, the whole industry of middle-men that has grown up around mediating between the drug companies and insurers, hospitals, and patients would disappear. There would be no need for it.”

Besides pharmaceutical companies patenting their own CAR-T therapies, the University of Pennsylvania has said that some researchers involved in the invention of technologies used in CAR-T currently own patents on those technologies. This allows those researchers and the university to have continued revenue from their use. Universities are able to patent their technologies because of a 1980 law called the Bayh-Dole Act. This law, as explained by Baker, allows for “universities, research institutions, private companies, and individuals operating on government contracts to gain control of patents derived from their work, thereby creating the opportunity for universities to earn large rents from patents and for researchers to form their own companies, all relying on knowledge and expertise obtained on government contracts.”

The Bayh-Dole Act came after decades of the corporate class whittling away the protections in place that kept public research in the hands of the public. Prior to Bayh-Dole, any patents that arose from government-funded research would be held by the government, freely available for anyone in the public to look up and build on the research. Greedy companies began engaging in cynical PR campaigns, disseminating misleading talking points about how U.S. companies needed to maintain “global competitiveness” by securing more patents from government-funded research.

In 1979, during a Senate subcommittee convened to discuss the proposed Bayh-Dole Act, Navy Admiral Hyman G. Rickover stated bluntly in opposition: “Government contractors should not be given title to inventions developed at government expense. These inventions are paid for by the public and therefore should be available for any citizen to use or not as he sees fit.”

This same debate about the proper placement of patent rights had already happened during the post-WWII years, when government-funded research exploded at U.S. universities. In 1946, during a senate hearing discussing the issue, Horace M. Gray, an associate dean of the graduate school at the University of Illinois, put it even more pointedly than Admiral Rickover did:

[It is] quite unthinkable that the Federal Government should tax the citizens of this country to secure funds for scientific research, on the grounds that such research promotes the general good, and then turn the results of such research over to some private corporation on an exclusive, monopoly basis. This amounts to public taxation for private privilege and violates one of the basic tenets of our democratic faith.

Bayh-Dole was a revolution for corporations seeking to maximize their profits at the public’s expense. Research takes time and is risky so why not let the taxpayer take on that risk? Once a drug seems commercially viable then the big adult capitalists can step in to soak up the rents made from selling that drug back to the citizens who originally funded it. But are the taxpayers who help fund the NIH reaping the benefits? The money that corporations give to public institutions in these private-public “research” partnerships needs to be weighed against the billions of dollars in profit that Novartis and these other companies stand to gain. Our public institutions wouldn’t even have need for corporate capital if the state actually chose to value and fund public health and education instead of wasting trillions of dollars on military interventionism.

This taxpayer funded research, mostly supported by the NIH, is essential for laying the groundwork for further medical breakthroughs. As one study pointed out, NIH funding “was associated directly or indirectly with every drug approved from 2010–2016.” Not just some drugs, every drug. This same study also noted that any decrease in NIH funding would not likely be made up for by the private sector due to “the limited incentives for companies to make investments toward basic research that would negatively impact near-term earnings, offer uncertain competitive advantage, and may not generate profitable products for decades.”

Another study found that global competition levels were affected by firms shifting funding away from basic research and towards “commercial application and protection of existing knowledge,” meaning asserting their continued patent protections. The study’s authors also noted that “[u]nless public funding can make up the [research] deficit,” which it won’t, unless there is a huge shift in the way taxpayer dollars are spent in this country, then “technical progress will slacken and eventually reduce productivity growth.”

Speaking to Noam Chomsky about this stifling patent system in the U.S., Chomsky told me, “The patent regime imposed by the ‘free trade’ agreements are a disgrace. If such an extreme patent regime had existed in the past, the US would never have developed, or others. They provide virtual monopoly pricing rights for drugs and vaccines that taxpayers largely pay for and could bring to the market for a fraction of the cost.”

None of us have a say in any of this. When universities decide to license their medical breakthroughs to corporations, it’s basically a private deal without much public input. The NIH is technically responsible for approving commercialization of drugs developed by universities that receive NIH funding. But this is effectively just a rubberstamping process — more on that later. And even if universities were using their patent rents to fund further research and development, where is the democracy in that decision making? We’re not talking about a university patenting a new and improved fidget spinner. We’re talking about universities selling off the rights to cutting edge, life-saving drugs that have tremendous import for all of humanity. The control of these therapies are being given over to the worst institutions imaginable: giant pharmaceutical companies. These corporations have perfected the actuarial science of setting drug prices as high as possible while still retaining the most amount of customers, while the rest suffer and die because they can’t afford the treatments.

What if somebody wanted to challenge the practice of universities giving over their developments of life-saving drugs to private ownership? Well, we have an example of just such a case. In 2018 the nonprofit organization Knowledge Ecology International (KEI) sued the NIH over exclusive licenses for CAR-T therapies that the government gave to the company Gilead. KEI claimed that the development for these CAR-T therapies were funded in part by public dollars and so the NIH’s decision to grant an exclusive patent to Gilead was both anticompetitive and against the interests of the public.

The NIH countered back and filed a motion to dismiss the case, claiming that KEI had no standing to bring the lawsuit (a common tactic). The court agreed. The judge wrote that KEI could not demonstrate that someone represented in the case had suffered an “injury-in-fact” caused by the proposed patenting of the CAR-T therapy, and therefore had no standing.

This case shows that the current U.S. courts are the worst way to go about securing any protections for people against corporations. Since the adoption of the Bayh-Dole Act, the U.S. government, as well as people bringing cases against it and the corporations it protects, are now the ones that have the burden to prove that public ownership of a patent better serves the public than a private monopoly, not the other way around. Going up against the government or a well-funded corporation will always be an uphill battle. Justice department officials often go on to represent the corporations they had previously been watchdogs for, and vice-versa, bringing with them valuable insider knowledge. For example, the current top three officials with the Department of Justice that brought federal charges against assassin Luigi Mangione (after pressure from the healthcare industry) all represented healthcare companies before serving in government.

Court cases taking on corporate hegemony may be valiant, but they are also Sisyphean. As the late great labor organizer Jane McAlevey pointed out: “In the United States, we are stuck with a high court that will rule against workers and the planet for another thirty to forty years. Lawsuits, legal approaches, and advocacy, the modus operandi of choice since the early 1970s for those who self-identify as progressives, simply will not work.”

And where do all these untouchable corporate profits go? They goes less and less to research of new medicines and more and more to advertising and political lobbying. Pharmaceutical companies will constantly rationalize their monopolized drug prices as necessary in order to fund continued research. This argument is nicely summed up by Alan Sager, a professor of public health at Boston University: “The promise of innovation persuades many Americans that high drug prices are warranted. An emotional and intemperate metaphoric formulation of the drug makers’ implicit position might be ‘give us all your money or you’ll die.’”

The problem with this argument put forth by patent apologists is that companies are in fact spending less money on any form of research, instead leaving that work to the woefully underfunded NIH. In their book Against Intellectual Monopoly, economists Michele Boldrin and David K. Levine point out that Novartis spends approximately 33% of its sales on promotion, while only spending 19% on R&D. They found that these numbers were similar industry-wide, showing that “the top 30 firms spend about twice as much in promotion and advertising as they do in R&D.” They also point to the work of Sager, who found that the number of R&D employees in the pharmaceutical field declined between 1995 and 2000, “while the number of people working in marketing shot up 59 percent.”

The patent system also leads companies to shift what research they actually still do towards drugs that have already proven commercial value. If a current drug is making a lot of money, other companies would rather develop copycat drugs in order to get a share of the profits than try to develop new drugs for illnesses with unproven market potential. This means that development of treatments for rare terminal illnesses — which by definition will be less profitable than common ailments — slows to a crawl while resources spent on “me-too” drugs continues to grow. Boldrin and Levine summarize the effects of this behavior well: “Money spent in obtaining a ‘me-too’ drug that can be patented is money denied to society and charged to consumers.” We lose out on new treatments for rare forms of cancer while pharmaceutical companies are busy relentlessly hawking their patent-protected heart burn and erectile dysfunction medications to baby boomers watching CNN.

Instead of relying on for-profit pharmaceutical companies to develop and manufacture new drugs, we could expand NIH funding to focus on treatments for illnesses that would otherwise garner little attention from the private sector. As Richard D. Braatz, professor of chemical engineering at MIT told me, “If I could change things, I would have the U.S. government invest 100 times more funds into university research to invent advanced technologies that have the potential to massively drop the costs of manufacturing all of the new biotherapeutics being invented that are hard to manufacture reliably at low costs. … The funding would be weighted heavy on high-risk research where the gains can be the largest, rather than low-risk research that companies are doing anyway.” The U.S. government, through the NIH, currently spends more than $41 billion a year on medical research. Let’s shift some of the money from the ridiculous $895 billion set aside for the military in 2025 to the NIH instead.

Additionally, the process of publicizing patents, where new technologies are written up and disseminated publicly to supposedly let other people learn about them, is actually not great at sharing this knowledge because firms deliberately write up their patents in opaque, unintelligible language so as to keep competitors from learning how the protected material works. Why are pharmaceutical companies and healthcare providers keeping secrets from each other and fighting over access to patients when, ostensibly, their goal is to improve the collective health and wellbeing of society? It’s because their profit motive far outweighs every other concern. No human being is worth more than what can be extracted from their ill-health.

Other countries besides the U.S. that have adopted patent laws have predictably suffered the same deleterious effects. After Italy adopted the use of patent protections for its pharmaceutical industry, development slowed considerably. Regarding this, Boldrin and Levine point out that, “neither the size, nor the innovative output, nor the economic performances of that industry have improved, to any measurable extent, during the thirty years since patents were adopted.” These same effects have been seen throughout history. Boldrin and Levine point to a 1961 study that found that countries with no patent protections developed 10 times as many drug inventions as countries with patent protections, and had lower drug prices.

Companies often argue that patented drug prices allow them to fund the costly clinical trial process for new drug approvals. This argument would be disappeared if we instead used government funding for the clinical trial process. Boldrin and Levine note that since a pharmaceutical company will be the first to market its new drug after getting out of the clinical trial phase, they have a strong conflict of interest in regards to setting up their trials and publishing their results — they don’t want all their time and money to go to waste. But if the clinical trial process were publicly funded through “competitive and peer-reviewed NIH grants,” then there would be no need to rely upon monopoly drug prices to fund new drug development and the pricey clinical trial process. Sager also proffers that we could abolish patents altogether and instead award monetary prizes in proportion to a new drugs’ determined societal value, thereby maintaining the economic incentives for innovation that free-market capitalists adore while also abolishing the privatization of societally important technologies.

Another unfortunate characteristic of the current patent regime is that it incentivizes corruption. In efforts to protect their patents, companies will often collude to buy out smaller competitors or pay them to delay bringing a generic drug to market. A 2010 study by the Federal Trade Commission estimated that the annual cost to consumers for these pay-to-delay tactics was $3.5 billion. Pay-to-delay is considered illegal under current law, but those laws are barely enforced.

Some examples of even more naked corruption than this: In both 2010 and 2020, Novartis paid $422.5 million and $678 million, respectively, to settle whistleblower-initiated fraud lawsuits over bribes the company gave to doctors to get them to prescribe drugs owned by Novartis. These bribery schemes went on for over a decade. Doctors were treated to lavish meals, gifts, entertainment, and vacations all on Novartis’ dime with the express purpose of inducing these doctors to sell their drugs. And who ultimately paid for these drug prescriptions? Well, most of them were paid by Medicare, Medicaid, and VA benefits — the U.S. taxpayers, you and me. Novartis behaves more like a cartel intimidating and conniving its way out of actually competing with other companies. Nobody went to prison for this fraud, as would be expected in a country where corporations and Wall Street can do whatever they want with impunity but if you possess a single gram of crack you’re going to prison for the rest of your life.

After these lawsuits, Novartis got itself a new CEO, Vas Narasimhan, a former researcher at the company, and it now says that it’s more committed to its stated ethics and values. I suggest that trying to apply ethics and values to a private for-profit pharmaceutical company is like trying to mix oil and water. The very nature of its business is both undemocratic and unethical. As Boldrin and Levine point out, an industry whose business model depends on patent protections “must end up practicing rent-seeking and bribery, it must conceal or suppress relevant research findings, it must monitor doctors’ prescription behavior, it must employ a sales force three times the size of its research team, it must, finally, become one of the top donors of ‘political campaign contributions’” — a polite euphemism for legalized bribery.

As Baker points out, “Pharmaceutical companies that produce pain relief medication have been leading the fight against medical marijuana . . . There can be major consequences for public health as patients take stronger and more addictive medications when marijuana may be an effective treatment.” In this way, pharmaceutical companies are no different than street drug dealers staking out their territory, pushing their products onto the populace, bribing doctors, and making sure that no other alternatives are available. Apologies, street drug dealers are different — they mostly get criminalized, whereas pharmaceutical companies are completely immune from criminal charges and have the express support of Western governments.

Of course, though our healthcare system is a towering crime of exploitation, big pharma simply will not allow any reforms to it. As Zephyr Teachout points out in her book Break ‘Em Up, in 2019 pharmaceutical companies “spent a record $200 million on lobbying, working to make sure the government doesn’t start regulating prices, blocking their mergers, or reforming patent law.” This behavior holds true even beyond U.S. borders. When India passed a law restricting drug companies from carrying out “evergreening,” the practice of making slight modifications to existing drugs in order to continuously extend their patent protections, Novartis sued the Indian government and took the case all the way to the Indian Supreme Court in order to ensure it could charge its monopolistic price for its cancer therapy Glivec. Thankfully, in 2013, the Indian Supreme Court decided against Novartis, refusing Glivec patent protection and thereby ensuring a generic market. As an article in Intellectual Property Watch points out, the price of Glivec in India dropped from $2,200 for one month of treatment down to just $88. But drug companies have continued, predictably, to chip away at the Indian ruling and will treat future international infringement of their patents as an act of war.

If you want to actually bring the insurance and pharmaceutical industries back under the regulatory umbrella of antitrust laws, end the for-profit healthcare system, and abolish privatization of medicines, then forget about trying to take people to court. We shouldn’t just be trying to stop the government from giving away our publicly funded technologies to corporations. We should be making sure that the corporations that try to steal them from us don’t even exist in the first place — in other words, nationalization.

There are pathways to nationalization, unpalatable though they may be to our establishment capitalist politicians. Economist Robert Pollin has suggested a mechanism for nationalization of fossil fuel corporations, where the government could buy out the top three polluters, ExxonMobil, Chevron, and ConocoPhillips, and convert them to public utilities. “The cost to the government to purchase majority ownership of these three oil giants would be about $420 billion at current stock market prices,” Pollin writes. “This is a formidable sum, but it is only slightly more than 10 percent of the roughly $4 trillion that the Federal Reserve authorized to spend to bail out the corporate sector in 2020, during the COVID lockdown and recession.”

This must also be done for pharmaceuticals.

If the pharmaceutical industry were a publicly controlled entity, then the price of its many drugs would fairly reflect their manufacture and administration costs, not the overinflated salaries of the company’s executives. Why do we let our healthcare outcomes be dictated by profit-seeking pigs? Our current system ensures continued death and economic ruination for anyone living below the upper classes. Given that healthcare and pharmaceuticals affects everyone at some point in the immediate here and now, in ways that are much harder to ignore than the climate catastrophe, their nationalization is a potential populist rallying cry and therefore a more proximate feat.

Circling back to CAR-T specifically, these potentially curative cancer therapies are not widely known in the public consciousness. Every time I tell someone about these therapies they react the same way that I did when I first heard about them years ago. They are surprised that such an effective therapy even exists and they are just as surprised that they hadn’t heard of it before. Perhaps if more people knew about the fantastic possibilities of cell-gene therapy then there would be a greater public outcry for their privatization to be abolished.

There should not be any for-profit healthcare companies, health insurance providers, or pharmaceutical companies. Anything that is remotely related to public health and well-being must be publicly funded and administered by public organizations. At the very least, in the more immediate term, patent protections must be abolished so as to extricate the profit motive from new drug development. Until then, the pharmaceutical industry is nothing but a bloated protection racket, a cartel, a den of gangsters bilking their sick customers for all they’re worth and flaunting the blood money in our faces.

And with the profit motive dissolved from the hospital industry, rural hospitals with low patient levels could be properly funded and receive sufficient support so they could actually administer complex CAR-T therapies. Hospitals wouldn’t have to fight over patients. Patients could feel confident that they are receiving quality care no matter which hospital they go to. If the state could administer its own CAR-T therapies, if we had universal healthcare free at the point of service, then taxpayer money would go directly towards the administering of these treatments. There would be no private company upping the price in order to give its CEO an obscene bonus. There would be no private insurer weaseling its way in to take its cut. If we made a commitment to fully fund our healthcare institutions for the good of the public then we would fundamentally transform the way healthcare is thought about in this country — not as a commodity, but as a human right. Imagine the potential human flourishing that could happen if people no longer had to worry about being bankrupted by health emergencies, if worker unions did not have to waste their energy fighting for health insurance benefits, if illnesses were treated because they are illnesses, not because they are sources of profit.

It is past time to put our healthcare system under democratic control, so that it may serve us, the people who pay for it anyway, not the vultures who profit from death and disease. Until then, I say, it’s open season.

### AFF---Defense

#### Nationalization of Defense Industry – Advantages about defense spending, military industrial complex, and innovation

Moore 20 — Pete Moore is associate professor of political science at Case Western Reserve University and a member of MERIP’s editorial committee. Pete Moore "A Not-So-Modest Proposal to Nationalize the Defense Industry," Middle East Report 294 (Spring 2020). //WMK

Shifting the course of catastrophic American policy in the Middle East requires bolder steps than changes in doctrine and grand strategy. A substantially less militarized foreign policy necessitates altering the structural political economies that have justified, nurtured and rewarded the carnage. Ending taxpayers’ support for defense industry profits would threaten little of the dynamism and technological achievement of the past. A transition to public control and oversight, however, could prove a powerful tool to democratize foreign policy making.

Subordinating the industry’s profit drive to the messiness of democratic consensus building can dismantle the current collusive networks that have kept the United States engaged in constant war for most of our lifetimes. The insular world of industry executives and their professional foreign policy advocates could be opened to wider agendas for what constitutes national defense—like redirecting funds to buttress agricultural supply chains and rural hospitals. A nationally decentralized public defense sector could incentivize the growth of a more civilian-oriented cadre of defense experts.

Calls to nationalize America’s defense industries are not new—they typically come when high defense spending is punctuated by domestic economic crisis or when the US military is engaged in an unpopular war. At the height of the Vietnam War, the liberal economist John Kenneth Galbraith argued for making the defense industry de jure what it already was: a public corporation that relied heavily on public support and subsidy. He was motivated to make this argument because of the role that a profit-driven industry plays in militarizing US foreign policy, and in part because he knew that increasing spending on defense would decrease investment in President Kennedy’s New Frontier package of economic and social programs.

Since that time, formal US military spending has gone from $45 billion to nearly $700 billion annually. As social programs have atrophied, the major defense industry corporations have diversified their sectors to take on essential government functions, including data management and healthcare administration, further expanding their share of government contracting. And thanks to axiomatic public subsidies, defense firms have little to fear from any market discipline that might endanger their high annual profits and essentially recession-proof stock valuations. Governments, of course, keep secrets, but the spread of hidden bureaucracies and obscured financial networks around defense contracting push more and more decision making into the shadows. Deeper forms of public regulation or outright takeover of the defense sector is not only reasonable but necessary.

The current crisis prompted by the coronavirus pandemic has laid bare—more than ever before—the costs of under-investment in non-defense sectors like health and welfare programs within the United States. The swiftness of calls for nationalizing parts of the American economy during the coronavirus crisis has been breathtaking. Nevertheless, American neoliberalism dies hard. Worker assistance is temporary, means-tested and tightly regulated, corporate bailouts are programmatic, broad and opaque. Advocacy for a nationalized defense sector has to tackle some of this conventional wisdom at the same time that it advances a realistic form of public sequestration. In other words, sequestration advocacy must acknowledge and build upon the past technical successes of defense industries and their public funders at the same time it advances a radical reorganization of that relationship. Nationalization done in this way can be less blunt and more contoured.

Dispelling Industry Myths

The sociologist Fred Block critiques the enduring idea of a perfectly functioning market where external political intrusions only end in failure as “market fundamentalism.”[1] Just as the mythology around protecting the supply of oil has served to justify American militarization of the Gulf, market fundamentalism has justified ignoring or avoiding greater public engagement with the process of crafting economic policy. The rationale is that nationalization would threaten the dynamism of private defense industries, spelling the end of the country’s qualitative lead in technologies and development. Another conventional argument about impediments to nationalization evokes the way the US political economy is structured around a federal system with co-equal branches of government operating through a myriad of boards, associations and organizations. The rationale here is that top-down and centralized forms of industrial policy making, as practiced in the East Asian or European contexts, are simply not attainable.

Both objections, however, are rebutted by the actual history of the American defense industry. Since the 1970s, three industry developments have moved in tandem. First has been the emergence of “a particular cluster of federal agencies that collaborate closely with private actors in pursuit of security-related objectives.”[2] In other words, the defense industrial complex counts as America’s most successful form of industrial policy. Hardly the laissez-faire of neoliberal economics, these public-private institutional relationships have allowed for long-term planning, experimentation and commercialization of defense technologies.

A second development, following from these public-private relationships, is the widely acknowledged contributions of defense firms to transformative techno-innovations. Every step of these technological evolutions was guided not by competition or the price mechanism but by close coordination between firms and government planners.

The third important industry development is that while the development of the American defense sector has been distinct in some ways from the neoliberal order, it has nevertheless replicated some of its anti-politics. Since the 1970s, Congressional abandonment of defense and intelligence oversight has allowed rubber stamp approval of budgets. To further flatten political disputes around defense budgeting, the nation’s largest defense manufacturers have dispersed research, development and production facilities across state and congressional districts. While their corporate headquarters are clustered in wealthy zip codes on the East and West coasts, a network of subsidiary production and research facilities is intentionally dispersed much more broadly. Ironically, these developments advocate for, not against, the unique possibilities of American defense nationalization.

Decentralized Nationalization

The pursuit of defense sector nationalization would not need to clash with the country’s administrative and institutional decentralization as much as conform to it. The dispersal strategy of private contractors can be repurposed to fit the politics of decentralized nationalization. For example, the network of Federally Funded Research and Development Centers (FFRDC) that undergirds defense research and development offers a compelling template. In New Mexico, one of the poorest states, the location of Sandia National Laboratories among a cluster of other military research organizations has resulted in a state with “more PhD-holding scientists and engineers per worker than any other state in the union.”[3] As a result, that state’s congressional delegation and political leadership have been champions of federal research and technology development. Without the impetus to war, the spread of this kind of research and technology can instead address the very real and urgent need to rebuild and expand much of our country’s industrial and technological infrastructure.

A publicly operated defense sector organized along regional lines and specializing in different aspects of research, development and production appeals to both political and structural realities. Decentralized nationalization builds upon the experimentation and nimbleness of the FFRDC. At the same time, a national web of regional defense centers brings larger parts of the country into these networks. Opportunities for civilianizing and broadening participation in the defense sector can therefore expand.

The predominance of military basing in the American South and West recycles those regions’ conservative politics back into national defense policies. Not surprisingly, southerners and the children of service personnel dominate active duty rosters, and retired personnel tend to live near their former bases or go to work for defense contractors in the same area. The Midwest and the Northeast, by contrast, have historically not participated to the same extent. Structural changes that disperse participation in the defense sector could prove a powerful tool to open political economies and public investments to wider social interests and agendas. It could also prevent firms from shipping their operations overseas. Just as commercial conglomerates and big agribusiness have exploited trade and investment regulations in order to drive down wages and increase profits, so too have defense firms. Lockheed Martin, Boeing, Textron, General Dynamics, General Electric, Honeywell and Raytheon Technologies all operate low-wage subsidiaries in Mexico that manufacture parts that are shipped back to the United States. Ironically, current factory closures in Mexico and India due to the COVID-19 pandemic are causing issues up the supply chain, resulting in delays for weapons deliveries to industry customers in the United States and elsewhere.

#### Solvency for Defense Industry Consolidation Advantage

Nicastro 21 — Luke Nicastro is a contributing fellow at Defense Priorities and an analyst for the Department of the Navy, focusing on international cooperative programs. Luke Nicastro, "Break Up Big Defense", American Conservative, 5-11-2021, accessed 4-14-2025, https://www.theamericanconservative.com/break-up-big-defense/ //WMK

America is again in a trust-busting mood. Concern over too much power in too few hands has hit levels unseen since the Progressive Era, and legislators on both sides of the aisle have increasingly trained their fire on big business. Last fall, the Democrat-controlled House Judiciary Committee issued a sweeping, 450-page report lambasting the market dominance of Silicon Valley’s big four; and in April, Senator Josh Hawley introduced a bill to block these same companies from further expansion.

But while these efforts have tended, naturally enough, to focus on the country’s behemoth tech industry, there is another vital area in which consolidation threatens to overwhelm the interests of the American people. This is the defense industry, where a handful of enormous firms dominate the production and sale of everything from fighter aircraft to cyber-security services. These increasingly monopolistic conditions come at a high cost: fleecing the American taxpayer, stifling innovation, and ultimately undercutting national security.

The problem of consolidation among defense contractors isn’t entirely new. From the emergence of the first great arms manufacturers in the late 19th century, the sheer scale and expense of the business has tended to favor large, well-capitalized companies over scrappy underdogs. It wasn’t until the 1990s, however, that the defense landscape began to assume its present contours. The end of the Cold War led to shrinking budgets, and at a dinner sardonically dubbed “the Last Supper,” Clinton’s Deputy Secretary of Defense William Perry spelled out the implications to defense executives: In a resource-constrained environment, firms would need to combine or die.

This message was heard loud and clear, unleashing a fevered spate of mergers and acquisitions. By the early 2000s, a space which had been occupied by dozens of companies was reduced to just five prime contractors. But the lean years proved short indeed—spending rocketed back with the global war on terror, and this smaller collection of companies reaped massive profits.

Today, the industry is dominated by the same handful of players: Lockheed-Martin, Boeing, General Dynamics, Northrop Grumman, and Raytheon. And, despite increased defense spending, high-value mergers continue to narrow the field. In 2018, Northrop Grumman acquired rocket-maker Orbital ATK; in 2019, companies L3 and Harris merged to create the sixth largest U.S. contractor by total revenues; and in 2020, the fourth largest contractor, Raytheon, combined with the tenth largest contractor, United Technologies Corporation.

Given the outcomes economic concentration inexorably produces, the end result has been predictable. Fewer suppliers means higher prices, worse contract outcomes, and a far shakier defense industrial base. According to a 2019 Government Accountability Office report, only one third of major weapons contracts had more than one bidder, and almost half of all awards went to the five largest defense companies. The performance of contracts has suffered as well; according to another recent study, industry concentration has led to a significantly higher incidence of premature contract terminations. And when a major system is delivered, it is typically disappointing—there is a reason the F-35, with its mind-boggling cost overruns and persistent performance issues, has become the poster child of the current acquisition process.

Equally worrying is the effect of such concentrated power on policy. As long ago as 1982, Admiral Hyman Rickover—the father of the nuclear Navy—warned that the enormous resources of defense giants often enabled them to “exercise greater power than elected or appointed government officials,” but with far less transparency or accountability. To influence government decision-making, contractors also pour tens of millions of dollars into lobbying annually, with the five largest companies accounting for over 50 percent of that (and the top 15 accounting for 75 percent). Moreover, the well-documented “revolving door” between industry and government creates additional obstacles to objective policymaking—and with fewer companies dominating the field, the chances for conflicts of interest are correspondingly higher.

So what are the options? One potential solution could be a more rigorous antitrust regime, allowing Washington to block future mergers and break up contractors which are already too big. Of course, industry advocates have vigorously objected to that approach, arguing that only large, consolidated companies are able to handle the scale and complexity of today’s defense needs. But even if this dubious premise is granted, it doesn’t follow that the status quo is the only option.

Nationalization—full or partial—should also be on the table. State ownership of defense companies has gone well for many European countries, and if we’re not going to get the benefits of competition either way, it makes more sense to treat defense production as a public utility than a series of private monopolies. Even senior Pentagon officials have acknowledged as much, even if they’re less than enthusiastic about the prospect: last summer, Air Force acquisition head Will Roper warned that if the industrial base eroded any further, the U.S. may need to nationalize advanced aviation.

#### Readiness advantages and foreign aid

Brenes 23 — Interim Director of the Brady-Johnson Program in Grand Strategy and Lecturer in History at Yale University. Michael Brenes, "How America Broke Its War Machine", Foreign Affairs, 7-3-2023, accessed 4-15-2025, https://www.foreignaffairs.com/united-states/how-america-broke-its-war-machine //WMK

But this lofty rhetoric does not match the reality on the ground. Shortages in production, inadequate labor pools, and interruptions in supply chains have hamstrung the United States’ ability to deliver weapons to Ukraine and enhance the country’s defense capabilities more broadly. These problems have much to do with the history of the U.S. defense industry since World War II. Creeping privatization during the Cold War, along with diminished federal investment and oversight of defense contracting since the 1960s, helped bring about the inefficiency, waste, and lack of prioritization that are complicating U.S. assistance to Ukraine today.

After the Berlin Wall fell, major players in the U.S. defense industry consolidated and downsized their operations and labor forces. They also pursued government contracts for expensive, experimental weaponry to obtain larger profits to the detriment of small arms and ammunition production. As a result, the industry has been underprepared in responding to the Ukraine crisis and unmoored from the broader national security needs of the United States and its allies. Although reforms are possible, there are no quick fixes to these self-inflicted injuries.

THE WAY WE WERE

Today’s defense industry bears no resemblance to the U.S. system of military production during World War II. Back then, the industry was predominantly a government-run business. President Franklin Roosevelt’s New Deal emphasized economic regulation and relied on “alphabet agencies” such as the Works Progress Administration to boost employment, paving the way for later wartime contracting. New Deal agencies inspired the creation of the War Production Board in 1942, which mobilized business and rationed resources for the battlefront. Weapons production was concentrated in shipbuilding and aircraft, with companies based mainly in industrial centers in the Northeast and Midwest in government-owned, government-operated facilities known as GOGO plants. The government owned nearly 90 percent of the productive capacity of aircraft, ships, and guns and ammunition. This is in contrast to today’s climate, where commercial items have made up over 88 percent of new procurement awards since 2011, and private capital invests over $6 billion a year in the defense industry.

When the Japanese bombed Pearl Harbor, in 1941, federal control over defense production, and the Roosevelt administration’s rapid response to the attack, allowed speedy conversion from civilian to military production at companies such as Ford and General Motors, which went from making automobiles to bombers. Big companies were not the only ones to prosper. The federal government also looked to support small subcontractors that produced war-related materials in government-operated plants. No small group of powerful contractors dominated the industry, unlike today’s “Big Five”: Boeing, General Dynamics, Lockheed Martin, Northrop Grumman, and Raytheon.

Although the scale of weapons production for Ukraine is nowhere near equivalent to what was needed during World War II, that period still provides valuable insight into today’s problems. As the historian Mark Wilson has shown, the success of military mobilization during World War II—the ability to become an arsenal of democracy—required central planning and government control over industry. This is an essential lesson for those concerned with the U.S. defense industrial base and its ability to provide Ukraine and its allies additional weapons: government-mandated war production was required to provide the Allied powers with the requisite material they needed to defeat the Axis powers and end widespread unemployment created from the Great Depression—not private ingenuity alone.

BIG BUSINESS

The federal effort to spur employment through defense ended in the 1960s. Defense contractors lobbied Congress to relax government regulations to privatize the industry’s operations even before World War II ended. Defense mobilization during the Korean War revealed the growing power of private enterprise in U.S. military affairs. When war broke out in 1950, President Harry Truman relied on both executive orders and congressional legislation (including the 1950 Defense Production Act) to spur private—not public—investment in the military. As the historian Tim Barker has pointed out, 90 percent of war production during the Korean War came from private finance.

After the Korean War, the federal government aimed to create jobs in the private defense sector and in universities working on Pentagon-funded projects; it did not focus on public employment. The federal government believed it had an obligation to create jobs to enhance a “cooperation with science and industry,” in the words of President Dwight Eisenhower. The U.S. government also sought to outcompete the Soviet Union in the space and arms race by growing the American labor force. Shocked by the Soviet launch of the Sputnik satellite in 1957, Eisenhower signed into law the 1958 National Defense Education Act, which provided government scholarships and loans to Americans pursuing secondary degrees (including doctorates) in science and technology related to the defense industry. The program raised the fortunes of the middle class, funding students in need who wished to pursue careers in defense. The National Defense Education Act enhanced the livelihoods of Americans, bringing thousands of Americans into the middle class, and setting a precedent for government to subsidize private job creation for the purposes of national security.

During the Kennedy and Johnson administrations, Secretary of Defense Robert McNamara instituted a series of reforms that both deemphasized the production of conventional weapons and closed large GOGO facilities. By the time U.S. military operations in Vietnam escalated into a full-fledged war in 1965, most defense installations were no longer government-owned, government-operated plants. In the years to come, the industry increasingly relied on government-owned, contractor-operated plants that gave companies more leeway to oversee their operations. The industry’s growing independence—and reduced accountability—led to a backlash during the Vietnam years. By the late 1960s, members of Congress, particularly William Proxmire, a Democratic senator from Wisconsin, were more vocal about the waste and abuse in the Pentagon budget. “It is discouraging for me, as a citizen and senator, to know that weapons cost far too much, are delivered far too late, and function far below their specifications,” Proxmire said in 1970. Still, Congress proved unable to enforce sustained regulations on the defense industry.

In the decades that followed, the rate of privatization and decline of congressional oversight only quickened. When cost overruns and fiscal management almost forced major companies such as Lockheed to near bankruptcy, defense companies complained of insufficient profits. After Vietnam, there was less pressure on Congress to scrutinize the industry, and the Department of Defense looked to help companies accumulate more profit by encouraging private investment in defense plants and weapons production that set the stage for the 1980s and 1990s.

THE LAST SUPPER

Vietnam was the last major conventional war for the U.S. defense industry. After the war ended in 1973 and the defense budget began to shrink, the industry shifted to foreign arms sales. The rise in arms exports to countries in the global South—from $404 million in 1970 to $9.9 billion in 1974—also coincided with deindustrialization and the outsourcing of defense manufacturing to foreign countries. This caused plant closures and job losses in domestic manufacturing in the United States. More defense parts were made overseas, and U.S. defense manpower declined by 9.8 percent from 1960 to 1975. Areas of the United States such as New England saw a 50 percent decrease in civilian and military personnel.

By the 1980s, both the Pentagon and Congress grew increasingly concerned with the overall weaknesses of the defense industrial base. Lawmakers feared that the United States’ “mushrooming dependence on foreign sources,” according to Democratic Representative Richard Ichord of Missouri, would imperil defense preparedness. In 1988, the Pentagon warned that “in a national emergency, the consequences of extensive dependence on foreign sources could be extreme.”

Although President Ronald Reagan pursued a defense buildup, growing spending from $176.6 billion in 1981 to $325.1 billion in 1990 (defense spending climbed to over six percent of GDP between 1982 and 1988), he failed to address these concerns. Instead, defense spending under Reagan prioritized experimental projects such as the MX missile and the Strategic Defense Initiative, a proposed missile defense system that would protect the United States from nuclear attack. Nicknamed the “Star Wars” program, it cost the U.S. government $30 billion before President Bill Clinton canceled it in 1993. The Reagan administration also poured money into advanced aircraft such as the B-2 stealth bomber and the F-22 stealth fighter over other less glamorous purchases of artillery and ammunition.

Reagan also failed to properly modernize defense plants in the United States and revive the manufacturing workforce in the defense sector. The largest defense companies fared the best under Reagan. By 1987, Paul Burnsky of the AFL-CIO warned Congress that “American companies that formed the core of the U. S. defense … are finding little support from the Reagan Administration. Many have gone bankrupt, particularly the subcontractors in the small business community.” Other subcontractors found defense business to be less than lucrative in the 1980s and shifted to other sources of revenue. The Reagan buildup also coincided with an antigovernment ethos that permeated American politics and shaped the decisions on national defense made by both Democrats and Republicans. This ethos even shaped defense acquisition reform in the 1980s. When reporters uncovered rampant waste and abuse in the procurement process—including the discovery that the U.S. Navy was paying $600 for toilet seats—the 1986 Packard Commission criticized government inefficiency as the source of the problem. “The nation’s defense programs lose far more to inefficient procedures than to fraud and dishonesty,” wrote the commission. A faith in free trade, cost cutting, and “efficiency” also expedited defense outsourcing, enabling the defense industry to continue to shed American workers. Indeed, the U.S.-based defense workforce would reach its height in the 1980s with 3.2 million people, consistently declining to the present-day number of 1.1 million.

When the end of the Cold War led to a discussion of a “peace dividend,” and U.S. policymakers began reevaluating how much to spend on defense, military contractors felt they had to make a choice: consolidate or perish. At an infamous 1993 dinner at the Pentagon, which is known among industry insiders as “The Last Supper,” Pentagon leaders warned the CEOs of the country’s biggest defense companies that the defense budget was about to fall precipitously. Deputy Secretary of Defense William Perry told them, “We expect defense companies to go out of business. We will stand by and watch it happen.”

Contractors got the message and began consolidating. Mergers went from being valued at $300 million in 1990 to $20 billion by 1996. The number of contractors for tactical missiles went from 13 to three, and for fixed-wing aircraft, the number went from eight to two. Clinton hoped consolidation would lower costs and streamline the contracting process. Neither materialized. Thousands of jobs were lost, and the Clinton administration offered meager assistance to those newly out of work.

Although defense spending surged again after 9/11, little changed in the defense industry. Consolidation continued to grow during the “war on terror” and has now reached record numbers because of the influence of private equity firms. Indeed, recent statistics indicate that more than 500 companies have been bought out by private equity in the last two decades, which has lent further instability and unaccountability to defense acquisitions. The high rate of debt held by private equity firms, their lack of accountability to public oversight, and their higher risk of default do not serve U.S. national security interests. In addition to the role of private equity, proliferation of Silicon Valley–based defense startups over the past several years has promised innovation and the modernization of the defense industrial base. But those promises have yet to materialize.

Meanwhile, defense contractors have continued to pursue big-ticket items over purchases of lower-cost munitions. For example, the F-35 Joint Strike Fighter program is estimated to cost $1.6 trillion from start to finish. The production of small parts—rocket motors, ball bearings, tubes, steel casings, and other materials essential for the Ukrainians—is not as profitable and, until recently, had less importance for both the U.S. government and defense contractors. Parochial politics and lobbying have also skewed the Pentagon’s priorities and forced the military to maintain contracts for obsolete programs such as the littoral combat ship. As Undersecretary of Defense William LaPlante told Eric Lipton of The New York Times in March, “[The United States] really allowed production lines to go cold and watched as parts became obsolete.” Despite this, the industry continues to chase investment in high-cost advanced aircraft and missiles such as the B-21 stealth bomber and the LGM-35 Sentinel intercontinental ballistic missile, even though these types of programs predictably lead to widespread delays and cost overruns, which American taxpayers have to cover.

THE HOME FRONT

This 70-year history of consolidation, privatization, outsourcing, job cuts, federal inaction, and a hunt for larger profits has created a perfect storm that now hobbles security assistance for Ukraine, and potentially for future conflicts, as well. As reported in Politico and The Wall Street Journal, the United States does not have the necessary labor force to produce the number of Javelin missiles requested by Ukraine, even after Ukraine burned through a putative five-year supply of Javelins in the first six months of the war. It also consumed what was meant to be a six-year supply of Stinger missiles in just ten months. One of the few U.S. government-owned, contractor-operated plants that produced the black powder needed for artillery rounds exploded in 2021 and was never rebuilt because it could not generate enough profit. Interruptions in global supply chains are also expected to plague the defense industry for the foreseeable future. Although the industry expects increased sales and profit margins over the next year, long-standing backlogs, supply disruptions, and cost overruns remain.

The United States cannot rectify these problems in the short term or reverse this history overnight. Comprehensive solutions require government involvement and stronger control over the industry in the immediate and long terms. Defense reform must go beyond acquisition or auditing—although changes are needed on both fronts. Congress must reimagine defense reform, drawing lessons from the last time the United States truly was an arsenal of democracy. A key takeaway from this time is that greater federal intervention in the defense industry is needed if the industry is to produce otherwise “unprofitable” weapons.

#### Advantages about lobbying and the democratic process

Heinz 25 — Brett Heinz is a policy researcher and writer based in Washington, D.C., with a focus on economic justice, political inequality, and U.S. foreign policy. Brett Heinz, "Rule by Contractor", American Prospect, 4-3-2025, accessed 4-15-2025, https://prospect.org/power/2025-04-03-rule-by-contractor-doge-privatization/ //WMK

King Contractor

Perhaps the greatest danger posed by government contractors is their threat to democracy. Last year, the top ten government contractors in the U.S. spent $70.7 million on lobbying the government that funds them. They also spent $8.5 million on political contributions to federal candidates last cycle, circumventing the ban on contractor donations through phony “employee PACs.” Altogether, the ten largest contractors alone spent nearly $148,000 per member of Congress trying to convince the government to buy more of their products.

The reason we have a ban on contractor participation in election campaigns in the first place is simple: Because contractors benefit from public policy, it would be an obvious conflict of interest to allow them to influence public policy. When given the power to shape the government, these companies naturally seek to expand their profits and their power, subsuming all other concerns to enriching their shareholders.

This is not just a theoretical concern. Last year, I co-authored a report with the Quincy Institute’s Ben Freeman examining messages that contractors sent to military policymakers through a unique Pentagon program called the Secretary of Defense Executive Fellowship (SDEF), in which military officers spend nearly a year at a major corporation (often a government contractor) and then make policy recommendations based on their experiences. Unsurprisingly, we found that contractors used this program to push their agendas on senior military officials, calling for more subsidies, reduced transparency, deregulation of their industries, and more Pentagon privatization.

Fellows at international arms companies called for looser arms export rules. A fellow at McKinsey encouraged the Pentagon to use consultants more often. And a fellow at Elon Musk’s SpaceX argued that the government “could save upwards of a billion dollars a year in launch costs” if they gave more contracts to … SpaceX.

Government contractors used the SDEF program not just to advocate for more outsourcing, but also to advocate for placing more decision-making power in their hands. One SDEF fellow called for the Pentagon to promote “more industry participation in solutions” by creating a “forum of industry CEOs” to “help craft National Security Strategy.” Another argued that the military should “involve industry in [the] ‘problem’ definition.”

In other words, this perspective says that contractors should not be limited to trying to solve the government’s problems; they should also be able to decide for government what the problem is in the first place. Contractors don’t want to just take orders from the government, but to function as a para-state capable of influencing the orders that the government gives them. Like Musk’s dream of building self-driving cars, the industry dreams of a self-contracting contractor. Musk himself is test-driving this concept.

The Self-Contracting Contractor

The threats this dynamic poses to democracy have taken on existential importance under Musk’s reign of terror at DOGE. It should not be dismissed as coincidence that many of his early efforts have been focused on government agencies in which he has a financial interest. Although Musk promised to “recuse [him]self” if any of his work at DOGE poses a conflict of interest—a self-regulating contractor—his record so far casts serious doubt upon this pledge.

The first agency targeted by DOGE was the U.S. Agency for International Development, which had been reviewing its relationship with SpaceX as a contractor. Next in line was the Consumer Financial Protection Bureau, whose commitment to consumer welfare made them an obstacle to Musk’s plans for a digital payment service on his social media platform, X.

Two weeks after reports that Musk’s DOGE had infiltrated the State Department, it was revealed that the agency had a purchase order for $400 million for “armored Teslas.” Further reporting showed that the contract was quietly revised and backdated to make it look like it was made during the Biden administration; the order is now on hold.

Musk’s Teslas have been plagued by safety concerns, so DOGE fired government workers responsible for automobile safety. Last year, Musk clashed with the Federal Aviation Administration over fines levied against him; this year, his invasion of the agency was followed up by news that they had agreed to a new contract with his wireless Starlink service, run by SpaceX. In addition, the firing of inspectors general at the Defense Department may have disrupted an investigation into SpaceX’s contracting practices.

Many of these activities should be illegal under U.S. law, which bars federal employees from involving themselves in matters “that will affect [their] own financial interests.” But Musk has never concerned himself with following the law before, and he is not starting now. By labeling him a “special government employee,” the White House is holding him to a lower ethical standard than most of the government workers that he is firing. And despite all of the concerns about contractor corruption that Musk’s conflicts have raised, some agencies within the Trump administration are seeking even more opportunities for “a stronger private/government partnership in managing the workforce of the future.”

Musk is the most prominent, but far from the only, government contractor hoping to hijack the Trump upheaval for his own purposes. Peter Thiel, co-founder of the controversial contractor Palantir, has defended the idea of “a political framework that operates outside the checks and balances of representative democracy.” The Trump administration has begun hiring Palantir officials for government roles. Another Trump supporter is Palmer Luckey, the founder of the up-and-coming defense tech contractor Anduril, which fantasizes about “changing the practices and culture” of the Defense Department. Palantir and Anduril have formed a consortium to bid on military contracts together, and in February Anduril took home a $99 million contract with the U.S. Air Force, as well as a $22 billion contract previously granted to Microsoft for virtual reality headsets at the U.S. Army.

It is often said that the government should be run “more like a business.” The case of DOGE shows us that the opposite is true. If we truly wanted a more efficient government, it would mean reducing the number of contractors and hiring more civil servants, who are often more cost-efficient and always more accountable and transparent. Instead, Musk is doing the opposite, providing greater opportunities for his businesses and allies to step in and offer overpriced contracting work of a questionable quality

Unlike a business, a government has responsibility for the well-being of its citizens. Arbitrarily firing thousands of workers to save a few pennies might pass as wisdom when running a website, but it has disastrous results for government. DOGE’s current trajectory would paralyze democratic governance, leaving space for private contractors to fill the void and charge more money for worse work. When the man in charge stands to benefit from this outcome, one cannot help but ask if that was the point all along.

### AFF---Airforce

#### Nationalization of Airforce Supply Chains – Advantages about Airforce Readiness

Weisgerber 20 — Marcus Weisgerber is the global business editor for Defense One, where he writes about the intersection of business and national security. Marcus Weisgerber, "US May Need to Nationalize Military Aircraft Industry, USAF Says", Defense One, 7-13-2020, accessed 4-14-2025, https://www.defenseone.com/business/2020/07/us-may-need-nationalize-military-aircraft-industry-usaf-says/166894/ //WMK

The United States might need to nationalize parts of the military aviation sector if the Pentagon does not come up with new ways to buy planes that stimulate more competition in private industry, a top Air Force official warned.

Will Roper, the head of Air Force acquisition, spoke Tuesday morning as the service finalizes ambitious plans to buy a new series of combat fighter jets called the Digital Century Series.

“We have multiple vendors who can still build a high-end, tactical platform,” Roper told reporters. “I think it's really important that we find a new model where there are no big winners and no big losers, but continual competition.”

Lockheed Martin and Boeing are the only U.S. companies that make tactical fighter jets. Boeing’s F-15 Eagle and F/A-18 Super Hornet are considered a generation behind Lockheed’s F-22 Raptor and F-35 Lightning II. Boeing and Sweden's Saab are building the new T-7 pilot training jet.

Northrop Grumman is the only U.S. manufacturer of a heavy bomber. Boeing’s KC-46 is the only aerial tanker in serial production and Lockheed’s C-130 Super Hercules tactical transport is the only military cargo plane in production. There are no strategic, long-range military transports in production.

Roper hopes his Digital Century Series plan will attract a new generation of engineers to the defense sector and provide a model for buying different types of military aircraft.

“Technical talent is at a premium,” he said. “If the design opportunities are so few and far between that joining a defense company means you may get to design one thing in your career ... — and that's if you're lucky — that that talent will go elsewhere into commercial innovation where the opportunities are more plentiful.”

Roper’s project envisions developing and buying plans at a much quicker rate than traditional tactical fighters which often take a decade before they are produced in large quantities. By that time, technology is already dated and brand new planes must undergo costly and time consuming upgrade projects.

The Digital Century Series is a throwback to the U.S. military’s “Century Series” fighter jets built in the 1950s and 1960s. His hope is that new companies emerge and disrupt the sector, much like Elon Musk’s Tesla electric vehicles have disrupted the automobile industry.

“If our industrial base collapses any more, we'll have to nationalize advanced aviation and maybe other parts of the Air Force that currently are competitive,” Roper said. “But I also am holding out some hope that if we open up the door to do design frequently, and build things in smaller batches that are between X-planes and mass production, that we will eventually encourage an innovative company to cross over into defense, or companies to start up that just want to build really cool airplanes or satellites, because they don't have to own the big production lines and tooling workforce, which is the only way to work with us today.”

But one analyst says other countries — Britain, France, Japan, Sweden — have proven that they can keep a single combat aircraft manufacturer alive without formally nationalizing it. Nationalization is “an admission that they have failed miserably and I don’t think they have failed,” said Richard Aboulafia, vice president of analysis at the Teal Group aviation consulting firm.

“The arsenal system was great for the Civil War, where you don’t have to respond to market needs in terms of talent and corporate organization, but the real world of aerospace calls for, at the very least, a public-private partnership — nationalization being, kind of the land of the lost,” Aboulafia said.

The defense industry has contracted in recent years following a series of high-profile mergers and acquisitions, the latest being the April mega-merger of United Technologies and Raytheon, which followed UTC’s acquisition of Rockwell Collins. L3 Technologies merged with Harris last year.

Roper said he has been surprised that other top defense officials seem unworried about the shrinking defense industrial base. “It's not because the defense industrial base has gotten worse, it's just programs are so few and far between that to be any long-term partner with us in defense tech, you'd have to have a pretty diversified portfolio,” he said.

Roper believes his Digital Century Series plan will lower the military’s long-term costs. Since becoming the Air Force’s top weapons buyer in early 2018, he has been looking for ways to lower the lifetime costs of owning planes. Roper compared buying weapons to getting a free or deeply discounted mobile phone from a wireless provider which then locks the customer into a long-term service contract.

“I believe it's going to be cheaper to procure airplanes this way than it will be with the major production line, not because the per unit price will be cheaper ... but because the total price of ownership is lower, that we will get out the heavy modernization and sustainment costs that really start piling after Year 15,” he said..

Roper has pushed for companies to build weapons with open technology, so the Air Force isn’t forced to repeatedly pay the company that made a specific weapon for upgrades over its lifetime.

“Everything has to change,” Roper said. “This 21st-century challenge we have simply flies in the face of Cold War acquisition. We're going to have to use technology available to everyone. We're not going to be able to own it and have it be exclusive for us. We've got to create a business model that … [the] defense industry to design systems that are open for technology, especially digital technology that again will be open to everyone.”

### NEG---DA---Tradeoff

#### These disads would be specific to the industry nationalized and are premised on the notion that adding a massive regulatory burden to a federal agency would directly trade off with that agency’s ability to do day-to-day or otherwise important work (ex. FERC for electricity nationalization, FCC for internet nationalization, FDA for pharmaceutical nationalization). The initial instinct here may be that Trump gutting federal agencies makes these disads largely untenable, but we believe that A) the scope of nationalization means the magnitude of the link overwhelms small thumpers and B) Trump cutting resources provides uniqueness for these disads.

### NEG---DA---BizCon

#### These are likely topic-generic disads premised on the fact that sudden nationalization of any industry undermines confidence in the security of private property writ large and discourages investment across the board.

Versteeg 15, Associate Professor at the University of Virginia School of Law. (Mila Versteeg, 2015, “The Politics of Takings Clauses,” Northwestern University Law Review, vol. 109, no. 3, p. 700-701)

It is widely accepted that protecting private property from arbitrary or excessive expropriation contributes to long-term economic growth.16 When private property is secure from expropriation, citizens make more productive use of their property, governments can more readily access capital on capital markets, and investors are more likely to invest in the country.17 Consequently, for most societies, the long-term economic benefits that are associated with secure property rights will far outweigh the short-term gains of expropriation.

Yet, the benefits associated with restrictions on the power of eminent domain will materialize only when the restrictions against arbitrary or excessive expropriation are credible.18 Capital markets, investors, and private citizens are likely well aware of a potential time-inconsistency problem that plagues government commitments to respect private property: though governments appreciate the benefits of secure property rights in theory, they might be tempted to renege on these promises once they are put in place.19 Expropriation will be appealing when the state is short on capital and the survival of the regime is at stake.20 In such times, politicians whose tenures depend on regular elections might discount the future value of property protection and attempt to reap the short-term benefits of expropriation even at the expense of long-term economic growth. Because of these incentives, economic actors will invest only when they trust that their investments will not be undermined by future government action.21

### NEG---DA---Courts

#### 3. Courts: We believe these are some of the most effective, and unique, disads on this topic, particularly given Trump’s continuous attempts to expand presidential power. Courts disads could be premised on:

#### A) The impact of overturning previous court precedents protecting private property. For example, overturning *Youngstown Sheet & Tube Co. v. Sawyer,* which prohibits the president from seizing private property, would be particularly disastrous under Trump as it’s been part of the case in resisting Trump’s attempted seizures of private property on the border.

Paul 19, trial lawyer at Walden Macht Haran & Williams LLP who represents individuals and corporations in high-stakes and sensitive criminal and civil legal challenges. (Deanna Paul, 2-15-2019, “To fight Trump’s national emergency, Democrats will rely on a 67-year-old legal precedent,” Washington Post, https://www.washingtonpost.com/politics/2019/02/15/democrats-will-fight-trumps-national-emergency-with-this-obscure-year-old-legal-precedent/)

True to his word, President Trump declared a national emergency at the southern border on Friday, a move that will allow him to divert federal funds from the Defense Department toward building a border wall.

During his news conference Friday, he anticipated a flood of litigation against the Justice Department.

“Sadly, we’ll be sued, and, sadly, it will go through a process,” Trump said, predicting that lower courts (particularly the often-liberal Ninth Circuit) would rule against him. “Then we’ll end up in the Supreme Court and hopefully we’ll get a fair shake.”

Trump forecast a win for the administration: “I think we will be very successful in court. I think it’s very clear.”

On some points, Trump was correct.

Rarely has a president’s national emergency declaration been challenged in court. Only once has such a lawsuit prevailed at the U.S. Supreme Court: the case of Youngstown Sheet & Tube Co. v. Sawyer, ruled on in 1952, which overturned President Harry S. Truman’s national emergency.

Truman signed the emergency declaration and seized privately owned steel mills to preempt a national steelworker strike during the Korean War. Truman argued that continued operation of the mills was necessary for the country’s defense. The Supreme Court disagreed, ruling that he did not have the authority to seize private property just because he was the president.

U.S. Supreme Court Justice Hugo Black, writing for the court, said, “In the framework of our Constitution, the President’s power to see that the laws are faithfully executed refutes the idea that he is to be a lawmaker.”

The Truman and Trump scenarios may seem similar, but there is a key difference: In 1976, Congress passed the National Emergencies Act, a law that gave the president unfettered authority to make a national emergency declaration and use specific statutory powers.

Before that, presidents, including Truman, relied on the authority inherent in the U.S. Constitution. As a result, the Youngstown analysis began with the fact that Congress never gave Truman the power to declare a national emergency. Trump, however, is using a specific statutory power created by Congress for the president.

From the outset, Truman’s action is different from Trump’s, said Jonathan Turley, constitutional law professor at George Washington University, in a phone interview with The Washington Post. Trump is acting under a congressional grant of authority.

“This falls into the category of a self-inflicted wound. Courts don’t protect Congress from itself,” he said. “Congress removed the long-standing barrier for presidents, then continued giving billions of dollars with virtually no limitations on the use of the money. Now, those chickens have come back to roost.”

Rep. Jamie Raskin (D-Md.), in an interview with The Post’s Mike DeBonis, confirmed that the House plans to lean on the Youngstown precedent in court.

"They’re about to make the steel seizure decision the most famous Supreme Court case in Washington for the next couple months. The steel seizure case closes the door on what they’re trying to do,” Raskin said.

Rep. Adam B. Schiff (D-Calif.) implied the same, noting, “If Harry Truman couldn’t nationalize the steel industry during wartime, this president doesn’t have the power to declare an emergency and build a multibillion-dollar wall on the border.”

If the odds heavily favor the president, Democrats should also keep the calendar in mind, Turley warned, adding that they may be handing Trump a major court victory that could come down right before the 2020 election.

“This could end up being a serious — political and legal — blunder by the Democrats,” he said.

Youngstown may be the case, but that does not mean it’s a home-run case.

It does not provide guidance on the president’s power to take action in the face of congressional prohibition, according to Gerald S. Dickinson, assistant professor of law at the University of Pittsburgh School of Law.

“Congress has opposed the wall being built based off of its unwillingness to enact legislation or divert money to build a wall,” he said. “We know that the intent behind the National Emergencies Act was not to allow a president to use it for frivolous or partisan purposes,” but legislative intent does not offer a full picture of what is constitutionally permitted.

#### B) The consequences of expanding the scope of the Takings Clause or having the federal government determine “just compensation” under Trump.

Berger 13, attorney at Barnes, Iaccarino & Shepherd LLP in New York. JD/MBA from Hofstra Univerrsity. (Matthew Berger, 2013, “Biting the Hand that Feeds: The Takings Clause and AIG,” Journal of International Business and Law, vol. 12, no. 2, p. 15-24, https://www.hofstrajibl.org/wp-content/uploads/2015/02/Biting-the-Hand-that-Feeds-The-Takings-Clause-and-AIG.pdf)

This section analyzes the alleged use of the Takings Clause and how the court's decision would govern the future application of aid in times of economic distress. The Takings Clause is set forth in the Fifth Amendment and states:

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation. 120

Starr bears the burden of showing that property was taken for public use without just compensation. If any one of these elements is lacking, Starr would not be entitled to just compensation.

1. Public Use

The first element of the Takings Clause is the Public Use Clause, which requires a taking be for the benefit of the public.12 The Public Use Clause prevents the government from transferring private property from one private party to another. 122

For more than a century the Supreme Court has broadly interpreted the Public Use Clause to represent a "public purpose.' 2 1 In recent years, the Supreme Court reaffirmed its expansive definition of "public use" such that practically any taking will meet the public use requirement. 124 This expansive reading of the Fifth Amendment represents the Court's willingness to apply deference to the legislature's judgment. 12 Therefore, the Court would only prohibit a taking if it is not reasonably related to the public purpose it is intended to accomplish. 16

Due to the expansive nature of the Public Use Clause, Starr must only prove that the government had a reasonable belief that bailing out AIG was in the public's best interest. This belief is evident through an analysis of the government's actions leading up to and including the rescue of AIG.127

Ultimately, the best evidence of the government's intentions is the statement released by the Federal Reserve Bank of New York (FRBNY) following the AIG rescue. The press release indicated that the FRBNY, with the support of the Federal Reserve Board and the Treasury Department, loaned AIG $85 billion to "protect the interests of the U.S. government and taxpayers.- 12 8 The AIG liquidity crisis that precipitated its rescue occurred on the heels of the Lehman Brothers bankruptcy and the effective nationalization of Fannie Mae and Freddie Mac.'21 The government saw the response to the Lehman Brothers failure and the bailout of Fannie Mae and Freddie Mac and decided that it was in the best interest of the country to save AIG. Due to the size of AIG, the Treasury Department and the Federal Reserve were fearful that an AIG bankruptcy would threaten global commercial and investment banks that contracted and traded with AIG, causing more financial institutions to fail.13 0 As Federal Reserve Vice Chairman Donald Kohn testified before Congress, "[t]he rationale for public investment in the financial industry is not, therefore, any special regard for managers, workers, or investors in that industry over others, but rather the need to prevent a further deterioration in financial conditions that would destroy jobs and incomes in all industries and regions." 1 ' The bailout of AIG likely saved millions of jobs across the United States in all industries. 132

Thus, the public use requirement of the taking would be satisfied.

2. Property

The second element of the Takings Clause is the requirement that what was taken constitute property.33 In this case Starr alleged three different property interests were taken without just compensation.J34 The property interests allegedly taken by the U.S. government were "(1) the 'economic value and voting power' associated with the Plaintiffs' shares of AIG common stock; (2) the 79.9% equity interest in AIG, ultimately represented by 562,868,096 shares of AIG common stock; and (3) the $32.5 billion of collateral posted by AIG prior to the formation of ML Il..115 While the government is conceding that the 79.9% equity interest in the company is property within the meaning of the Takings Clause, it argued that the economic value and voting power of the common stock and the $32.5 billion of collateral taken are not legally recognizable property interests.136 Therefore, the major portion of the lawsuit would revolve around the equity and voting rights and the $32.5 billion in collateral because without these elements Starr would not be entitled to just compensation. This issue is complicated by the fact that the scope of property rights protected by the Fifth Amendment are not explicitly laid out in the Constitution.'3

a 79.95 Stake in AIG

Since the government did not argue that the 79.9% equity interest in AIG was a taking, it deserves less attention than the other two forms of property. In cases where the government has physically seized private property, courts have consistently found a taking.'18 In this instance, the government physically took control of approximately eighty percent (80%) of AIG through the seizure of approximately 562.8 million shares of common stock.,'9 Therefore, there is no question this would be a recognizable property interest.

b. Economic Value and Voting Rights

Starr alleged that the economic value and voting power associated with the approximately 562.8 million shares taken by the government was a legally recognized property interest. 4 ° Shares of common stock represent an equitable interest in a company that entitles the stockholder to share in the company's profits and exercise voting rights to influence the company's operations.14 It is precisely these rights which Starr alleged the government took without providing just compensation.

Despite failing to specify what types of property interests are protected, the Supreme Court has consistently held that other forms of property rights besides real and personal property are protected under the Fifth Amendment Takings Clause. 142 Since this is a unique form of property that has received little if any attention over the years, the court would likely apply the common characteristics of property rights to determine whether this would be a legally protected interest. 143 The two elements associated with property rights are transferability and excludability. 4 4 Therefore, while not dispositive, Starr would benefit by showing that the rights it obtained through ownership of AIG common stock were transferable and excludable.

Transferability has long been considered one of the most important aspects of property rights. 4 5 Transferability is the ability of a property owner to dispose of his property as he sees fit.146 Since common stock can be bought and sold, it is transferable. 147 Throughout the history of the Takings Clause, the Supreme Court has consistently held that excludability is an essential right of a property owner. 148 Excludability is the 149 property owner's ability to prevent others from using the property. Common stock in a publicly traded company is not excludable because no one can be prevented from purchasing shares in a public company.

In addition to transferability and excludability, courts often examine state law to determine if the property interest is legally recognized as such. In this case, the state law would be that of Delaware, AIG's state of incorporation.50 Delaware courts have a history of protecting shareholders' economic value and voting rights by permitting them to seek redress when their interests have been diluted.' -

Furthermore, "the [Supreme] Court has expressed a broad view of what constitutes property for purposes of the takings clause."' 152 As a result, it is likely that the court would view the economic value and voting rights associated with a share of common stock as property.

c. Maiden Lane III

The other property interest Starr alleged was taken was the $32.5 billion of collateral posted by AIG to create Maiden Lane III LLC (ML III). ML III was created to satisfy AIG's obligations to its counterparties because the initial investments in AIG were not enough." 3 The terms of the CDS contracts allowed counterparties to require AIG FP to post cash collateral in response to an unfavorable event, thus proving it could cover the cost of the contract in the event of a payout. 14 The most likely event that would trigger AIG FP to post cash collateral was a downgrade of AIG's credit rating. 1 5 Throughout 2008, as the economy continued to struggle, the value of the CDOs declined and AIG FP was forced to post increasing collateral.1 6 In order to prevent collateral calls, AIG attempted to renegotiate its CDS contracts with its counterparties, but was unsuccessful.15 The problem was exasperated by the looming release of AIG's earnings on November 10, which would almost surely result in a downgrade by the ratings agencies, thus triggering additional collateral calls.5 In order to prevent the downgrade, AIG's earnings would have to be accompanied by a solution, preferably one that included an agreement between AIG and its eight largest counterparties.5 9 By now it became clear that the Federal Reserve had only two options: invest more money into AIG or allow AIG to file for bankruptcy. 60 As a result, the Federal Reserve created ML III. 161

ML III was created for the sole purpose of purchasing CDOs from AIG FP's counterparties in return for the counterparty terminating its CDS contracts with AIG FP. 162 This solution allowed the FRBNY to lend up to $30 billion to ML III to buy CDOs from AIG's largest counterparties. 16 With the $24.3 billion provided by the FRBNY and the $5 billion by AIG, ML Ill purchased CDOs from AIG's 16 largest counterparties. 164 Under the terms of the agreement, the counterparties were permitted to keep the $35 billion in collateral that was previously posted by AIG (par value),165 ML III received the CDOs, and AIG was able to tear-up the CDS contracts.166 The fair market value of the CDOs purchased by ML III was $29.6 billion.167

The U.S. government asserted that the $32.5 billion in collateral invested from AIG to ML III would not be a cognizable property interest. However, the collateral was put up in the event that AIG was not able to meet its obligations and belonged to AIG until it failed to do so. Since AIG was able to meet its obligations with the help of the government, it could be argued that the collateral should not have been given to AIG's counterparties as part of the deal. Therefore, the collateral would be a cognizable property interest.

3. Just Compensation

The third and final element of the Takings Clause, and the basis of Starr's lawsuit against the U.S. government, is just compensation. The government is only permitted to take private property for public use if the owner of the property is compensated for the taking. 168 Starr alleged the government owes AIG shareholders just compensation for the Credit Agreement in which the government was granted AIG preferred stock, the reverse stock split, and the use of the $32.5 billion collateral posted by AIG.69 It is not explicitly stated in the Fifth Amendment how just compensation should be calculated. As a result, the Supreme Court has consistently held that just compensation is the economic loss to the owner of the private property, not the gain to the taker.170 In general, most courts value this loss at the fair market value at the time of the taking. 171 Thus, Starr is seeking just compensation equivalent to at least $25 billion. 172

#### C) The impact on court credibility in the event that courts greenlight private property expropriation

Versteeg 15, Associate Professor at the University of Virginia School of Law. (Mila Versteeg, 2015, “The Politics of Takings Clauses,” Northwestern University Law Review, vol. 109, no. 3, p. 707-708)

Perhaps the most important mechanism for enforcing the constitution’s restrictions on the power of eminent domain is an independent judiciary with the power of constitutional review.58 Courts can strike down laws that expropriate excessively, and they can act as a neutral arbiter in property disputes between the government and private parties.59 Investors have long accepted the notion that an independent judiciary is crucial for the protection of property rights from government expropriation. As one study from the 1970s notes:

The presence of a strong, independent, and competent judiciary can be interpreted as an indicator of a low propensity to expropriate. If this judicial system is strong, independent, and competent, it will be less likely to ‘rubber stamp’ the legality of an expropriation and more likely to accede to a standard of fair compensation. The effect of this would be to lower the propensity of the host nation government to expropriate.60

#### D) The backlog of court cases that would likely ensue should the government nationalize an entire industry. (Court clog)

### NEG---DA---Econ

#### Nationalization causes economic inefficiencies and disproportionately burdens taxpayers, at least in the short term.

Pint 90, senior economist at RAND with over 30 years of experience in defense and homeland security economics issues. (Ellen M. Pint, 1990, “Nationalization and Privatization: A Rational-Choice Perspective on Efficiency,” Journal of Public Policy, vol. 10, no. 3, p. 295-297, https://www.jstor.org/stable/pdf/4007369.pdf)

In the cases discussed above, the governments in question were clearly concerned about how shareholders, government finance, consumers and organized labor would be affected by nationalization and privatization. The nationalization policy of the post-war Labour Government benefited the labor unions, the main-source of Labour Party funds. Its secondary objective was to benefit consumers by keeping prices low. The shareholders of the firms were paid off at roughly market value, so they broke even. The Treasury probably fared the worst. The main objective of Thatcher's Conservative Government was to encourage share owner-ship, which it did by handing out benefits to those who bought shares in the privatization issues. The Treasury received a short-run influx of cash that was used to offset current taxes, but has lost a long-term source of non-tax revenue. Side payments were offered to employees in terms of special deals on shares in their own firms, as well as other benefits. The position of consumers after privatization is unclear. Both governments chose to pay off their main interest-group opponents (shareholders and organized labor) and to impose possible losses on more diffuse, unorganized groups (taxpayers and consumers).

Nationalization and privatization policies in France and the United States also redistributed benefits among interest groups. The French nationalizations of I98I-82 transferred benefits to organized labor at the expense of taxpayers. The subsequent privatization policy created transfers to new shareholders, including special share deals for employees, because the assets were sold at less than market value, thus reducing funds available to the Ministry of Finance. The United States government's takeover of the bankrupt railroads left the organized interest groups, labor, shippers and creditors, at least as well off and imposed costs on the unorganized group, taxpayers. The privatization of Conrail placed more emphasis on raising revenues than on spreading share ownership, but treated labor groups similarly to the other privatizations, by offering them a special deal on buying shares in the firm.

This is the outcome predicted by rational choice political theory. The more organized and active groups receive benefits and are able to defend their own interests, while costs are imposed on diffuse, unorganized groups. Policy design can also be used to increase the potential gains from a change in ownership, and to insure that ownership changes cannot be easily reversed. The post-war Labour Government chose to nationalize firms that could be monopolized and/or consolidated in order to create monopoly profits that could be handed out to the interest groups. When Thatcher's Conservative Government privatized some of the same firms 35 to 40 years later, it left them largely intact in order to enhance their resale value, rather than breaking them up or introducing other forms of competition. The pricing of shares below market value and the spread of share ownership in both British and French privatizations has made renationalization more difficult. The French Socialists did not reorganize or monopolize the industries they nationalized, nor were the firms being saved from bankruptcy. It was thus relatively easy for the Chirac government to reverse the nationalization process. Policy design and political institutions combined to make the United States government's takeover of Conrail difficult to reverse.

These policies often sacrificed economic efficiency for short-term political advantages. The most clear-cut examples are the Labour Government's use of nationalization policy to create monopolies in industries that could otherwise have been competitive, such as airlines and road haulage, and the Conservative Government's failure to introduce competition when it privatized monopoly industries. The French and United States policies did not involve monopoly industries, but were more a case of economic mismanagement of nationalized firms. The French Socialists tried to use public industries to promote macro- economic objectives, resulting in huge subsidies from taxpayers. The Conrail legislation also perpetuated the mismanagement of the North-eastern railroads. Privatizations have generally failed to gain a fair market price for the assets being sold.

This analysis has demonstrated that politically successful nationalization and privatization policies have a number of elements in common: redistribution of costs and benefits in favor of organized interest groups; creation of additional benefits to divide among interest groups whenever possible; and reduction of the potential reversibility of the policy by future governments, subject to the constraints of political institutions. These motives go much further in explaining government ownership decisions than the motive of economic efficiency. Governments make 'mistakes' only when their policies are quickly and easily reversed. Economic inefficiency may well be a part of a successful nationalization or privatization policy.

#### It also causes profit losses, drops in industry activity, and labor shocks

Melek 20, a senior economist in the Economic Research Department of the Federal Reserve Bank of **Kansas City**. (Nida Cakir Melek, 2020, “PRODUCTIVITY, NATIONALIZATION, AND THE ROLE OF “NEWS”: LESSONS FROM THE 1970S,” Macroeconomic Dynamics, vol. 24, p. 1288-1289, https://www.cambridge.org/core/services/aop-cambridge-core/content/view/C5143280DCFD38D5086107E8F7BB4488/S1365100518000846a.pdf/div-class-title-productivity-nationalization-and-the-role-of-news-lessons-from-the-1970s-div.pdf)

5.3.2. Sudden nationalization. How would output per worker and profits upon nationalization change if the policy change had been sudden? I simulate the model with permanent unforeseen shocks. Upon a sudden policy change, total labor falls sharply and stays low. Reserves also decline, but more gradually, and stay low. As a result, there is a sudden loss in production and a sudden increase in labor productivity which then drops and converges to a level slightly higher than the initial steady state, at odds with the data. Still, industry profits decline less than the baseline case, by 63%, Panel D of Table 3.

To provide additional insights into the potential costs of the policy, I also consider calculating relative estimates for the predicted, discounted sum of profits over the full period examined. Three scenarios—baseline, unanticipated (sudden) nationalization, and no nationalization—are considered. The “no nationalization” scenario assumes constant income and severance taxes at the pre-1960 levels without labor market distortions. Stable tax rates absent labor distortions benefit the industry by increasing the present discounted sum of profits by about 20% over 1961–1980 compared to the baseline. However, the industry’s returns over a shorter time horizon, namely for pre-1970 period, are slightly higher (about 5%) under the baseline than without nationalization. This might suggest a short-run benefit to the host country from nationalization, providing a rationale for the policy. A sudden nationalization, on the other hand, lowers the discounted income streams of the industry by 29% and 33% compared to the baseline for 1961–1980 and pre-1970 periods, respectively. In other words, without nationalization the industry’s present discounted sum of profits would have been higher over 1961–1980 particularly compared to a case where nationalization had been sudden. Anticipated nationalization seems to benefit the industry’s returns on a shorter horizon, but only slightly.

These counterfactuals imply that not taking into account labor market distortions or the anticipatory nature of nationalization would understate the performance of the model in accounting for the productivity pattern over 1961–1980. An anticipated nationalization that only brings higher income taxes has limited distortionary effects. However, nationalization that causes a shift in the composition of the workforce results in significant losses. The cost is detrimental particularly in the short run, when nationalization is sudden due to a sudden drop in activity; in the long run sudden nationalization appears to be less costly to the host country than an anticipated nationalization. Finally, without nationalization the industry’s discounted income streams would have been higher over 1961–1980, particularly compared to a case where nationalization had been sudden. Anticipated nationalization barely benefits the industry by bringing slightly higher income streams in the short run.

### NEG---DA---International Relations

#### It is undeniable that nationalizing an industry, including domestic branches of internationally-owned companies, would be internationally disruptive. We believe that the scope and scale of nationalization exceeds that of tariffs and so there are disads to be had on the basis of:

#### A) nationalization’s substantial impacts on international trade and investment

Esberg\* & Perlman\*\* 22, \*Assistant Professor of Political Science at the University of Pennsylvania and a faculty affiliate at the Center for Latin American and Latinx Studies. \*\*Assistant Professor of Political Science at the University of California, Berkeley. (Jane Esberg & Rebecca Perlman, 2022, “Covert Confiscation: How Governments Differ in Their Strategies of Expropriation,” Comparative Political Studies, vol. 56, no. 1, https://journals.sagepub.com/doi/full/10.1177/00104140221089650)

Governments have a variety of incentives to engage in the expropriation of foreign direct investment, defined here as the deliberate, involuntary transfer of ownership rights.2 In some cases, the seizure of foreign assets may provide a short-term monetary windfall, which can then be used to refill dwindling state coffers in economic downturns, pay off government loyalists, appeal to special interest groups, or prop up an individual party or leader. In other instances, governments may simply decide that a contract that had been previously agreed upon no longer serves government interests and that the state would be better off controlling the asset itself. Expropriation may even be a way to satisfy certain domestic constituencies, who may value expropriation due to its potential for redistributing income from foreign to domestic actors.

While there are numerous possible reasons governments may engage in expropriation, the act can generally be said to reflect the prioritization of short-term gains over long-term costs. And expropriation is far from costless in the long-term. Perhaps the most obvious cost is that the seizure of private assets can lead to a loss of investor confidence, resulting in reduced investment or disinvestment by investors worried that their principal will be vulnerable (Wellhausen, 2015). To the extent that FDI contributes to economic growth and technological transfers, a substantial reduction in these investments also means that a country may miss out on opportunities to acquire beneficial financial inflows and valuable technical knowledge. Perhaps equally concerning from an economic standpoint, expropriation can result in substantial efficiency losses, particularly if it occurs in technologically complex industries, as states may be less capable of managing a previously foreign-owned company than the actor from which they seized it (Opp, 2012). Finally, expropriation can contribute to political tensions, as foreign governments step up to defend the financial interests of domestically headquartered multinationals who have been the victims of asset seizure. Such international political consequences were on full display following Argentina’s decision to expropriate a Spanish energy company in 2012, a move that led to public reprimands by the Spanish Foreign Minister (Argentina, Spain at Odds Over Oil Company Expropriation, 2012).

#### And, B) the disputes that would likely occur under international law

Spring-Ragain 24, doctoral student in business diplomacy at the CEDS (National Center for Social Development), specializing in international economics (Hugo Spring-Ragain, 2024, “Issues and risks of nationalization of foreign companies,” HAL Science, p. 1, https://hal.science/hal-04615655/document)

First of all, it's important to define the term nationalization. As a general rule, nationalization can be defined as follows: The nationalization of a company is a process whereby a government or state entity takes full or partial control of a private company, transferring ownership and control from the private to the public or state sector. This process may involve the acquisition of all the company's shares by the state or government, or the assumption of majority control through the purchase of the majority of the company's shares or the confiscation of the company's assets.

The nationalization of foreign companies is one of the most complex and controversial challenges in contemporary international law. This phenomenon, which involves a state taking control of property or companies owned by foreign investors, raises a multitude of legal, political and economic issues at both national and international levels. Against a backdrop of increasing economic globalization and heightened geopolitical competition, the nationalization of foreign companies has become a hot topic of debate and dispute, involving the interests of states, investors and the international community as a whole.

This introduction aims to explore the multiple dimensions of the nationalization of foreign companies under international law. We will examine the legal foundations of nationalization, the relevant international principles and norms, as well as the practical challenges and implications for the actors involved. In addition, we will analyze the main cases and disputes that have emerged in the context of nationalization, as well as emerging trends and recent developments in this field.

The nationalization of foreign companies raises fundamental questions concerning state sovereignty, respect for property rights and the balance between public and private interests. From the point of view of states, nationalization can be seen as a legitimate instrument of economic policy aimed at protecting national interests, promoting economic development and guaranteeing national security. However, from the point of view of foreign investors, nationalization can be seen as a violation of their legitimate rights, resulting in financial losses and serious damage to their business activities.

From a legal standpoint, the nationalization of foreign companies raises complex challenges in terms of international investment law, treaty law and host state law. Foreign investors generally enjoy specific protections under bilateral investment treaties, free trade agreements and other international legal instruments, which guarantee fair and equitable treatment, protection against arbitrary expropriation and other fundamental rights. Thus, the legality of a nationalization may depend on its compliance with the host state's international obligations and foreign investment protection standards.

In addition, the nationalization of foreign companies raises complex issues of host state liability, foreign investor recourse and international dispute settlement. Foreign investors often have the option of suing the host state before international arbitral tribunals to obtain compensation for damages suffered as a result of nationalization. These disputes can give rise to important arbitral awards with long-term implications for international investment law and international economic relations.

#### Particularly true given that the protection of private property is codified globally.

Berger 13, attorney at Barnes, Iaccarino & Shepherd LLP in New York. JD/MBA from Hofstra University. (Matthew Berger, 2013, “Biting the Hand that Feeds: The Takings Clause and AIG,” Journal of International Business and Law, vol. 12, no. 2, p. 27-29, https://www.hofstrajibl.org/wp-content/uploads/2015/02/Biting-the-Hand-that-Feeds-The-Takings-Clause-and-AIG.pdf)

As the leading capitalist country in the world, the United States does not have a strong history when it comes to nationalizing private companies. In the international community, the feeling towards nationalization is similar, but its presence is more prevalent. Based on the successful history of nationalization in times of recessions or depressions, an analysis of nationalization on a global scale displays the importance of nationalization and its role in the direst of circumstances.

The idea behind the Takings Clause existed well before the Framers included it in the Fifth Amendment. The protection of private property from government seizure is a recognized right that dates back as far as biblical times.207 In fact, the basic system established by the Framers for government appropriation of property is based on the ideals of Ancient Rome.208 However, the legal protection designed in the Fifth Amendment can be traced back to the Magna Carta and England. 209 The Magna Carta prevented a person's land from being unlawfully taken by the King without some form of hearing. 210 The protection of property was carried over into modem English law and was the basis for the Fifth Amendment in the Bill of Rights.211

The United Kingdom is not the only country in Europe with a constitution that protects the rights of private property from government control. In fact, the countries that nationalized banks during the recent recession all have constitutions that protect private property. These countries include Belgium,212 France, 213 Germany,214 Greece,215 Iceland,216 Ireland,217 Italy,218 Japan,219 Luxembourg,220 the Netherlands,221 Portugal,222 Spain,223 and Sweden,224 among others. In addition to individual countries protecting the rights of the private individual, the European Convention on Human Rights also has a clause protecting private property.225

### NEG---DA---Market-Based

#### These include both broad, topic generic disads and industry-specific disads based on innovation and competition.

#### A) Nationalization vs privatization debates are robust, nationalization reduces incentives to innovate and lower prices

Wu et al 24, \*Wenlan School of Business, Zhongnan University of Economics and Law. \*\*Professor of Industrial Economics at the Nottingham University Business School. \*\*\*Assistant professor, Wenlan School of Business, Zhongnan University of Economics and Law. (Xiaoting Wu\*, Arijit Mukherjee\*\*, & Chenhang Zeng\*\*\*, 2024, “Privatization and innovation in a vertical structure,” Privatization and innovation in a vertical structure, China Economic Review, vol. 84, https://www.sciencedirect.com/science/article/abs/pii/S1043951X24000282)

We find that privatization in the upstream market helps to increase innovation in the downstream market, and may benefit consumers and social welfare when R&D process is significantly efficient.

The reason for higher downstream innovation under a private upstream monopolist is as follows. If the R&D process is very efficient and the marginal cost of input production is very low, the upstream firm charges zero (or maybe even negative) input price. In this situation, the downstream innovator has no incentive to innovate under upstream nationalization, but it innovates in this situation if the upstream firm is a private firm, implying that the downstream innovator can have higher incentive for innovation under upstream privatization.

Interestingly, the result that privatization can be advantageous for consumers is unexpected. The underlying mechanism for this result is that, in the presence of highly efficient R&D process, a private upstream monopolist charges input prices to intensify downstream competition, thereby maximizing profits. In contrast, a public upstream monopoly, which favors efficient production, may exhibit reduced motivation to lower input prices, especially when its marginal cost is not sufficiently small. On the balance, the input prices could be lower under a private upstream monopolist compared to a public upstream monopolist, i.e., privatization makes the consumers better off.

Privatization increases welfare if the R&D process is very efficient and the marginal cost of input production is moderate but low so that the input price is zero under upstream nationalization, and downstream R&D occurs only under privatization. This happens for the following result. On the one hand, nationalization creates a significant loss of profit for the upstream monopolist by supplying the input at a price that is sufficiently lower than its marginal cost. On the other hand, privatization increases production efficiency in the downstream market significantly by inducing downstream innovation. Both the effects help to increase the total profits of the downstream and upstream firms significantly under a private upstream firm compared to a public upstream firm. This benefit from a higher industry profit outweighs the loss of consumer surplus under privatization, and helps to increase welfare under upstream privatization compared to upstream nationalization.

#### B) Defense!

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Whether it’s hunting down a terrorist mastermind, fortifying voter databases against foul play, or preparing for a future unknown threat, national security is at the top of the priority list for the U.S. government.

But as national security threats increase in frequency and sophistication, there is growing concern that America’s technology and innovation strategy are not keeping up — allowing other world powers to take the lead in research and development, and leaving the country vulnerable to attack.

In her new book, “Innovating in a Secret World: The Future of National Security and Global Leadership,” Tina Srivastava, PhD ’15, examines why it’s hard for the government to approach innovation like the private sector. Srivastava was a former chief engineer of electronic warfare programs at Raytheon, and is a co-founder and chief architect of a security startup.

“There is a gap between the remarkable successes enjoyed in the high-tech commercial world because of how that world gets innovation done, and how the government does it,” Srivastava writes.

Top of Form

 Bottom of FormOne way the commercial world is successful is through open innovation. Open innovation, a term coined by professor Henry Chesbrough of the Haas School of Business at the University of California, Berkeley, is about “broadening participation in innovation beyond an individual organization or division traditionally assigned to perform specific R&D activities,” Srivastava writes.

As Srivastava highlights in her book, there are two broad barriers to open innovation: Government regulations, and unintentional discouragement of new innovators for established companies.

Bureaucracy and secrecy

Contracting with the U.S. government is neither simple nor straightforward.

There are multiple registration requirements for government contractors, and that’s not counting the additional requirements for those working with the Department of Defense. Once a contract is signed, there can be hundreds of clauses to agree on to ensure a company follows government security standards.

One example Srivastava offered was her five-year case study on a contract between the U.S. Air Force and a startup providing technology that met “urgent and critical national security needs” for the military branch.

Despite the seemingly desperate need for the technology, it took three years to kick off the contract, in part due to a restructuring of the contracting agency and incompatibility between agency websites. At one point the lead government contracting officer stopped working with the startup until the business hired a lawyer to help with contract negotiations.

The government’s apparent default to secrecy is also limiting open innovation, Srivastava writes.

While secrecy is important — like keeping portions of a supply chain hidden to avoid an attack of a specific manufacturing site — sometimes the government’s security efforts can be misguided, she writes.

In 2012 U.S. Marines and the Defense Advanced Research Projects Agency created the Fast Adaptable Next-Generation Ground Vehicle program. The program’s goal was to provide the Marines with a new amphibious infantry vehicle, something that could get Marines quickly and safely across land and water.

The technical requirements were classified, so the program was split into three tiers with increasing levels of secrecy. The first tier, Fang-1, was aimed at developing a drivetrain for the new vehicle.

Even though the second and third tiers of the program had higher security requirements, there were still secrecy issues regarding design of the drivetrain. This meant there were restrictions on participation and distribution of information to certain companies and people. The program also limited participation just to the U.S. due to export restrictions.

While a winner was eventually chosen, Srivastava writes, “many of the design requirements remained unsolved,” and the second and third tiers of the program were cancelled.

Discouraging diversification

The U.S. government’s contracting practices favor larger, more established businesses — or in some cases even require that a large company is a prime [main] contractor in the agreement.

This can be a burden on a smaller business or a company entering the federal contracting environment, effectively closing off innovation that they might offer.

In one case Srivastava looked at, she noted a prime contractor and small business argued every detail of a contract, while in another case, a prime contractor’s requirements blocked a startup from work due to a lack of “record of performance” — even though technically the startup had spun out of the small business that was originally a part of the agreement.

The Federal Acquisition Regulation rule called Authorization and Consent also discourages open innovation by limiting diversification.

This rule, explains Srivastava, gives immunity to government contractors when they infringe on a competitor’s patent — done at the implied or express direction of the U.S. government.

For example, a company called Tenebraex made an anti-reflective coating for machine-gun sights. It partnered with Elcan Optical Technologies — a subsidiary of Raytheon — in an effort to get a contract with the U.S. Army. The army awarded a contract only to Elcan.

Tenebraex ended up spending hundreds of thousands of dollars on legal fees, arguing its patent rights and getting the government to pay up for using its technology, Srivastava writes.

Ideally, Srivastava writes, the government would encourage participation from innovators and the companies best suited to deliver innovation. If the U.S. loses its edge because it can’t create a specific technology fast enough, the country will have to rely on someone else for the innovation.

“The simple reality is that losing our edge translates into a loss of hard power, which in turn translates into a loss of soft power, which in turn translates into an inability to influence matters that affect U.S national security and interests,” Srivastava writes.

“If American values are to be deployed to influence peace around the world, nuclear non-proliferation, climate change, humanitarian crises, and democratic rights — all tremendously difficult problems now — imagine how much more difficult they will be if the edge is lost.”

#### C) Transportation!

Gribbin and Lubben 24, DJ, Senior Operating Partner with Stonepeak Infrastructure Partners and a former Brookings Institute Nonresident Senior Fellow, Issac, consultant with a BA in Political Science from Patrick Henry College, 6-10-2024, Who Decides: The Impact of Nationalizing Infrastructure Policy – The C. Boyden Gray Center, C. Boyden Gray Center, https://administrativestate.gmu.edu/2024/06/who-decides-the-impact-of-nationalizing-infrastructure-policy/ [AJL]

The siren song of “free money” possesses POLICY BRIEF 8 June 2024 a commanding call over state and local governments, leading many to abdicate their historic authority and oversight over transportation projects in exchange for federal funds. Press releases announcing federal funding for a project never include the attendant costs of those funds. The most recent list of the regulatory burden accompanying federal highway funding can be found in guidance for the IIJA’s Rebuilding American Infrastructure with Sustainability and Equity Program (RAISE). Federal aid highway projects must comply with over 90 distinct regulations regarding climate and the environment, procurement, labor, equity, and performance.18 Each of these obligations requires extensive and complex reporting, which yield costs and delays incurred by the state or local government responsible for delivering the project. Some dismiss the cost of the federal regulatory burden under the assumption that federal funds with a burden are better than no federal funds at all. Ironically, while federal funding appears appealing to reduce state and local burdens, all federal funding derives from state and local taxpayers. The true difference between funding strategies rests on whether taxpayers make payments locally, to their state, or to the federal government. All funding for transportation infrastructure comes from local taxpayers and ratepayers. Yet many supporters of increased federal infrastructure spending seem to hold the mistaken assumption that federal funds come as a genuinely additive funding source. This dynamic was on full display during a meeting I hosted in the White House for mayors from across the country. The mayors explained that their budget constraints were such that their governments were incapable of paying for infrastructure needs without federal assistance. I explained the zero-sum nature of federal revenue raising and underscored the fact that it was mathematically impossible for every community to receive back more federal funds than are collected from that community. I tried to illustrate this by asking for a show of hands. When I asked, “Who would like to receive more federal funding for infrastructure?” unsurprisingly, every mayor’s hand went up. After I explained that their cities could only receive more federal funding if other communities were willing to receive less, I asked which mayors would be willing to receive less funding so another community could have more. Unsurprisingly, no hands were raised. Mayors and governors have incentives to choose the politically easier path of turning to federal government funding rather than raising taxes on their constituents. And while many consider it politically easier to raise funds federally, history would indicate the opposite. The federal gas tax was last raised in 1993. In the interim, dozens of states, cities, and counties have increased funding for transportation infrastructure.19 The Hidden Costs of Federal Funding Ungrounded perceptions surrounding federal funding are not limited to the mistaken belief that they are always additive; as noted above, advocates of increased federal funding often ignore the hidden costs of concentrating decision-making authority for transportation infrastructure at the national level. The issues range from highly burdensome regulatory costs to flaws in the nature of the funding itself and its influence on spending behavior. The first challenge to providing additional federal funding is trying to ensure the funding is truly additional. Labeled “substitution,” non-federal recipients of federal funding have engaged in the practice of using federal funds as a substitute for already programmed non-federal funding and spend- Who Decides: The Impact of Nationalizing Infrastructure Policy administrativestate.gmu.edu/policybriefs 9 ing that freed up non-federal funding on other priorities. Analyzing two decades of federal highway funding, the Congressional Budget Office indicated that “state and local governments reduce their own per capita spending on highway capital by 26 cents for an additional dollar of annual federal formula grants.”20 As a result, a dollar of additional highway funding resulted in 74 cents of new funding available, an amount that could drop to less than 50 cents when the compliance costs of those funds are taken into account. Substitution is not the only problem facing those trying to calculate the net positive benefit of new federal funding. Sudden influxes of federal funding can produce more revenue than state and local governments are capable of spending, resulting in some creative and unintended responses to the unexpected additional revenue. In a November 2023 article, The Economist indicated that almost all states, regardless of political make-up, had responded to the sudden influx of federal funding by lowering their citizens’ tax bills since 2021, resulting in an approximate $30 billion decline in states’ tax revenues. Some states have moved to even more permanent changes by cutting income taxes.21 Twenty-four states sought income-tax cuts and lawmakers proposed a flat tax rate in Kansas, North Dakota, and Ohio.22 This dynamic takes substitution to a whole new level as state and local governments use additional federal funding to reduce both their spending and their revenues. The magnitude of spending on infrastructure has also contributed to inflation, actually reducing highway spending in real terms. Pouring a historically large amount of funding into an industry that is equipment and labor constrained unsurprisingly increased the cost of delivering projects. What was unforeseen was that the increase in costs would exceed the increase in funding. The Economist’s evaluation of funding before and after the implementation of the IIJA indicates a 3% decline in actual funding.23 In other words, after devoting a “once in a generation” investment of hundreds of billions of dollars to infrastructure spending, those spending gains were more than offset by the inflation that followed. Since the entire economy experienced inflation, the IIJA cannot be held to account for a net decrease in real funds available for highway infrastructure, but the IIJA was likely a meaningfully large contributing factor. Comparing consumer and construction inflation is suggestive of this impact. The Consumer Price Index (CPI) has risen by approximately 10% from November 2021 to November 2023.24 Yet, over the same period, the FHWA’s National Highway Construction Cost Index (NHCCI) rose by 44%.25 Commenting on this phenomenon, Jeff Davis with the Eno Transportation Center indicated that despite nearly $30 billion in new project agreements (which is $5.6 billion more than the September 2021 quarter) real obligations actually amounted to $3.5 billion less, constituting a 17% reduction in “Since the entire economy experienced inflation, the IIJA cannot be held to account for a net decrease in real funds available for highway infrastructure, but the IIJA was likely a meaningfully large contributing factor.” POLICY BRIEF 10 June 2024 real spending. To compare buying power over this period, Davis contrasted the CPI and NHCCI, rebasing the indexes in 2020. Figure 1 simplifies his comparison. Comparing the buying power the FHWA currently has to what it possessed in October-December 2020 indicates the contracts signed by FHWA have lost $47 billion in real buying power.26 While the impetus for such monumental inflation undoubtedly arose from many sources, one can reasonably infer from a comparison of the CPI with construction inflation that the latter was substantially influenced by IIJA funding. In addition to potentially exacerbating inflation, federal funding imposes another hidden cost by providing a less reliable source of infrastructure funding. While difficult to quantify, encouraging the movement of funding from the state and local level to the federal level makes little sense. Infrastructure requires long-dated, stable forms of revenue, prompting state and local sources of infrastructure funding to draw on gas taxes, sales taxes, and user fees. Contrarily, current federal funding comes from relatively short-term appropriations or authorization laws (legislation with 1–5-year horizons), and national debt serves as the source of this funding. As a result, transitioning funding responsibility to the federal government results in a shift from stable, reliable sources to more episodic funding, drawn primarily from future generations of taxpayers. The challenges attending the transfer of authority to the national government are not solely limited to project costs. Federal funding incentivizes states to rely on national aid and disincentivizes innovation, potentially leading to poor project selection.27 To lower the perceived state funding burden, states will look to pursue and prioritize federally encouraged projects. This proves problematic as the federal government prioritizes projects which may not be the most appropriate for a community, arguably degrading infrastructure quality and making cities poorer.28 Economists have noted that a steady flow of federal money incentivizes states to pursue unneeded projects that they will struggle to maintain when funding dissipates.29 Finally, reliance on federal aid also incentivizes states to wait for promised or potential funding, increasing project delays. If a community or a state anticipates federal funding, it is rational for that government to avoid raising its own funds and to instead focus its energies on aggressively pursuing federal funding. New York and New Jersey’s Hudson Tunnel illustrates this dynamic. For over a decade, project proponents argued that the project, primarily moving commuters from New Jersey to Manhattan, was the most important project in the country, but they would not pursue it without federal funding, i.e. funding from other states. In this case, however, the long wait for federal funding may have proved superficially successful as the project is slated to receive a record amount of funding from the federal government. In sum, despite the common perception that federal spending lessens state burdens and provides an additive funding source, the slate of hidden costs possesses the potential to include substitution, irresponsible budgeting, increased inflation, unreliable funding, and misaligned incentives. Novel federal funding enables states to substitute interchangeable dollars for state funds originally allocated for the targeted project, diluting and diminishing the impact of federal funds by approximately 25 cents on each dollar. An inundation of federal funds has also led several states to lessen income taxes, lowering state revenue by approximately $30 billion. The IIJA exacerbates costs in the construction sector while inflation turned a historic investment into a 3% decline in real funding. When states shift reliance from gas taxes, sales taxes, and use taxes to episodic federal grants, they severely diminish the stability of their funding model. Furthermore, ceding authority to the national government misaligns state incentives impinging innovation and lowering infrastructure quality. Finally, dependence on federal aid encourages states to prioritize federal over state funding models, generating long delays. As exemplified by the Hudson Tunnel project, federal funding for transportation infrastructure tends to carry with it several serious hidden costs.

### NEG---DA---Politics

#### Nationalizing any of the industries we have proposed would run oppositionally to Trump and DOGE’s mission of small, efficient government and would be widely unpopular with conservatives. AND, nationalization, regardless of efficacy, is associated with the left and economic crisis

Kalyvas 94, (Stathis Kalyvas, 1994, “Hegemony Breakdown: The Collapse of Nationalization in Britain and France,” Politics & Society, vol. 22, no. 3, p. 332-333, https://journals.sagepub.com/doi/pdf/10.1177/0032329294022003004?casa\_token=FCCm9XVMPeMAAAAA:alOgxJzn5VCcKrnVqijz6VzFkOa9sSDTdLZQrCzxJ3EUEHHY8Ie8KdBzPP3fBH9QRab\_lM-2KKi1\_Q)

I propose the following alternate hypothesis:

Nationalization was rejected for incidental reasons, in the sense that the crucial fact was the coincidence of a renewed emphasis on nationalization by the Left and the outbreak of a harsh economic crisis.

A large segment of public opinion responded to the coincidence of these two distinct events by associating them. The conclusion was reached that nationalization was actually the cause of the economic difficulties the two countries were undergoing. It is common for people to blame their government's economic policy when they are hit by an economic crisis. If, however, the most salient and visible element of this economic policy (and the one being touted as the radical solution) is its extensive nationalization program, people will blame both the program and the ideology behind it. The abruptness of the shift, combined with the absence of an alternative ideological project by the Right, indicates that people came to believe that there is something inherently wrong with nationalization. Economic crisis became thus equated to an excess of state intervention. As the French conservative leader Raymond Barre pointed out, "The political change of 1981 has had at least one positive effect: a large majority of Frenchmen now agrees to criticize the excesses of state power and to demand more individual responsibility.9103

### NEG---CP---States

#### States have a long and storied history of localized nationalization.

Hanna 19 (Thomas M. Hannah, November 4, 2019, “A History of Nationalization in the United States,” The Next System Project, https://thenextsystem.org/sites/default/files/2019-09/A\_History\_of\_Nationalization\_in\_the\_US-Hanna-NSP.pdf)

I have also endeavored to only include examples of nationalizations at the federal government level. This is because, perhaps paradoxically, government seizure of private assets at the state and local is ubiquitous in American history and contemporary experience. Through the process of eminent domain, state and local governments take over private land and other assets for a variety of purposes every day. For instance, recently it was announced that the city government in Washington D.C. plans to acquire (and then knock down) a Wendy’s fast food restaurant in order to conduct some much-needed traffic improvements.3 It would be simply impossible to document the millions (if not tens of millions) of instances of public takeover of private property in American history. Lastly, what follows is intended to be merely an illustrative history of nationalization in the US with a focus on the mechanisms and processes by which it was effectuated. While I do not pretend that I am not generally sympathetic to public ownership, by and large this paper attempts to avoid judgements on the merits for or against nationalization in each case, or its successes or failures.

### NEG---CP---Quaternary

#### AI innovation revitalizes defense---Autonomous systems streamline operations, enhance decision-making, and perform impossible missions, enabling strategic superiority. It’s distinct because AI is a quaternary industry.

#### Autonomous systems streamline operations, enhance decision-making, and perform impossible missions---Fast-tracking innovation enables strategic superiority.

Cohen 23, Ph.D., is the chief technology officer at Ann Arbor, Michigan-based Cybernet Systems Corp. (Charles, 7-25, National Defense Magazine, https://www.nationaldefensemagazine.org/articles/2023/7/25/defense-department-needs-a-data-centric-digital-security-organization, accessed on 4-27-2025)

Artificial intelligence continues to shape the defense landscape, bringing unprecedented opportunities alongside an array of concerns.

As the nation advances toward a future increasingly dominated by AI, there’s growing apprehension around how current and future propagation might impact areas such as weaponization, alignment, enfeeblement, eroded epistemics, value lock-in, deception, biases and potential job loss. Nevertheless, these challenges coexist with immense potential benefits, including improved efficiency, accuracy and strategic advantage in defense applications.

AI is a broad term that refers to computer systems designed to mimic human intelligence. It can be programmed to learn, reason, problem-solve, perceive and even interpret language. Two prominent subsets of AI are machine learning, where systems learn from data to improve their performance, and deep learning, a more complex form of machine learning modeled on the human brain.

AI’s potential in defense is vast. It can streamline operations, enhance decision-making and increase the accuracy and effectiveness of military missions. Drones and autonomous vehicles can perform missions that are dangerous or impossible for humans. AI-powered analytics can provide strategic advantages by predicting and identifying threats.

Currently, several key advancements in AI and machine learning have been showing significant potential to reshape the military and defense sectors. They are:

Autonomous Systems: The development of autonomous systems, particularly drones and unmanned vehicles, has been a key area of progress. These systems can handle a range of tasks, from reconnaissance missions to logistics support, and even direct combat scenarios. They can navigate hazardous environments, reducing risk to human soldiers.

Predictive Analytics: Advanced AI/ML models are used for predictive analytics to forecast potential threats or maintenance needs. They can analyze vast amounts of data to spot patterns and trends that might be impossible for human analysts to discern, thereby contributing to proactive defense strategy and efficient resource allocation.

Cybersecurity: AI and machine learning are becoming crucial in the fight against cyber threats. These technologies can identify and respond to potential threats faster than traditional methods, often in real time. They can also learn from each attack, continually improving their defensive capabilities.

AI is also being used to create highly realistic combat simulations for training purposes. These virtual environments can replicate a wide range of scenarios and conditions, providing soldiers with a diverse and comprehensive training experience.

With intelligent systems for command and control, the technologies can assist in processing and interpreting the huge data volumes generated in modern warfare. This can provide commanders with a comprehensive, near real-time picture of the battlefield, aiding decision-making and strategic planning.

As illustrated in the preceding examination of AI’s potential, the transformative opportunities for the defense sector are profound, signifying a future of increased efficiency, strategic superiority and precision.

#### AI advancements enable sustainable and efficient agriculture techniques---that solves global food security.

Aiello 25, is a Reporter for The Collegian (Lauren, “A**rtificial intelligence in agriculture advances the game”,** FS Collegian, https://fscollegian.com/2025/03/artificial-intelligence-in-agriculture-advances-the-game/, accessed on 4-27-2025)

Artificial intelligence (AI) is changing the game in the Central Valley’s agricultural sector.

The development of AI is spreading in the United States and has already made an impact in education, medicine and agriculture. In the Central Valley, the advancement of AI is impacting agriculture with new technologies.

The Central Valley is home to one of the world’s most prominent agricultural regions. It grows about one-fourth of the United States’ food and supplies 8% of the U.S. agricultural output, using less than 1% of U.S. farmland.

“AI has the potential to help the agricultural sector achieve the same production with less resource inputs, especially water and with less pesticide application,” said Jiachoen Liang, an associate professor at Fresno State who teaches agricultural business and applications of AI.

The new advancement of AI technologies in agriculture has made it more accurate and efficient to monitor crops and soil, weed and harvest, apply the right amount of pesticides and detect leaks in irrigation systems.

In the Central Valley, AI is moving its way to become more influential, said Ryan Jacobsen, CEO of the Fresno County Farm Bureau.

“There might be some basic modeling that it’s used for like weather forecasts,” Jacobsen said. “There is a ton going on the AgTech side with automation, robotics, mechanization and more. AI will eventually be incorporated into most of this.”

Adam Fine, director of business intelligence at Bluewhite, said that AI needs more advancements, but will eventually become substantial in the Central Valley’s agricultural industry.

“Currently what we’re seeing deployed is considered narrow AI, essentially a closed-loop system of sensors leading to actions,” Fine said. “I believe the outcomes from AI adoption in agriculture will be substantial, but it is an industry that moves slower than others in terms of adoption. ”

In its early development stages, AI is monitoring crop yields and irrigation through precision.

John Abatzoglou, a researcher and professor at UC Merced, said that AI is helping farmers not only accurately monitor yields, but maximize economic growth as well.

“Various technologies including irrigation efficiencies and so-called precision agriculture have helped maximize crop per drop and increase economic productivity,” Abatzoglou said. “Various methods have been used to collect data in fields and are being used to improve agricultural outputs including AI.”

With AI advancements, future practices in agriculture will become more of a collaborative effort between farmers and technologies. There are already multiple advanced agricultural technologies such as drones and crop sensors, but AI is working to make practices more efficient.

Liang believes that AI will ultimately help reduce labor costs, and help ease the workloads of farmers without losing crop yields and other outputs.

“With advanced AI technologies, in the future, the ag sector will be less dependent on labor and natural resources,” Liang said. “We can achieve the same output with less labor and other resources needed. This will improve food security for the whole society and also increase farmers’ income.”

56% of Americans believe that AI does equal amounts of harm and good, and 31% believe that AI does more harm than good, according to Gallup News.

A way to convince people that AI in agriculture will be more beneficial than harmful is to have them directly participate in those practices, according to Fine.

“I think the number one thing that convinces people of the benefits of any technology is having them participate directly in its use,” Fine said. “I can try to convince them of anything, but until they see the direct results first hand, they will always have objections. Education is key through direct participation.”

Common farming practices such as the application of fertilizers and insecticides, erosion and gasoline-powered machinery contribute to the pollution of water and the atmosphere. With the innovative AI technologies, agriculture can become more sustainable and help minimize harmful effects on the environment, Abatzoglou said.

“With finite land and increasing caloric needs, we will need these technologies to feed the world while minimizing environmental harms from agriculture,” Abatzoglou said. “These changes will require new workforces in agriculture technology.”

### NEG---CP---Partial Ownership

#### Buying out a single company solves predatory practices in the entire industry.

Bruenig 24, American lawyer, blogger, policy analyst, commentator, and founder of the left-leaning think tank People's Policy Project. (Matt, 9-27-2024, “Should the Government Break Up Big Corporations or Buy Them?” The Nation, https://www.thenation.com/article/economy/nationalize-corporations-anti-monopoly-debate/)

The TVA is an electric utility company that serves 10 million customers in the southeastern United States. It operates as a giant monopoly. In most circumstances, this would make it an agent of “corporate power” that the government tries, mostly in vain, to rein in. But unlike normal companies, the TVA is owned by the federal government. Thus when the government wants the TVA to behave a certain way, it doesn’t have to break it up, initiate an administrative proceeding, or construct some sort of regulation. Instead, it can exercise its ownership rights, as Trump did, to steer the company in whatever direction it likes.

In recent years, there has been a resurgent anti-bigness movement on the American left, with more and more people claiming that the central problem with our economy is not that it is too capitalistic, that it lacks unions, or that it offers too little security in the form of the welfare state. Rather, according to anti-bigness campaigners, the economic problem of our time is that production is spread out across too few firms.

I don’t think this is the correct diagnosis. I believe that rather than attempt to indirectly alter a company’s behavior by trying to construct some kind of perfectly balanced market of private competitors, the government should, in most cases, just buy the company, keep its productive capacity intact, and then use its ownership rights to change its behaviors.

In 2022, for example, the anti-bigness movement got the Biden administration to take on the meatpacking sector on the basis that it is dominated by four large companies and that those companies therefore have significant pricing power upstream with ranchers and downstream with wholesalers. The Biden administration’s plan was to break up this concentrated sector by providing $1 billion to smaller competitors to take market share from the big guys.

A much better approach would be to simply purchase one of the big four meatpacking companies and run it as a federally owned enterprise like the TVA. The publicly traded Tyson Foods has a market capitalization of less than $25 billion. For that relatively small sum, which would not be lost to the federal government but rather invested in Tyson stock, the government could instantly direct one of the biggest meatpacking companies to stop using its market power to squeeze ranchers and customers. This, in turn, would force the other meat-packers to do the same or risk losing share to the now federally owned Tyson Foods.

More recently, Kamala Harris accused big grocery chains of using their market power to jack up prices on consumers and vowed to fight concentration in the grocery sector as president. Instead of doing this, it would be easier and more effective for the government to buy the second-largest grocery store chain in the country, Kroger, which has a current market capitalization of about $38 billion. If Kroger and its peers really are engaged in price gouging, as Harris claims, then this could be stopped immediately if Kroger were publicly owned.

Using selective public ownership in this way may seem like a radical proposition, but there is a precedent for it in the United States. The country’s postal logistics sector is dominated by three firms: UPS, Fed­Ex, and the US Postal Service. If these were all private companies, the anti-bigness campaigners would surely be calling for them to be broken up. But because one of these companies—the USPS—is owned by the federal government and operates in a break-even manner, it’s not necessary. Whatever market power UPS and FedEx have is largely checked by the fact that customers can always turn to the USPS, which does not pursue the same kind of profit-maximizing pricing strategies as the other two.

In addition to directly changing the behavior of specific companies and indirectly changing the behavior of their competitors, this public ownership approach might also chill predatory behavior across sectors that do not wish to find themselves the next target for nationalization.

Most anti-bigness advocates will not find this approach satisfactory, in part because they have certain goals that the public ownership of large enterprises does not accomplish. For instance, the foundational texts of the modern anti-bigness movement often argue that we should consider the ability to successfully operate a small business to be an important tentpole of individual liberty. But if you don’t subscribe to some of these more boutique elements of anti-­bigness and are mostly concerned about market power, selective public ownership does everything that breaking up big companies does, except better and faster.

### NEG---CP---Decentralized Commons

#### Only decentralizing power solves. Nationalization restricts freedom which causes market failure.

Teachout 24, American attorney, author, political candidate, and professor of law specializing in democracy and antitrust at Fordham University. (Zephyr, 9-27-2024, “Should the Government Break Up Big Corporations or Buy Them?” The Nation, https://www.thenation.com/article/economy/nationalize-corporations-anti-monopoly-debate/)

For the past 50 years, the idea that market regulation would reduce freedom and human welfare dominated the field of economics. Enthusiasts for this neoliberal logic thought you could neatly separate questions of wages from questions of freedom.

As part of their project, the architects of the modern economy categorized antitrust as an exclusively economic tool (with no implications for democracy) and campaign finance as an exclusively electoral tool (with no implications for the economy). But Goliath corporations, predictably, used their incredible wealth to warp our democracy, using lobbying and “too big to fail” threats to shape policy and coerce workers. The economy became top-heavy, unstable, and vulnerable to shocks like Covid-19.

As we finally rethink neoliberal economics, there are progressive advocates who persist in re-creating its core error of separating questions of economic structure from questions of freedom. They argue that we should organize society around nationalized industries, in which shoes are manufactured by the government, carrots are grown by the government, and meat-packers, social media platforms, and office supply companies are run by the government.

Even putting aside the impact this might have on quality, supply, and innovation, universal nationalization is a terrible idea. I say this as someone who thinks we should expand the Department of Veterans Affairs’ model for healthcare, believes the Department of Defense should build more and contract less, and firmly supports public education over charters and private schools. While the government should run some sectors of the economy, it is critical that significant parts be left to the rest of us.

The goal of an economy is human flourishing, which requires the freedom to speak, to associate, to play, love, and worship. But real freedom also requires basic healthcare, livable wages, and the absence of domination. The wisdom of the anti-monopoly movement is that you can’t have the first two without the third.

An economy made for humans is one in which the people who build, work, sell, and negotiate do so from a position of meaningful dignity. Dignity requires the ability to say no, to turn away from a big corporation or a government employer. Freedom depends on decentralized power, on a web of industries that includes medium-size farms and producer-retailers, each making their own moral, aesthetic, and religious decisions.

The notion that freedom exists only on Election Day is nonsense. It’s like asking people to open their eyes once a year and expecting visual discernment. The exercise of freedom must be constant, and it must be socially embedded.

We see this problem when finance runs so much of the economy and when a handful of employers dominate regional employment. When Amazon sets the terms for delivery drivers within miles of its warehouse, it undermines the freedom of every worker in that area. But the same is true when the government dominates employment. The union rights of workers then exist only by the grace of a good government, and any system that requires grace—instead of embedding power—will not remain a wholly free one.

But each person will have a voice through elections; they will own sectors of the economy, you might say! Do you feel that way about the Department of Defense, arguably the most nationalized of our industries today? Or about Amtrak? I don’t think those should be privatized, any more than the incredibly important Tennessee Valley Authority should be privatized, but they should give you pause about a nationalized economy.

When people have been permitted to consolidate capital and leverage that power, we have seen how it leads to nursing-home deaths, poverty, and wage stagnation. The logic of investment overcomes community and seeks out ways to constrain the freedom of others. The government should not be so driven, the argument goes, and in many instances, the government can be more humane—but the logic of centralized power remains, and it too can overcome humanity.

For human flourishing, we need local power. For more than 140 years, the co-op model has been at the heart of the progressive vision for a just economy, and for good reason. But this is a vision of private industry, not of nationalization. We need an economy with worker-owned and producer-owned cooperatives. And we also need medium-size companies with unionized workforces competing for employees.

One of the grotesque errors of the 20th century was the belief that you could separate politics and economics, that power built in one arena would sit politely and not intrude into the other. The left must avoid this mistake and recognize that the anti-monopoly movement is a key part of human freedom.

### NEG---CP---Public-Private Partnership

#### Public-Private Partnerships avoid industry downsides while maximizing efficiency.

Pizzutti 23, attorney, member of Bilzin Sumberg's P3 and Government Contracting Team, where he assists both public and private sector clients. (Lucas, 12-26-2023, “The P4: A New Public-Private Partnership Model,” Bilzin Sumberg, https://www.bilzin.com/insights/publications/2023/12/the-p4-a-new-public-private-partnership)

A recent article published by McKinsey Sustainability last month discussed the emerging concept of the Public-Private-Philanthropic Partnership (P4) in relation to sustainability efforts and projects around the world. The concept refers to the involvement of philanthropic entities, non-profits and NGO’s in traditional P3 delivery mechanisms; they bring a unique level of understanding about certain issues and stakeholders to projects that might otherwise be overlooked. As the article states, “Philanthropies can leverage their higher risk tolerance, longer time horizons, and knowledge of intergenerational and equity issues to invest in solutions that are not yet widely adopted. Philanthropies can also bring an end-to-end cross-sectoral view to enable closer collaboration across actors.” It continues:

“We now see early signs of the public, private, and philanthropic sectors—often alongside a broader range of social sector actors (including NGOs, nonprofits, think tanks, and community organizations)—embracing such partnerships to tackle systemic climate and nature challenges. These public–private–philanthropic partnerships, or 4P models, have included transactional financing, industry-targeted initiatives, and wide-ranging knowledge-sharing platforms.”

Even though the concept is new, we can see signs that the inclusion of a philanthropic arm to P3’s is gaining traction. Earlier this month at the Government P3 conference in Washington, D.C., a panel spoke about an exciting project to bring two new Veteran’s Affairs (VA) health centers in Omaha and Tulsa. This could potentially serve as a model for future P4’s around the country. Back in 2016, Congress passed the “CHIP-IN for Vets Act” that authorizes the Department of Veteran Affairs to carry out a pilot program under which it may accept donations of up to 5 projects from non-federal entities.” These entities include: 1) a state or local authority, 2) a 501(c)(3) 3) an LLC, 4) a private entity, donor or donor group, or 5) other non-federal government entity. Part of the requirements however, was that the project had to have been on the VA’s strategic capital planning list or already have funds appropriated to it. The donors, however, would be responsible for all due diligence and all funds beyond those already appropriated by Congress. In other words, the statute opened the doors for philanthropic funding of projects, thereby incorporating the fourth “P” in P4.

The results have been remarkable. The VA was able to leverage this enabling statute to deliver two new medical centers 30 - 40% quicker than with traditional delivery methods and, one of the projects came in under budget. For something like hospitals for veterans, completing a project 30 - 40% quicker than normal is a laudable feat. Moreover, the really impressive difference between these projects and traditional P3’s (and what really makes this a P4 with an emphasis on philanthropy) is that the private partner will not receive a return on investment; both projects have been completely donated, lock, stock and barrel, to the VA. There is no profit motivation, only a sense of civic duty to help veterans. All of this has only been possible due to the political will to push through legislation that allows governments to do things like this. In this case, providing needed medical care to our Veterans is obviously a worthy cause, and should serve as a great example to other governments, both state and Federal, that the P4 model can and should be used for projects with a compelling philanthropic motive.

More broadly, there a number of other reasons as to why non-profits or other philanthropic organizations can play a unique role in P4’s. As explained by an article published earlier this year on the topic, non-profits provide the following five unique benefits:

1. Commitment: Nonprofits are born out of a strong commitment to social or environmental causes. They bring a mission-driven approach that prioritizes public welfare, community development, or addressing specific societal needs, that is unparalleled.

2. Advocacy and representation: Nonprofits serve as advocates for underrepresented communities. They bring the perspectives and interests of these communities to PPPs, ensuring that their voices are heard and their needs are addressed. This helps promote equity, inclusivity, and social justice in partnerships’ overall decision-making processes.

3. Accountability and transparency: Nonprofits’ commitment to transparency and accountability enhances public trust and confidence in PPP projects.

4. Flexibility and innovation: Nonprofits are often nimble and adaptable, capable of responding to emerging needs and experimenting with innovative solutions. They bring a spirit of creativity, which can foster new approaches, pilot projects, and alternative service delivery models. This flexibility can lead to more agile and responsive solutions within the new PPP.

5. Workforce opportunities: Nonprofits capture the future of work with the younger generations who seek to work in mission-driven organizations. They provide a healthy complement to older generations with more intergenerational innovations and collaborations under PPPs.

In summary, philanthropic organizations have started being recognized as a potential new arm to the traditional P3 delivery mechanism. They bring a number of unique benefits that add tremendous value to certain projects and communities. The success of the VA in delivering two new health centers shows tangible examples on how these new P4’s can be deployed. Many states have already taken the step in passing P3 enabling statutes to give their governments the flexibility they need to accomplish their goals, but now it is time for governments to take a look at how to bring in new non-profit and philanthropic partners into projects.

### NEG---K---Afro-Pessimism

#### The 1ac’s Marxist critique of labor and ownership requires an overfocus on the worker and disavow of the black body---The position of the slave is an antagonism to the workers punitive call to reshuffle productive practices, while the black body calls to question the *legitimacy of production itself*

**Wilderson** **2003**, is Chancellor's Professor of African American Studies at UC Irvine. (Frank, 2003, “Gramsci's Black Marx: Whither the Slave in Civil Society?,” https://www.academia.edu/81992489/Gramscis\_Black\_Marx\_Whither\_the\_Slave\_in\_Civil\_Society)

Capital was kick-started by the rape of the African continent. This phenomenon is central to neither Gramsci nor Marx. The theoretical importance of emphasising this in the early twenty-first century is two-fold: first, ‘the socio-political order of the New World’ (Spillers, 1987, p. 67) was kick-started by approaching a particular body (a black body) with direct relations of force, not by approaching a white body with variable capital. Thus, one could say that slavery — the ‘accumulation’ of black bodies regardless of their utility as labourers (Hartman; Johnson) through an idiom of despotic power (Patterson) — is closer to capital’s primal desire than is waged oppression — the ‘exploitation’ of unraced bodies (Marx, Lenin, Gramsci) that labour through an idiom of rational/symbolic (the wage) power: **A relation of terror as opposed to a relation of hegemony**.4 Secondly, today, late **capital is imposing a renaissance of this original desire**, direct relations of force (the prison industrial complex), the despotism of the unwaged relation: and this Renaissance of slavery has, once again, as its structuring image in libidinal economy, and its primary target in political economy, the black body. The value of reintroducing the unthought category of the slave, by way of noting the absence of the black subject, lies in the black subject’s potential for extending the demand placed on state/capital formations because its re-introduction into the discourse expands the intensity of the antagonism. In other words, the slave makes a demand, which is in excess of the demand made by the worker. **The worker demands that productivity be fair and democratic** (Gramsci’s new hegemony, Lenin’s dictatorship of the proletariat), **the slave, on the other hand, demands that production stop**; stop without recourse to its ultimate democratisation. Work is not an organic principle for the slave. **The absence of black subjectivity from the crux of marxist discourse is symptomatic of the discourse’s inability to cope with the** possibility that the generative subject of capitalism, the **black body** of the fifteenth and sixteenth centuries, and the generative subject that resolves late-capital’s over-accumulation crisis, the black (incarcerated) body of the twentieth and twenty-first centuries, do not reify the basic categories which structure marxist conflict: the categories of work, production, exploitation, historical self-awareness and, above all, hegemony. If, by way of the black subject, we consider the underlying grammar of the question ‘What does it mean to be free?’ that grammar being the question ‘What does it mean to suffer?’ then we come up against a grammar of suffering not only in excess of any semiotics of exploitation, but a grammar of suffering beyond signification itself, a suffering that cannot be spoken because the gratuitous terror of white supremacy is as much contingent upon the irrationality of white fantasies and shared pleasures as it is upon a logic — the logic of capital. It extends beyond texualisation. When talking about this terror, Cornel West uses the term ‘black invisibility and namelessness’ to designate, at the level of ontology, what we are calling a scandal at the level of discourse. He writes: [America’s] unrelenting assault on black humanity produced the fundamental condition of black culture — that of black invisibility and namelessness. On the crucial existential level relating to black invisibility and namelessness, the first difficult challenge and demanding discipline is to ward off madness and discredit suicide as a desirable option. A central preoccupation of black culture is that of confronting candidly the ontological wounds, psychic scars, and existential bruises of black people while fending off insanity and self-annihilation. This is why the ‘ur-text’ of black culture is neither a word nor a book, not an architec- tural monument or a legal brief. Instead, it is a guttural cry and a wrenching moan—a cry not so much for help as for home, a moan less out of complaint than for recognition. (1996, pp. 80–81). ***Thus, the black subject position in America is an antagonism, a demand that can not be satisfied through a transfer of ownership/organisation of existing rubrics***; whereas the Gramscian subject, the worker, represents a demand that can indeed be satisfied by way of a successful War of Position, which brings about the end of exploitation. **The worker calls into question the legitimacy of productive practices, the slave calls into question the legitimacy of productivity itself**. From the positionality of the worker the question, ‘What does it mean to be free?’ is raised. But the question hides the process by which the discourse assumes a hidden grammar which has already posed and answered the question, ‘What does it mean to suffer?’ And that grammar is organised around the categories of exploitation (unfair labour relations or wage slavery). Thus, exploitation (wage slavery) is the only category of oppression which concerns Gramsci: society, Western society, thrives on the exploitation of the Gramscian subject. Full stop. Again, this is inadequate, because it would call white supremacy ‘racism’ and articulate it as a derivative phenomenon of the capitalist matrix, rather than incorporating white supremacy as a matrix constituent to the base, if not the base itself.

### NEG---K---Humanism

#### The Marxist-Leninist reference of “value” displaces necessary third world revolutionary theory’s analysis of the proletariat—This flattens revolutionary struggle to economic output and erases the lived realities of colonized and racialized people excluded from waged labor. Third World liberation demands breaking from this framework—not being measured by it.

**Wynter 82,** is a Jamaican novelist, dramatist, critic, philosopher, and essayist. Her work combines insights from the natural sciences, the humanities, art, and anti-colonial struggles in order to unsettle what she refers to as the "overrepresentation of Man". (Sylvia , 1982, Beyond Liberal and Marxist Leninist Feminism: Towards an Autonomous frame of Reference,https://monoskop.org/images/6/62/Wynter\_Sylvia\_Beyond\_Liberal\_and\_Marxist\_Leninist\_Feminisms\_Towards\_an\_Autonomous\_Frame\_of\_Reference\_1982.pdf)

Here the call , as Dalla Cost a puts it, for the housewife '"s" product i on of labor power to be rewarded , finds it’s theoretical legitimation as one factor in the multiple determinants of profits. This links the particular perspective of feminism to the perspectives of the multiple res extensa categories who function in the process-as-a-whole. And if, as Samir Amin points out , a Western-centered Marxism, by privileging production as the site In the accumulation of value, Western theory often overlooks the multiple factors involved in the global process as a whole. Anouar Abdel-Malek, from the perspective of non-Western peoples, has also pointed to this same oversight in the global process of accumulation—an oversight enabled by the liberal and Marxian privileging of productive labor as the primary source of accumulation. The Western world-system, as it exists today, Abdel-Malek writes, began with the West’s military expansion from the time of the Crusades onward."With the destruction of all alternative cultural systems and systems of power, the West effected a sustained process of coerced accumulation from the non-Western world over centuries of domination." The same marginalization that Guattari performs with respect to the accumulation-role of the housewife is mirrored by Western revolutionary theory in its treatment of the non-West. For in its system of representation**, Marxism-Leninism displaces the class of classes—the historical global process by which a single network of accumulation was forcibly installed**, with all the peoples of the planet harnessed to the accumulation project that defines the middle class model of identity. Their life activities were forcibly geared to the telos of accumulation through the interdependent structures of global capital. Processes of production, consumption, and circulation are centered around a member of the class—i.e., the productive process of the West. Thus, Anouar Abdel-Malek points out that ***Western revolutionary theory remains fixated on the construct of capitalist surplus value, as if “the main thing in the history of mankind were the last stage of the class struggle in class societies, during which the capitalists were to exploit the workers”*** (Abdel-Malek, 1979, p. 23).With this representation, all non-Western movements are rendered marginal in comparison to the so-called "real" class struggle of the Western proletariat—just as the labor of housewives is represented as mere maintenance. This representational logic enables the imposition of a power-prestige order of **differential value** between the Western class struggle, the Black race struggle, the struggle against sexism, and non-Western national-cultural struggles.And the **abductive logic** of the theory responds to the frame of reference produced by the ***constituting analogy of man-as-labor***. The frame of reference of Man-as-Labor, as the constituting analogy implicit in the discourse of Guettel and Davis, must logically privilege the process of production, according to the laws of its abductive logic. For in the abduction schema of Marxism-Leninism, man defines himself as human by the process in which he produces—himself-as-value. Equally, in the abduction schema of Liberalism, the work-productive ethic and site is imperative if man is to “prove” the degrees of Grace, Natural Reason, Natural Merit allotted him.Both **discourses must then function, above all, to “produce**” Production as the General Equivalent of all the contributing processes—to represent its accidental property as the fixed reference.

### NEG---K---Racial Capitalism

#### Nationalization entrenches colonial power to a local elite that mimics the settler class, preserving the status squo capitalist violence---the “transfer of power” is a neoliberal costume change that identifies with the interest of the western bourgeoisie that must fulfill an “obligation” to occupy all seats of decision

**Fanon 1961,** as a French West Indian[3][4] psychiatrist, political philosopher, and Marxist from the French colony of Martinique (today a French department). His works have become influential in the fields of post-colonial studies, critical theory, and Marxism.(Franz, 1962, “The Wretched of the Earth,”)

***This economy has always developed outside their control***. As for the present and potential resources of their country’s soil and subsoil, their knowledge is purely academic and approximate. They can only talk about them in general and abstract terms. After independence, this underdeveloped bourgeoisie, reduced in number, lacking capital and rejecting theroad to revolution, stagnates miserably. It cannot give free expression to its genius that was in the past hampered by colonial domination, or so it claims. The precariousness of its resources and the scarcity of managerial talent force it for years into an economy of cottage industries. In its inevitably highly limited perspective, the bourgeoisie’s idea of a national economy is one based on what we can call local products. Grandiloquent speeches are made about local crafts. Unable to establish factories which would be more profitable for the country and for themselves, the bourgeoisie cloaks local artisanship in a chauvinistic tenderness which not only ties in with the new national dignity, but also ensures them substantial profits. This cult for local products, this incapacity to invent new outlets is likewise reflected in the entrenchment of the national bourgeoisie in the type of agricultural production typical of the colonial period. Independence does not bring a change of direction. The same old groundnut harvest, cocoa harvest, and olive harvest. Likewise the traffic of commodities goes unchanged. No industry is established in the country. We continue to ship raw materials, we continue to grow produce for Europe and pass for specialists of unfinished products .Yet the national bourgeoisie never stops calling for the nationalization of the economy and the commercial sector. In its thinking, **to nationalize does not mean placing the entire economy at the service of the nation** or satisfying all its requirements. To nationalize does not mean organizing the state on the basis of a new program of social relations. For the bourgeoisie, **nationalization signifies very precisely the transfer into indigenous hands of privileges inherited from the colonial period**.**Since the** bourgeoisie has neither the material means nor adequate intellectual resources such as engineers and technicians, it limits its claims to the takeover of businesses and firms previously held by the colonists. The national bourgeoisie replaces the former European settlers as doctors, lawyers, tradesmen, agents, dealers, and shipping agents. For the dignity of the country and to safeguard its own interests, ***it considers it its duty to occupy all these positions****.* Henceforth it demands that every major foreign company must operate through them**,** if it wants to remain in the country or establish trade. The national bourgeoisie discovers its historical mission as intermediary. As we have seen**, *its vocation is not to transform the nation but prosaically serve as a conveyor belt for capitalism*, forced to camouflage itself behind the mask of neocolonialism.** The national bourgeoisie, with no misgivings and with great pride, revels in the role of agent in its dealings with the Western bourgeoisie. This lucrative role, this function as small-time racketeer, this narrow-mindedness and lack of ambition are symptomatic of the incapacity of the national bourgeoisie to fulfil its historic role as bourgeoisie. The dynamic, pioneering aspect, the inventive, discoverer-of-new-worlds aspect common to every national bourgeoisie is here lamentably absent. At the core of the national bourgeoisie of the colonial countries a hedonistic mentality prevails—because **on a psychological level it identifies with the Western bourgeoisie from which it has slurped every lesson**. It mimics the Western bourgeoisie in its negative and decadent aspects without having accomplished the initial phases of exploration and invention that are the assets of this Western bourgeoisie whatever the circumstances. In its early days the national bourgeoisie of the colonial countries identifies with the last stages of the Western bourgeoisie. Don’t believe it is taking short cuts. In fact it starts at the end. It is already senile, having experienced neither the exuberance nor the brazen determination of youth and adolescence.

### NEG---K---Rational Choice

#### The Capitalist State manufactures legitimacy through bureaucratic and policy-based illusions of neutrality, while constantly managing class conflict and crisis disproportionately. Nationalization pretends to reverse exploitation but ultimately retools colonial authority in indigenous hands, preserving squo structures --- instruments of accumulation and domination, dressed in the rhetoric of reform cannot liberate

Berman 1984, at the Institute for Development Studies at the University of Nairobi, and in 1970 as an instructor at Yale, Professor Berman was appointed as a lecturer in the Department of Political Studies at Queen's in 1971. (Bruce, 1984, “Structure and Process in the Bureaucratic States of Colonial Africa,” file:///Users/brooklynnhato/Downloads/Structure\_and\_Process\_in\_the\_Bureaucrati.pdf

Accumulation and legitimation are then the two central and dialectically related ‘tasks’ of the capitalist state. They are imbricated in virtually all areas dilemmas of state of governance. activity and Bruce In their particular, Berman mutual the autonomy and legitimacy of the state are the outcome of contradictory and conflict-ridden processes in which force and consent are interrelated in complex ways. ‘ “Legitimacy” and “active consent” ’, as Corrigan, Ramsay and Sayer point out, ‘are not static or abstract, but are extremely turbulent descriptions’, and ‘all state forms under capitalism are constituted through continuing conflicts, struggles and contradictions, ***despite their seeming natural and civilized appearance above society.***” The autonomy and legitimacy of the state, even the fundamental separation of the economic and political spheres**, must constantly be maintained and repaired in the face of the state’s actual involvement in accumulation and class struggle**. The state can be understood, then, as a set of consciously instrumental structures and practices for the reproduction and expansion of capitalist society and the patterns of production relations and class domination within it. The very notion of **state ‘policy’ expresses the drive to extend control over social structural forces** which has led to the development of a sequence of techniques **to manage the recurrent crises and struggles of capitalism**. If we examine the structural forms and practices of the capitalist state, however, we find not a finely tuned structure of domination, in which every action serves the interests of capital and each part has consciously been shaped to a particular role in the smooth functioning of the whole, but rather a more diverse and ambiguous collection of parts created at different historical junctures to deal with varying crises and struggles and which are partially integrated and partially in conflict with each other. Despite increasing efforts to develop its instrumental capacities, the state remains ultimately beyond the will of its human personnel. The diverse forms of the state apparatus ‘can be seen as the institutional fossil of past struggles to impose bourgeois forms’,8 and as an index of the scope and limits of its capacity to deal with the contradictions of capitalist society. Bureaucracy has played an increasingly dominant role in the capitalist state as its purposive interventions have become more continuous and complex. With its graded hierarchy of permanent professional officials; functional specialization of units; and emphasis on ‘disinterested’ expertise and the rational calculation of means and ends, bureaucracy is the principal expression of the drive to increasing instrumental control over social structure and practice. At Structure the same time, and Process far from in Bureaucratic being a neutral States instrument, comprises the immediate context of the real crises and struggles of social life. Classes confront each other within and through bureaucracies in both the state and capital. The specific forms of the bureaucratic state apparatus have been determined by the tasks of /accumulation and control/legitimacy in the context of particular historical forces which subject the abstract 'logic' of capital to the realities conflict. Structural logic thus does not always correspond to real historical outcomes. The state **authorities do not automatically know the 'best' way of resolving a particular crisis** and restoring the conditions for accumulation and domination, and their choices have to be made in the context of struggles whose outcomes remain to some degree ***unpredictable***.' Bureaucracy is the immediate context in which such choices are made, and we must, zyas Erik Wright suggests, not only place the analysis of bureaucracy within the broader social context of structural forces and class relations, but also deal with the internal dynamics of bureaucratic organizations as they shape state action and its impact on the development of capitalism." The decision-making or policy processes of state bureaucracies are an important element of the way specific states actually 'work': a crucial determinant of the capacity or incapacity of the state to deal with the structural contradictions and crises of capitalism and, hence, also of the multiple and often idiosyncratic trajectories of national development within the capitalist world system. Bureaucratic processes are a key mediating link between the state as a determined outcome of the structural forces of capitalism, and the state as a determining factor shaping the further development of those forces.'' Turning to European colonialism in Africa, it is important to recognize that it represents one of the most consequential modern efforts to modify or create entire social structures. For a large portion of humanity it continues to be of enduring importance in defining their socio-economic and political circumstances. It should not surprise us, however, that colonial projects of social engineering did not succeed as planned. While the actual practice in most colonies was far less coherent and intellectually elaborated than the schemes of colonial theorists, colonialism was nevertheless the most conscious and deliberate aspect of capitalist imperialism. What is significant is the intentional reach of such projects as well as the ensemble of factors which shaped both their intended and unintended outcomes. From the start, the principal agency of colonial projects of social most of transformation its history primarily was the colonial of a Bruce bureaucratic state and Berman for the domination and exploitation of the subject population. The colonial state is in fact one of the most striking historical examples of bureaucratic authoritarianism. Indeed, as we shall see below, the development of its administrative organizations and policies for socio-economic intervention and control often preceded their application and refinement in the metropole. The bureaucratic apparatus is thus the necessary focus of the study of the colonial state. The distinctive structures and practices of the colonial state in Africa circa 1880-1960 derived from the particular character of the social forces over which it struggled to preside, a character rooted in the complex process of 'articulation' through which the precapitalist and pre-colonial forms of African societies were penetrated and dominated by exogenous capitalist forces. Under the aegis of the colonial state African societies were subjected to contradictory patterns of transformation, destruction and preservation of their internal structures which resulted in a wide variety of intermediate and hybrid forms. This process did not occur instantaneously or uniformly, but in a variety of forms and phases encountering different local conditions and responses. The resulting variations emerged from the particular forms of external capitalist penetration, the heterogeneous structures and responses of the indigeneous societies, and the diversity of local ecology and resource endowments. Articulation also involved widespread coercion by colonial states and frequent, if uneven, active and passive resistance from Africans. The differing impacts on and reactions within African societies also determined the emergence of distinctive processes of class formation and struggle Throughout colonial Africa the state struggled to perform two contradictory tasks: first, to secure the conditions for the extraction of commodities and accumulation of capital by' metropolitan interests by managing their articulation with ‘indigenous forms of production; and second, to provide, as an essential. pre-condition for accumulation, a framework of stable political order and effective control over the indigenous population. In the rest of this paper we shall examine the role of the colonial state as an agency of accumulation and domination, employing by way of illustration empirical material drawn from the experience of the French and British colonies of West, Central and East Africa.14 In the last section the structures and processes that have been treated

### NEG---K---Labor

#### Nationalization of even one major industry depends on a conscription of labor that enables hegemonic state management of all industries

Emmott, **Alfred 1920**. *Nationalization of Industries: A Criticism*. London: T. Fisher Unwin, 1920. https://babel.hathitrust.org/cgi/pt?id=uc2.ark:/13960/t71v5dx9z&seq=2&format=plaintext

Nationalization is advocated at the present time in particular for the coal-mining industry, for railways and for the ownership of land. The most insistent demand is for the early nationalization of the coal-mining industry on the lines of the Sankey Report, involving the complete ownership, control and management of the coal-mines of the country ; but the representatives of the miners accept this scheme merely as an instalment of their own plan, which would give a still greater measure of control to the workers on the governing body as compared with the State and the consumers. It must also be noted that those who are the real driving force in this movement openly claim that the **nationalization of the coal-mining industry is only a first step on the road towards the complete nationalization of all industry**, and it is in this light, as well as on the merits of their immediate proposal, that their demand must be considered.It is impossible for anyone who has any regard for freedom-apolitical, civil or economic freedom and least of all is it possible for a Liberal, to accept as a desirable aim a condition of affairs in which all our industries would be nationalized. The inevitable result of a complete nationalization of industry would be an abnegation of all freedom. **Everyone's** **working life from the cradle to the grave must, in such conditions, be marked out for him and controlled at every stage by bureaucrats**. No choice of occupation could be permitted to anyone. The Press would, by the direction of the State, stifle all individual expression of opinion, and neither a man's soul nor body could be called his own. Conscription of labour would be the first result, as unsettled and chaotic Russia has already shown. The claim made by the advo- cates of nationalization that the employee, however humble, should have a voice in saying whether his life is to be spent in circumstances which may lead to its deterioration, would be meaningless nonsense in a State where everyone would be told by bureaucrats what he was to do and imprisoned or shot if he failed to comply. That is the logical result and inevitable outcome of the complete nationalization of industry, and it is in itself a strong reason for exercising the utmost care in examining the arguments on which the claim to the nationalization of any particular industry is founded. The claim made by the coal-miners that they are no longer willing to work for private coal-owners and share- holders, and ***their demand for nationalization of their industry,*** ***cannot be considered by itself***. How far the claim represents a deep-seated conviction on the part of the great majority of miners, or how **far it is the result of skillful propaganda and the real motive is a belief that conditions of work will be more favorable for the workers under State management amenable to constant political pressure**, it is not possible for an outsider to judge. The claim is, in effect, a moral one. It rests upon the view put forward by Socialists that profit payable to individual capitalists is an anti-social and even immoral concept. Such a claim cannot be, and is not, confined to the coal- mining industry. If the contention is valid, it applies to all industries. If it is not valid, it applies to none. In any event, the only change proposed is the complete ownership, control and management of the industry by the State, and this change is demanded in the name of freedom. **There can be no question that the result of applying this change to all industries would be a universal and grinding tyranny, and all freedom of the subject would disappear under it**. The answer to the moral claim in regard to nationalization of the coal-mining industry is, therefore, that it is wholly invalid. The grounds of the claim apply equally to all industries. The only remedy proposed would have an effect precisely the opposite to that desired.

### NEG---K---Settler Colonialism

#### Nationalization is a subset of Settler Colonialism. Set-Col seeps in by way of both public and private Land Management via Spatial Policy. Israel is a prime example of how Nationalization of Land Management enforces settler logics.

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Spatial Policy in the Settler Colonial Context: From primitive capitalism to neoliberalism

Settler colonialism was (and is) a process by which **immigrants** with the **express** **purposes** **of** **territorial** **occupation** **and** the **formation** **of** a **new** **political** **community** **seize** **indigenous** **land**, as well as **wealth** **and** **opportunities**, **for** **their** **own** political and material benefit (for a wider discussion, see Robinson, 2013; Veracini, 2011; Yiftachel, 2006; Porter, 2010; Shafir and Peled, 1998). The **empirical** **manifestations** of settler colonialism **refer** **to** the nexus of state (or empire) power and **territorial** **control**, mainly **in** "alien" **areas** within or **outside** **the** **boundaries** **of** **the** **state**, over which the dominant nation attempts to increase its monopoly control (Yiftachel, 2006; Porter, 2010; Shafir and Peled, 1998). In these "alien" areas, known as frontier or internal frontier regions, "primitive capitalism" served to eliminate native communities, accumulate their land and allocate it to settlers. Prior to leaving their homeland, the majority of these settlers were typically the surplus poor of industrial society (Lloyd and Wolfe, 2016).

But **recent** **decades** **have** loosened the nexus between capitalism and settler-colonialism and **brought** **new** **ideas** to **"the end of frontier" and** **"post-frontier."** **These** ideas have been explored by scholars of de-colonial Australia and New Zealand, who **emphasize** "dialogue across multicultural, indigenous and settler space in Australia" (Anderson, 2000) or **"ongoing, dialogue** **amongst equals"** **in** **post-settler** Canadian **society** (Abu-Laban, 2001). This trend is described as a transition from "geopolitical" calculations to "geoeconomic" ones (Moisio and Paasi, 2013), in which the logic of capitalism and neoliberalism is practiced trough NPM and privatization.

NPM represents a trend in public administration that flourished in the 1990s and early 2000s and, eventually, left significant footprints in contemporary administrations and public policy. **NPM,** as noted by Vigoda (2003:1), **"employs** **knowledge** **and** **experiences** **acquired** **in** **business** **management**… **to improve** efficiency, effectiveness, and **general performance** **of public services in modern bureaucracies.** " For that reason, it is often linked to doctrines of economic rationalism (Hood, 1994) and viewed as a governmental act that realizes neoliberalism (Mel et al., 2015; Brenner and Theodore, 2002). Consequently, and with great relevance to this article, privatization is "in the mainstream of the New Public Management" (Savas, 2000:1736). Importantly, privatization includes outsourcing public resources, functions and executive duties ("rowing") to private organizations, as it is perceived that such tasks are better performed by businesses operating in competitive markets (Osborne and Gaebler, 1993); decentralization of public responsibilities and executive duties; the creation of performance-based public organizations; and the promotion of an enterprise culture (Galnoor et al., 2015).

 Against the ideas of "the end of frontier" and "post-frontier," we argued elsewhere (Tzfadia and Yacobi, 2011) that frontier has no end and that settler colonialism is an ongoing practice. **In** **Israel**/Palestine, **settler** **colonialism** **reinvents** **itself** **in** **new frontiers** and new scales: urban, region, state. Here, we suggest that **there are symbiotic** **relationships** **between** **settler** **colonialism** **and** the **privatization** **of space and planning** that stem from a neo-liberal agenda.

We build the exploration and analysis of Israeli spatial policy, privatization and settler-colonialism upon three bodies of knowledge that (a) challenge the "color blindness" of neo-liberalism; (b) attribute to NPM the failure to expand rights to indigenous communities in settler-colonies; and (c) analyze democratization and multiculturalism in settler-colonies. Before the analysis section, an overview of Israeli spatial policy is provided.

Spatial Policy in Israel

Though **spatial policy covers a wide range of** interpretations and meanings of **land and planning regimes,** here we apply a narrow focus that refers to the allocation **and coordination of spatial rights between the "public" and "private" sectors**. In the Israeli legal system, like in most countries, the ultimate **true "owner" of all the country's land is the sovereign** – either directly or via local government entities. **The sovereign may** legislate laws that **bestow spatial rights on individuals, business organizations** **or** non- governmental organizations (**NGOs**), an act **referred** to **as** the "**privatization** of space."

There are **two kinds of spatial rights**: (a) planning and development rights ("**planning** **rights**" hereinafter) **and** (b) **property** **rights**. **Planning** **rights** **concern** the regulation of **land** **use** ("zoning") and development timing, as well as the allocation of betterment profits. **Property** **rights** **describe** the **owner's** **right** **to** convey, **devise**, gift, or mortgage **spatial rights** (including planning rights). Ownership – whether private or public – is defined as the aggregation of all these rights. A privatized space is a space where aggregates of these rights, relating both to property and to planning, reside in the hands of private individuals, businesses or NGOs. Such aggregates are called "fee simple" or "fee simple absolute," representing the highest degree possible of ownership of real property.

**A nationalized space** **denotes** **sovereign** **possession** of a broad aggregate **of property and** **planning** **rights**, **with** **only a small** **portion** **allocated** **to** **its citizens**, **primarily by** way of **leasehold**. Frequently, private individuals hold aggregates comprising a portion of those rights, with the sovereign possessing the rest. **Managing** the **spatial** **rights** partnership **between the individual and the sovereign** **is a central component in spatial policy**. **Importantly**, privatizing or **nationalizing space is an ideological decision**. Israel’s spatial policy follows this structure; it is based on the separation between planning and property rights and an asymmetric public-private partnership.

Israeli Spatial Policy up to the 1990s

In the first three decades following independence, **Israel’s spatial policy focused** **on** achieving ethno-national goals of **territorial and demographic control,** **reflecting a settler- colonial logic** (Yiftachel, 2006; Tzfadia and Yacobi, 2011). The **main elements of this policy were:**

**(a) State ownership and control over land and development.** This was achieved by continuing to uphold the Ottoman and British Mandate land and planning laws, which opened the way to nationalization of spatial rights. These laws enabled the nationalization of 12,000 km2 of non-arable rocky lands, of which 2,000 km2 were under unregulated Palestinian use (Kedar and Yiftachel, 2006) (Israel's area is approximately 20,800 km2 according to the 1949 Armistice Agreements).

**(b) Dispossession**. Israel expropriated a total of 6000 km2 of Palestinian land, representing the property of 750,000 Palestinian refugees and some of the holdings of Palestinians who remained in, and eventually became citizens of, Israel.

(c) Initiating a massive Jewish settlement project in borderland regions and those in which the Palestinians are a majority. This venture was designed to establish new demographic realities on lands owned by Palestinian refugees, as well as those designated to be part of the independent Palestinian state under the UN's 1947 Partition Plan for Palestine. Such "demographic engineering" (McGarry, 1998) has also increased Jewish presence in areas with a Palestinian majority. A total of 368 new villages and dozens of new towns were built (Golan, 2005). These places provided housing and employment opportunities for 800,000 Jewish emigrants – 55% of them from Muslim countries (Lissak, 2003).

(d) Establishment of a durable administration of property rights. The Israel Land Authority (ILA) and Israeli Land Council (ILC) enforce the "Basic Law (constitutional): Land of Israel (1960)," which prohibits the sale of public lands, hence only allowing their lease. These two governmental agencies manage "Israel Land," i.e., public land – land owned by the State of Israel and Zionist organizations (such as the influential Jewish National Fund, which is in charge of purchasing land, including expropriated Palestinian refugee land, and allocating it to Jewish settlement projects). These nationalized, publically owned lands represent 93% of Israel’s territory.

(e) Establishment of durable and centralized planning institutions. Formed as result of Israel's Planning Law (1965), these institutions ensure that planning rights are subordinate to the National Master Plan (Alfasi, 2006).

**Israel’s spatial policy**, reflective of the settler colonial context, **nationalized the spatial rights of indigenous "enemy" populations**. It also **allocated limited spatial rights**, as part of what we term "selective privatization, " a system whereby the allocation of limited spatial rights is **determined** **by** **weighing** **nationality**, **ethnicity** **and** **various** other nationalist **considerations**, **such as** the Judaization of space, the **interest** **to** **increase** **the** **number** **of** **Jews** **in** "**frontier**" **regions** (these processes were duplicated in 1967 in the occupied territories), **and** the **desire** **to inhibit** the **development of Arab space** (Yiftachel, 2006; Tzfadia and Yacobi, 2011; Yacobi, 2009; Benvenisti, 2000). **Selective privatization** **stratifies** **society** **according** **to each group's** relative **spatial rights**. At the same time, **space** **becomes** a **reflection** **of** each **group's** **position** **in** the social **hierarchy**. This structure is not based on a dichotomy between the dominant settler community and the indigenous population but rather on the complex hierarchy within the dominant nationality: a hierarchy determined by stigmas of ethnicity, political status and level of "commitment" to the nation. Within this complex structure, space can also serve as at tool with which to put populations at a disadvantage, such as newly-immigrated Jews, provided they take part in strengthening the state's and nation's control over that space (Tzfadia and Yacobi, 2011).