# China Currency Pressure

## Shells

### Currency Pressure Good Module

#### 2 internal links – Romney will label china a currency manipulator and Obama will do it if he’s going to lose

Dawson and Mason, 12

Stella and Jeff, Columnists @ Reuters, 2/13, http://www.reuters.com/article/2012/02/13/us-usa-campaign-obama-china-idUSTRE81C0DG20120213

Tough calculus for Obama in Chinese leader's election-year visit¶ Even as he greets China's vice president in the Oval Office on Tuesday, President Barack Obama is quietly overhauling U.S. economic policy toward Beijing, looking for new ways to extract results on issues such as market access and currency manipulation that have bedeviled him and his predecessors.¶ Obama's need to boost U.S. exports and show he can be firm with China, and his simultaneous hopes for a smooth start with Vice President Xi Jinping, who is due to become China's leader in 13 months, illustrate the conflicting tugs on Washington's China policy.¶ Making the calculus even more complicated, Xi arrives in the middle of a U.S. election year, in which Obama's dealings with Beijing are a popular punching bag for Republican presidential candidates aiming to challenge the Democratic incumbent.¶ Xi is getting the full Washington tour: visits to the State Department, Pentagon and Capitol Hill, as well as meetings with U.S. and Chinese business leaders.¶ But he won't be offered the complete red-carpet treatment. For all his power within the Chinese system, Xi is still for now No. 2, leader-in-waiting behind outgoing President Hu Jintao.¶ Obama's aides say the visit will produce few, if any, formal agreements. Rather they expect the president and Xi to size one another up. There will be firm talk from Obama on U.S. gripes, and perhaps from Xi as well.¶ While there has been progress in increasing U.S. exports to China, "we've also raised very directly instances where we believe that China is not living up to the rules of the road that all nations need to with regard to business practices," deputy national security adviser Ben Rhodes told reporters.¶ POLICY AND POLITICS¶ China is not beloved by the American electorate. Its trade and currency policies are blamed for job losses in the U.S. manufacturing sector that hit important election battleground states such as Ohio especially hard. Beating up on Beijing is an easy way for candidates from both parties to score political points.¶ Obama knows that, and he set the stage for tough talk at the Asia-Pacific summit in Hawaii in November, telling China to act like a "grown-up" by reforming trade and currency practices viewed as detrimental to the U.S. economy.¶ U.S. leverage over Beijing is limited, since China holds hundreds of billions of dollars of U.S. debt.¶ Still, the policy review, described by an official who recently left the Obama administration, is aimed at finding new ways of getting results on limits to U.S. market access, China's use of state-owned corporations, the valuation of its yuan currency, which U.S. officials see as artificially low, and related issues.¶ In his State of the Union address last month, Obama announced a new enforcement unit that will investigate unfair trade practices. China will likely be a major target.¶ Republicans do not see a lot that is working. Mitt Romney, the apparent front-runner in the race for the Republican presidential nomination, has said Obama is not being tough enough. He promised to label China a currency manipulator - something the Obama administration has declined to do.¶ In a speech to technology executives on Friday, Romney slammed China's "autocratic model" of capitalism, and said that China's rise could ultimately threaten U.S. freedom.¶ Such criticism has gained traction on the campaign trail.¶ "China is just a drop in the bucket in terms of things the Obama administration is doing wrong," said Chrystalline Lauryl, 35, who was attending a conservative conference in Washington where the Republican candidates were speaking.¶ "There's friendly and there's buttering up," she said with regard to China policy. Obama, she said, was doing the latter.¶ The president's political advisers are aware that Xi's visit could trigger more attacks on the president's record, and they are ready with a string of comebacks about Romney's own record on the subject.¶ They point out, for example, that in his book "No Apology" Romney criticized Obama for being protectionist after putting tariffs on Chinese tires, while as a presidential candidate Romney said he would apply tariffs to goods after declaring the country a currency manipulator.¶ "That just gives us another opportunity to talk about a flip flop," a senior Obama campaign official said.¶ CALCULUS¶ Obama may not address Romney's critiques directly while Xi is in Washington, but the pressure of the election will influence his positioning.¶ "The way that China's been broached in the Republican primaries has been one of the things that has contributed to Obama having to take a tougher public stance on some of the China economic issues in particular," said Andrew Small, a China expert at the German Marshall Fund, who said U.S. officials would still be cognizant of China's sensitivity to protocol.¶ "For this trip itself, the calculus will probably net out in favor of laying on a good show for him," he said.¶ One senior administration official said the protocol would be appropriate to Xi's current position as vice president.¶ Making Xi's visit smooth is also important to Obama, who has an interest in establishing good relations with the man expected to lead the world's second-largest economy and most populous nation for the next 10 years.¶ "The hope of this administration is that (Obama is) going to be returned to power for another four years, and they want to establish a rapport between these two individuals," said Bonnie Glaser, a China expert at the Center for Strategic and International Studies.¶ Pomp and circumstance aside, the White House has signaled in advance it will not shy away from touchy subjects, many of which are important to U.S. voters.¶ Biden, who traveled to China to meet with Xi in August, called the country's one-child policy "God-awful" earlier this week and later met with a group of human rights advocates.¶ "We consider it an important visit - make no mistake -- because the relationship is important and his role as the future leader is important, so we're not going to in any way seek to diminish that importance because it's an election year," White House spokesman Jay Carney said.¶ "But we're also going to be pretty candid, as we have been in the past, about where we have differences."

#### Currency pressure effective – outweighs their internal link – impossible to solve economy and protectionism without it

Paul, 11

SCOTT PAUL , Executive Director of the Alliance for American Manufacturing, US News and World Report, 10/13, <http://www.usnews.com/debate-club/should-congress-interfere-with-chinas-currency-policies/chinese-currency-bill-wont-spark-trade-war>

Congress should pass a China currency bill and President Obama should sign it. This legislation is bipartisan, enjoys broad public support, and is one of the very few things Washington can do to assist in creating jobs without spending tax dollars. Until we achieve more balanced trade with China, it will be virtually impossible to revive our struggling economy.¶ China is acting in its own short-term interest by undervaluing its currency. That alone is not reason enough for action. But China's currency policy affects American exports and jobs, which does make it our business. While Washington cannot change China's currency policy unilaterally, if Congress provides new tools for businesses to seek recourse under U.S. trade law, we will effectively deter further currency manipulation.¶ [Read about a Congressional bill aimed at making China raise the value of its currency.]¶ The consequences of China's currency policy have been devastating. China's cheating has destroyed American jobs: 2.8 million jobs from 2001 to 2010, according to one estimate. We have a $273 billion annual trade deficit with China and just recorded the worst decade for American manufacturing in our history—even worse than the Great Depression.¶ Fred Bergsten, director of the Peterson Institute for International Economics, has called China's currency policy "the most protectionist measure taken by any major country since World War II." To let China continue this policy would be willful neglect.

#### extinction

**Auslin 9** (Michael, Resident Scholar – American Enterprise Institute, and Desmond Lachman – Resident Fellow – American Enterprise Institute, “The Global Economy Unravels”, Forbes, 3-6, http://www.aei.org/article/100187)

What do these trends mean in the short and medium term? The Great Depression showed how social and global chaos followed hard on economic collapse. The mere fact that parliaments across the globe, from America to Japan, are unable to make responsible, economically sound recovery plans suggests that they do not know what to do and are simply hoping for the least disruption. Equally worrisome is the adoption of more statist economic programs around the globe, and the concurrent decline of trust in free-market systems. The threat of instability is a pressing concern. China, until last year the world's fastest growing economy, just reported that 20 million migrant laborers lost their jobs. Even in the flush times of recent years, China faced upward of 70,000 labor uprisings a year. A sustained downturn poses grave and possibly immediate threats to Chinese internal stability. The regime in Beijing may be faced with a choice of repressing its own people or diverting their energies outward, leading to conflict with China's neighbors. Russia, an oil state completely dependent on energy sales, has had to put down riots in its Far East as well as in downtown Moscow. Vladimir Putin's rule has been predicated on squeezing civil liberties while providing economic largesse. If that devil's bargain falls apart, then wide-scale repression inside Russia, along with a continuing threatening posture toward Russia's neighbors, is likely. Even apparently stable societies face increasing risk and the threat of internal or possibly external conflict. As Japan's exports have plummeted by nearly 50%, one-third of the country's prefectures have passed emergency economic stabilization plans. Hundreds of thousands of temporary employees hired during the first part of this decade are being laid off. Spain's unemployment rate is expected to climb to nearly 20% by the end of 2010; Spanish unions are already protesting the lack of jobs, and the specter of violence, as occurred in the 1980s, is haunting the country. Meanwhile, in Greece, workers have already taken to the streets. Europe as a whole will face dangerously increasing tensions between native citizens and immigrants, largely from poorer Muslim nations, who have increased the labor pool in the past several decades. Spain has absorbed five million immigrants since 1999, while nearly 9% of Germany's residents have foreign citizenship, including almost 2 million Turks. The xenophobic labor strikes in the U.K. do not bode well for the rest of Europe. A prolonged global downturn, let alone a collapse, would dramatically raise tensions inside these countries. Couple that with possible protectionist legislation in the United States, unresolved ethnic and territorial disputes in all regions of the globe and a loss of confidence that world leaders actually know what they are doing. The result may be a series of small explosions that coalesce into a big bang.

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Beating up on Beijing is an easy way for candidates from both parties to score political points.¶ Obama knows that, and he set the stage for tough talk at the Asia-Pacific summit in Hawaii in November, telling China to act like a "grown-up" by reforming trade and currency practices viewed as detrimental to the U.S. economy.¶ U.S. leverage over Beijing is limited, since China holds hundreds of billions of dollars of U.S. debt.¶ Still, the policy review, described by an official who recently left the Obama administration, is aimed at finding new ways of getting results on limits to U.S. market access, China's use of state-owned corporations, the valuation of its yuan currency, which U.S. officials see as artificially low, and related issues.¶ In his State of the Union address last month, Obama announced a new enforcement unit that will investigate unfair trade practices. China will likely be a major target.¶ Republicans do not see a lot that is working. 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Obama, she said, was doing the latter.¶ The president's political advisers are aware that Xi's visit could trigger more attacks on the president's record, and they are ready with a string of comebacks about Romney's own record on the subject.¶ They point out, for example, that in his book "No Apology" Romney criticized Obama for being protectionist after putting tariffs on Chinese tires, while as a presidential candidate Romney said he would apply tariffs to goods after declaring the country a currency manipulator.¶ "That just gives us another opportunity to talk about a flip flop," a senior Obama campaign official said.¶ CALCULUS¶ Obama may not address Romney's critiques directly while Xi is in Washington, but the pressure of the election will influence his positioning.¶ "The way that China's been broached in the Republican primaries has been one of the things that has contributed to Obama having to take a tougher public stance on some of the China economic issues in particular," said Andrew Small, a China expert at the German Marshall Fund, who said U.S. officials would still be cognizant of China's sensitivity to protocol.¶ "For this trip itself, the calculus will probably net out in favor of laying on a good show for him," he said.¶ One senior administration official said the protocol would be appropriate to Xi's current position as vice president.¶ Making Xi's visit smooth is also important to Obama, who has an interest in establishing good relations with the man expected to lead the world's second-largest economy and most populous nation for the next 10 years.¶ "The hope of this administration is that (Obama is) going to be returned to power for another four years, and they want to establish a rapport between these two individuals," said Bonnie Glaser, a China expert at the Center for Strategic and International Studies.¶ Pomp and circumstance aside, the White House has signaled in advance it will not shy away from touchy subjects, many of which are important to U.S. voters.¶ Biden, who traveled to China to meet with Xi in August, called the country's one-child policy "God-awful" earlier this week and later met with a group of human rights advocates.¶ "We consider it an important visit - make no mistake -- because the relationship is important and his role as the future leader is important, so we're not going to in any way seek to diminish that importance because it's an election year," White House spokesman Jay Carney said.¶ "But we're also going to be pretty candid, as we have been in the past, about where we have differences."

#### ENSURES ESCALATING TENSIONS – RESULTS IN TBILL SELL OFF, ECONOMIC COLLAPSE AND RELATIONS FAIL.

MCNALLY 9. [Chris, research fellow and political economist @ East-West Center, “CHINA-U.S. ECONOMIC RELATIONS: FROM SYMBIOSIS TO RUPTURE?” East West Center -- Feb 8 -- <http://www.eastwestcenter.org/news-center/east-west-wire/china-us-economic-relations-from-symbiosis-to-rupture/>]

The unraveling of this synergy is already creating tensions, recently illustrated by the war of words between Washington and Beijing over the value of China’s currency, the yuan. In written answers to the Senate Finance Committee during his confirmation hearings for Treasury Secretary, Timothy Geithner noted that he “believes that China is manipulating its currency.” Although complaints that China artificially depresses the value of the yuan to bolster its exports are old, the Bush administration had long avoided this language. China’s Commerce Ministry shot back, arguing that the Beijing government “never used so-called currency manipulation” to gain unfair trade advantages. At the World Economic Forum in Davos, Switzerland, in late January, Chinese Premier Wen Jiabao implied that the American-led financial system had created the globe’s economic slump. Without naming the U.S. directly, his veiled criticism noted a failure of government supervision of the financial sector, “inappropriate macroeconomic policies,” and an “unsustainable model of development, characterized by prolonged low savings and high consumption.” Currency issues have long been a source of tension between the two economic giants, but if this war of words spins out of control, it could upend the delicate China-U.S. financial balance. Neither side stands to win, since even without playing political blame games, there are several possible scenarios that could threaten financial stability. First off is that China might not be able to continue its dizzying accumulation of U.S. government debt. A little noted fact is that over the 18 months from early 2007 until the middle of 2008, about $386 billion in speculative capital flowed into China to take advantage of an appreciating yuan. Recent indications are that these flows are reversing, as fears about China’s economic stability are rising, and more Chinese individuals and firms place their money abroad. So far, the outflows do not amount to outright capital flight, but if the flows increase it could affect China’s ability to bankroll American trade and budget deficits. A related scenario concerns China’s own economic prospects. As the global financial crisis reverberates, China’s economy is slowing sharply. Already, as many as 26 million of China’s roughly 130 million migrant workers are unemployed. The Chinese government has warned of a tough year ahead and made clear that its priority is using various stimulus packages and other means to protect the domestic economy and forestall social unrest. If the Chinese economic downturn continues, it raises the question of whether China might opt to invest some of its almost $2 trillion in official reserves at home. As Premier Wen recently noted, “Whether we will buy more U.S. Treasury bonds, and if so by how much -- we should take that decision in accordance with China’s own need ...” Finally, a prolonged downturn in the U.S. economy could rapidly increase protectionist pressures, especially in Congress. In this regard, Treasury Secretary Geithner’s comments were unhelpful, since they could set in motion forces in Congress to label China a currency manipulator. At present, China is the largest foreign investor of U.S. Treasuries, with $681.9 billion as of November 2008. Threats to impose punitive measures toward China might prod Beijing to reduce its buying of Treasuries just as the U.S. government readies to issue record amounts of debt. An escalating currency row could thus make it more expensive for the United States to service its debt and deal a further blow to an already tottering American economy. As with trade restrictions in the 1930s, currency tensions could lead to a downward spiral. The China-U.S. economic relationship is arguably the most important in the world, but so far it has gotten insufficient attention from the Obama administration. The world’s largest and third-largest economies are highly co-dependent, and a tit-for-tat war of words -- or even worse, retaliatory measures -- would make both sides losers. Open and constant dialogue is urgently required to steer this fragile relationship through tough times.

#### U.S.-China conflict is the most probable scenario for great power war

IHT ’02 (International Herald Tribune, 12-26, Lexis)

Preoccupation with the war against terror, Iraq and now North Korea must not blind U.S. officials to any opportunity to defuse the **only conflict** that could plausibly take America to war against another great power in the early years of the 21st century. Jiang's offer may be part of a much larger effort by Beijing during the past 18 months, and especially since the terrorist attacks on the United States in September 2001, to put forward a more constructive and responsible international face, particularly in improving U.S.-Chinese relations.

## Internals

### Romney = Currency Manipulator Label

#### Romney will label china a currency manipulator – not a bluff

Palmer, 12

Doug, Trade Journalist @ Reuters, 3/12, http://www.reuters.com/article/2012/03/28/us-usa-romney-china-idUSBRE82Q0ZS20120328

Romney would squeeze China on currency manipulation-adviser¶ Republican presidential candidate Mitt Romney is looking at ways to increase pressure on China over what he sees as currency manipulation and unfair subsidy practices, a Romney campaign adviser said on Tuesday.¶ "I think he wants to maximize the pressure," Grant Aldonas, a former undersecretary of commerce for international trade, said at a symposium on the future of U.S. manufacturing. Aldonas served at the Commerce Department under Republican President George W. Bush.¶ Romney, the front-runner in the Republican race to challenge President Barack Obama for the White House in November, has promised if elected he would quickly label China a currency manipulator, something the Obama administration has six times declined to do.¶ That would set the stage, under Romney's plan, for the United States to impose countervailing duties on Chinese goods to offset the advantage of what many consider to be China's undervalued currency.¶ Last year, the Democratic-controlled Senate passed legislation to do essentially the same thing.¶ However, the measure has stalled in the Republican-controlled House of Representatives, where leaders say they fear it could start a trade war, and the Obama administration has not pushed for a House vote on the currency bill.¶ The U.S. Treasury Department on April 15 faces a semi-annual deadline to declare whether any country is manipulating its currency for an unfair trade advantage. The department, under both Democratic and Republican administrations, has not cited any country since 1994, when China was last named.¶ Asked if Romney was serious about declaring China a currency manipulator, Aldonas answered: "He is."

#### Romney will label china a currency manipulator

Hufbauer, 12

(Gary, Peterson Institute International Economics, 7/12, http://www.piie.com/blogs/realtime/?p=3018)

Republican strategists evidently decided that pandering draws more votes than sensible economics. They decided not to talk about insourcing—the huge number of US jobs created when foreign firms invest in America (Airbus is just the most recent example) and when US firms export sophisticated services, intermediate components and capital goods worldwide. Instead, the strategists distilled a questionable outsourcing list from programs in the 2009 stimulus bill, and labeled Obama “outsourcer-in-chief.”¶ The real problem with the stimulus bill was not a handful of projects with an outsourcing flavor but the misconceived Buy America provisions which prevented outsourcing, no matter the cost. Not only did this provision waste taxpayer money and delay construction, but it also inspired a wave of copycat “local content requirements” (LCRs) around the world. Quite probably LCRs abroad have eliminated a far larger number of potential US jobs than those protected by Buy America. The fact that Congress regularly inserts a Buy America provision in new spending bills only adds to the foreign appetite for LCR measures.¶ Economic illiteracy in political campaigns is nothing new. But this episode is worrisome. Both parties are now on record that it is somehow “un-American” to outsource jobs. By implication, protection by tax or trade policies, however foolish, is described as the way to go. Obama wants to extend the punitive US corporate tax code worldwide; Romney promises to declare China a currency manipulator on day one. Both ideas are nonsense. They might never be implemented here in Washington. But they are sure to fuel protectionist measures abroad, to the great disadvantage of US exporters and US jobs.

#### Romney will label china a currency manipulator

Mufson, 11

(Stephen, Journalist @ WP, Fiscal Times, 10/4, http://www.thefiscaltimes.com/Articles/2011/10/04/WP-Congress-Turns%20Heat-on-Chinese-Currency.aspx#page1)

Republican presidential candidates, sensing which way the political winds are blowing, also are starting to line up in support of measures to push China into letting its currency increase in value. Former Massachusetts governor Mitt Romney said he would declare China a currency manipulator, which could lead to tariffs on Chinese imports.

#### **Romney win will label china currency manipulator**

Robb 11 (Gregory, senior Washington correspondent for 20 years, September 7th, “Romney to China: Bash! Bash!”, MarketWatch, http://blogs.marketwatch.com/election/2011/09/07/romney-to-china-bash-bash/)

Mitt Romney and his advisors have begun to bash China — the traditional political stance of out-of-office presidential candidates. Rather than start slowly and increase the volume later, Romney hit China with the kitchen sink when he laid out his economic plan on Tuesday. He accused the Asian giant of a trifecta of economic abuses: currency manipulator, computer hacker, intellectual property thief. Senior Romney adviser Eric Fehrnstrom insisted Romney would be different from President Clinton, Bush and Obama, who criticized China on the campaign trail but moderated their rhetoric after Election Day. In an interview on MSNBC on Wednesday, Fehrnstrom said that once elected, Romney will present China with a list of offenses and the “specific actions” that the U.S. will take unless China “modifies its behavior.”

#### Romney will crackdown on China currency manipulation.

Reuters 6/27 (Reuters, international news agency headquarterd in London, June 27th, 2012, “Romney would get tough on China: Portman,” http://www.reuters.com/article/2012/06/27/us-washington-summit-portman-trade-idUSBRE85P17L20120627)

(Reuters) - Republican presidential candidate Mitt Romney would move aggressively to open up more foreign markets for U.S. exports, while getting tougher with China on its trade and currency practices, Senator Rob Portman said on Tuesday. The potential Romney vice presidential running mate said President Barack Obama has allowed the United States to fall "behind in a very significant way (on trade) because we are not engaging in opening up markets virtually anywhere." In contrast, Romney has taken "a sensible approach on trade, which is to be much more aggressive on the export side, but also with a mature trading partner like China, making it clear that we're going to have rules that we all live by," Portman said at the Reuters Washington Summit. Portman, who served as U.S. trade representative and then White House budget director under former President George W. Bush, faulted Obama for being "the first president since Franklin Delano Roosevelt not to ask for the ability to negotiate trade-opening agreements." "I've talked to Romney about this ... He's for immediately changing our trade policy to access the 95 percent of consumers that live outside of our borders by being aggressive on trade openings. He'd get trade promotion authority from Congress and then begin serious negotiations to open up markets." Trade promotion authority, which is also known as "fast-track" trade legislation, allows the White House to negotiate trade deals that it can submit to Congress for a straight up-or-down vote without any amendments. CHINA UNFAIR Romney would balance his push for more free trade agreements with a tough trade enforcement agenda, focusing especially on China, Portman said. He defended Romney's pledge to crack down on China's currency practices by quickly declaring them a currency manipulator, even though that worries some business groups who fear it would provoke Beijing to retaliate.

#### Currency manipulator label is top of Romney’s agenda.

Hunt 6/24 (Albert R., executive editor of Bloomberg News, directs 250 reporters and editors, June 24th, 2012, “On Some Issues, Romney Misaligned With Business,” Bloomberg News, http://www.nytimes.com/2012/06/25/us/25iht-letter25.html)

CHINA Most large U.S. companies favor economic engagement with China and abhor any possibility of a trade war. Although it isn’t unusual for a presidential candidate to bash China during the campaign, Mr. Romney has taken this sport to a new level and may be more serious. He has vowed to declare China a currency manipulator on his first day in office; he has labeled the Chinese as “cheaters” and vowed, if necessary, to slap stiff tariffs on their exports. The candidate’s chief policy adviser, Lanhee Chen, recently declared that a “robust” willingness to confront China is the distinguishing element of Mr. Romney’s economic plan. “Here’s a place where Governor Romney is really calling for a different approach,” Mr. Chen said. That view is shared by some top political advisers, too. Getting tough with China is a staple of Mr. Romney’s early general election ads; in a commercial released in Ohio last week, the candidate says his initial act would be to “stand up to China.”

#### Romney will pressure china on currency

Carpenter 1/3

(Ted, Senior fellow at the Cato institute, January 3rd, For US Election Candidates, China Is an Easy Target, http://www.cato.org/publications/commentary/us-election-candidates-china-is-easy-target)

There has been a noticeable escalation in US confrontational rhetoric and actions in recent weeks regarding China. **Legislation continues to percolate in Congress that would impose tariffs and other sanctions on Chinese imports unless Beijing significantly revalues its currency.**

**Mitt Romney**, one of the leading candidates for the Republican Party's presidential nomination, **has been especially hard-hitting. Pledging to "clamp down" on trade "cheaters," he added (to strong applause during a debate) that "China is the worst example of that. They have manipulated their currency to make their products artificially inexpensive**". He also pledged to "go after them for stealing our intellectual property".

#### evident in Romney’s ads

Brower and Lerer 5/13

(Kate, White House Reporter for Bloomberg news, Lisa, politics reporter for Bloomberg News, June 13th, China-Bashing As Campaign Rhetoric Binds Obama to Romney , http://www.bloomberg.com/news/2012-06-04/china-bashing-binds-obama-to-romney-with-trade-imbalance-as-foil.html)

On the campaign trail, **Romney labels China’s leaders as “cheaters” and “currency manipulators.” His ads say the Republican nominee would be a president who “stands up to China on trade and demands they play by the rules.” He has vowed to issue, on his first day in office, an executive order labeling China a currency manipulator**.

### Obama Losing = Currency Manipulator Label

#### Election pressures will cause Obama to cave and label china a currency manipulator if he’s losing

THE ECONOMIST 10. [“A turn for the worse; trade figures” Aug 21 -- lexis]

The new numbers mean that frustration with China is only likely to intensify as unemployment remains stubbornly close to 10%. America's bilateral trade deficit with China grew by nearly $4 billion from May to June, while China's July trade surplus swelled to $28.7 billion—the highest level for 18 months. Meanwhile, China's currency spent the following week falling against the dollar, giving back much of the ground the yuan had gained since China, under intense pressure from America, allowed it to rise. With an election looming and the recovery looking pallid, politicians may grasp for whatever villains are available. Chuck Schumer, a Democratic senator from New York, continues to push legislation that would force the Treasury to declare China a currency manipulator, subject to punitive tariffs. Mr Schumer and the Senate majority leader, Harry Reid, have both expressed a desire to put a bill onto the legislative calendar for September, when Congress returns. Mr Obama has so far been unwilling to support such measures, but his resolve may hinge on the mood of the electorate. Without a fall in unemployment, it will continue to sour.

## Pressure Solves/A2: Sanctions Bad

### 2NC A2: Turns – All – Top Shelf (Trade, relations, pressure counterproductive)

#### Currency manipulator label spurs *multilateral* action – most effective and prevents chinese backlash – turns don’t apply

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

An Action Plan¶ The case for a substantial increase in the value of the RMB is thus clear and overwhelming. ¶ Some observers believe that China is in fact preparing to shortly renew the gradual appreciation of ¶ mid-2005 to mid-2008 (5 – 7 percent per year) or even to announce a modest (5-10 percent) one-shot ¶ revaluation (with or without resuming the upward crawl in addition). On the other hand, Premier ¶ Wen Jiabao recently denied that the RMB was undervalued at all and accused other countries (!) of ¶ seeking to expand exports and create jobs by unfairly depreciating their exchange rates.¶ 8¶ ¶ Unfortunately, the two preferred strategies for promoting Chinese action – sweet reason and ¶ implementation of the multilateral rules, especially in the IMF – have to date had limited success. ¶ Both efforts should continue, however, and it is particularly important that any stepped-up initiatives¶ toward China be multilateral in nature. The Chinese are much more likely to respond positively to a multilateral coalition rather than bilateral pressure from the United States, especially if that coalition ¶ contains a number of emerging market and developing economies whose causes the Chinese ¶ frequently claim to champion. Moreover, the multilateral efforts have been half-hearted at best and ¶ it is especially important for the United States to exhaust that route before contemplating more ¶ severe unilateral steps. ¶ Much of the blame for this failure of policy to date falls on the US Government, which has ¶ been unwilling to label China the currency manipulator that it has been so clearly for a number of ¶ years. The unwillingness of the United States to implement the plain language of the Trade Act of ¶ 1988 has substantially undermined its credibility in seeking multilateral action against China in the ¶ IMF, the WTO, the G-20 or anywhere else. A sensible and effective strategy must begin by reversing that feckless position.

#### No Offense – only resolving currency imbalance can prevent inevitable trade war

Bergsten, 10

C. Fred Bergsten, Peterson Institute for International Economics Op-ed in VoxEU, November 1, 2010, <http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1700>

Professor Huang is certainly right that no one would win a currency or trade war. But the root causes of today's large and growing imbalances, especially the Chinese surplus due to China's huge and prolonged manipulation of its currency, must be resolved soon or else such conflict is inevitable. The upcoming G-20 Summit in Seoul may offer a "last best chance" to avoid irreversible reactions in the US Congress and other countries.

#### We Solve By Spurring Negotiated Solutions

Scott, 11

Robert Scott, Economic Policy Institute, 10/7/11

http://www.epi.org/blog/currency-legislation-lead-trade-war-china/

The Currency Reform Act of 2011 would not impose sweeping, across-the-board tariff increases (as did the Smoot-Hawley Act). It defines a new process for determining which currencies are “fundamentally misaligned,” and defines new procedures for conducting negotiations with such countries including new consequences, especially when a country persistently fails to revalue despite continuing negotiations. These measures are intended to spur negotiated solutions to currency manipulation, not to spark a trade war.¶ The Currency Reform Act also authorizes the Commerce department to take currency manipulation into account in anti-dumping and countervailing duty investigations. But these changes will affect a small share of total U.S. trade with currency manipulators. Again, there is nothing similar in these proposals to the broad, across-the-board tariffs imposed in the Smoot-Hawley act.¶ “Trade war” is a term that is easily thrown around in legislative debate and by political commentators. As Fred Bergsten has noted, China’s currency manipulation “is by far the largest protectionist measure adopted by any country since the Second World War – and probably in all of history.” The Currency Reform Act is a measured response designed to bring about a negotiated end to China’s predatory economic policies. China has launched a trade war on the rest of the world. It is important to stand up to the bully, to restore balance to the global trading system and world demand.

#### Claim Pressure is counterproductive is a reason China would respond quickly before sanctions are put in place – and not delay

Main Wire 6

(2-16, Lexis)

But Beijing does not like to be seen to alter its policy in response to foreign pressure, which Bergsten said **makes it all the more logical for China to move sooner rather than later** to keep up the appearance of changing policy at their **own pace**.

#### Pressure solves – china won’t retaliate – self interest checks and history proves

Scott, 11

Robert Scott, Economic Policy Institute, 10/7/11

http://www.epi.org/blog/currency-legislation-lead-trade-war-china/

On Wednesday, Senator Orrin Hatch claimed that the Currency Exchange Rate and Oversight Reform Act of 2011 (S 1619) (the Currency Reform Act) could cause “a huge trade war … with China.” Nothing could be further from the truth. A large share of our exports to China are intermediate products that are used to produce exports to the United States. If China raised tariffs or otherwise restricted imports of those products, it would simply raise the cost of their own exports to the United States. Furthermore, U.S. imports from China exceed our exports to that country by a ratio of more than 4 to 1. So every dollar in tariffs imposed by China would, in theory, be matched by four dollars in U.S. tariffs on their exports, if China ever tried to engage us in a trade war. But history shows us that they will not.¶ Senator Hatch also disparaged my latest report on China trade and U.S. employment, but I’ll save that argument for another post. We appreciate his use of our research, and are glad that he felt it necessary to respond.¶ In Aug. 2005, the Senate passed much a much tougher currency bill sponsored by Senators Chuck Schumer and Lindsey Graham (S. 295) that would have imposed a 27.5 percent tariff on all imports from China if it failed to revalue within 180 days. That bill never passed the House and never become law. Nonetheless, shortly after the bill was approved in the Senate (by a veto-proof majority), China began to revalue, for the first time in more than seven years, ultimately allowing the yuan (or RMB) to rise by 18.6 percent over the next three years. China did not retaliate.¶ China will not retaliate if the Currency Reform Act becomes law because it will hurt its own exporters if it does, and because China will benefit if it does revalue. If the yuan is allowed to appreciate, it will lower the cost of oil, food and other imported commodities in China. This will put downward pressure on inflation, which has been accelerating rapidly in China this year. Lower fuel and food prices will be particularly helpful to low-income families in China, who are very dependent on these basic commodities.

#### Prefer our ev

#### fears are overblown and only currency pressure prevents collapse of global trade

Bergsten, 11

C. Fred Bergsten, an assistant Treasury secretary from 1977 to 1981, is director of the Peterson Institute for International Economics, NYT, 9/19, http://www.nytimes.com/2011/09/29/opinion/an-overlooked-way-to-create-jobs.html

These steps are no doubt aggressive. They would require taking tough initiatives with some of our main trading partners, especially China, and giving trade a more prominent, even central, role in our overall foreign policy. To be sure, some American corporations will fret that these actions would needlessly antagonize the Chinese and threaten a trade war. Some economists worry that a weaker dollar would invite inflation and endanger the dollar’s status as the dominant global currency. I believe these fears are overblown. The real threat to the world trading system is, in fact, the protectionist policies, including undervalued currencies, of other countries and the vast trade imbalances that result.¶ Not every country can expand its economy through exports, because one nation’s smaller deficit is another’s smaller surplus. But the United States has a unique claim now to pursue such a strategy, because it has run large deficits for most of the last three decades, become the largest debtor country and accommodated other countries’ desire for export-led prosperity. If we want to avoid bankruptcy and raise growth, we have got to attack the trade deficit.

#### their ev is biased

Prestowitz, 12 (Clyde, president of the Economic Strategy Institute, Foreign Policy, http://prestowitz.foreignpolicy.com/blog/12503)

Now here is a key point. As reasonable as it may sound to question something that appears not to be working, Rachman, speaking for the establishment, warns that Obama and Hollande's proposals implicitly protectionist and thus dangerous. So once again the bogeyman of "protectionism" is rolled out to prevent any questioning of or change in the status quo conventional wisdom that free trade and globalization are always and everywhere a win-win proposition that inevitably maximizes wealth creation and welfare.¶ There are a number of problems with this somewhat knee jerk orthodox establishment reaction. For one thing, it's not at all clear why trying to enforce trade laws and globalization agreements is protectionist. It has become a kind of Pavlovian dog reaction on the part of the establishment media to label as protectionist any U.S. or other western concern for enforcement of trade rules while overlooking chronic rules infractions by a wide variety of global players. If Obama speaks of enforcement of the rules, he's labeled a dangerous protectionist, while no editorials or columns mention the conditioning of market access on technology and production transfer that is practiced by many countries, that is in violation of WTO rules, and that gives rise to Obama's call for rules enforcement.

### Ext – Multilateral pressure trick

#### Currency manipulator label spurs effective multilateral pressure – solves best

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

Hence I would recommend that the Administration adopt a new three-part strategy to ¶ promote early and substantial appreciation of the exchange rate of the RMB: ¶ 1. Label China as a “currency manipulator” in its next foreign exchange report to the Congress ¶ on April 15 and, as required by law, then enter into negotiations with China to resolve the ¶ currency problem.¶ 9¶ 2. Hopefully with the support of the European countries, and as many emerging market and ¶ developing economies as possible, seek a decision by the IMF (by a 51 percent majority of ¶ the weighted votes of member countries) to launch a “special” or “ad hoc” consultation to ¶ pursue Chinese agreement to remedy the situation promptly. If the consultation fails to ¶ produce results, the United States should ask the Executive Board to decide (by a 70% ¶ majority of the weighted votes) to publish a report criticizing China’s exchange rate policy.¶ 10¶ ¶ 3. Hopefully with a similarly broad coalition, the United States should exercise its right to ask ¶ the World Trade Organization to constitute a dispute settlement panel to determine whether ¶ China has violated its obligations under Article XV (“frustration of the intent of the ¶ agreement by exchange action”) of the WTO charter and to recommend remedial action that ¶ other member countries could take in response. The WTO under its rules would ask the IMF ¶ whether the RMB is undervalued, another reason why it is essential to engage the IMF ¶ centrally in the new initiative from the outset. ¶ 11¶ A three-pronged initiative of this type would focus global attention on the China ¶ misalignment and its unwillingness to initiate corrective action to date. The effort would have ¶ maximum impact if it could be undertaken by the United States in concert with countries that ¶ constituted a substantial share of the world economy, including emerging market and developing ¶ economies as well as the Europeans and other high-income nations. Asian countries, such as Japan ¶ and India, will be skittish in confronting China in this way but are hit hard by the Chinese ¶ undervaluation and should be increasingly willing to join the coalition as its size grows. ¶ The objective of the exercise is of course to persuade, or “name and shame,” China into ¶ corrective action. Unfortunately, the IMF has no sanctions that it can use against recalcitrant surplus¶ countries.¶ 12¶ Hence the WTO, which can authorize trade sanctions against violations of its charter, ¶ needs to be brought into the picture from the outset.¶ 13¶ Unfortunately, there are technical and legal ¶ problems with the WTO rules too (like the IMF rules) so they may also need to be amended for ¶ future purposes.¶ 14

#### Currency pressure solves protectionism and spurs multilateral support

Eckert, 10 (Paul, columnist @ Reuters, 3/12, http://www.reuters.com/article/2010/03/12/china-usa-currency-idUSN1217025020100312)

"Currency manipulation equals protectionism," he said. "That being the case, reaction to it should not really be thought of as protectionism."¶ Bergsten said he doubted whether a World Trade Organization case against China would succeed, but suggested that other U.S. measures including temporary tariffs would get world support.¶ Developing countries like India and Mexico "are screwed the worst by Chinese policies" and are furious at Beijing but stay publicly silent in the absence of U.S. action, he said.¶ A unilateral U.S. tariff move against China "would wind up fairly quickly in a multilateral, more or less equivalent, step by most countries in the world," said Bergsten.

### Ext – Pressure Effective/A2: Chinese Retaliation

#### Currency pressure effective and key to economy – won’t spark retaliation because China has too much at stake

Paul, 11

SCOTT PAUL , Executive Director of the Alliance for American Manufacturing, US News and World Report, 10/13, <http://www.usnews.com/debate-club/should-congress-interfere-with-chinas-currency-policies/chinese-currency-bill-wont-spark-trade-war>

The remedy proposed in Congress is an effective one. It will not spark a trade war, nor will it raise prices for consumers. That's because China relies on access to the American consumer market. Instead, the legislation will deter China from continued manipulation of its currency while allowing U.S. manufacturers to compete on a more level playing field.¶ [See a collection of political cartoons on the economy.]¶ Ending China's currency manipulation could create as many as 2.25 million American jobs and reduce our budget deficit by up to $71.4 billion per year, according to a recent study.¶ We know that China responds to pressure. Beijing has nudged the yuan upward several times since 2005 to avoid threatened sanctions.¶ China's currency policy is the most onerous tax on American business. It serves as a 30-40 percent tariff on American exports headed to China. No wonder we only export $1 of goods to China for every $5 we import. It's time to repeal this tax. Bipartisan currency legislation in Congress is the first step toward such relief.

#### Currency pressure effective – outweighs their internal link – impossible to solve economy and protectionism without it

Paul, 11

SCOTT PAUL , Executive Director of the Alliance for American Manufacturing, US News and World Report, 10/13, <http://www.usnews.com/debate-club/should-congress-interfere-with-chinas-currency-policies/chinese-currency-bill-wont-spark-trade-war>

Congress should pass a China currency bill and President Obama should sign it. This legislation is bipartisan, enjoys broad public support, and is one of the very few things Washington can do to assist in creating jobs without spending tax dollars. Until we achieve more balanced trade with China, it will be virtually impossible to revive our struggling economy.¶ China is acting in its own short-term interest by undervaluing its currency. That alone is not reason enough for action. But China's currency policy affects American exports and jobs, which does make it our business. While Washington cannot change China's currency policy unilaterally, if Congress provides new tools for businesses to seek recourse under U.S. trade law, we will effectively deter further currency manipulation.¶ [Read about a Congressional bill aimed at making China raise the value of its currency.]¶ The consequences of China's currency policy have been devastating. China's cheating has destroyed American jobs: 2.8 million jobs from 2001 to 2010, according to one estimate. We have a $273 billion annual trade deficit with China and just recorded the worst decade for American manufacturing in our history—even worse than the Great Depression.¶ Fred Bergsten, director of the Peterson Institute for International Economics, has called China's currency policy "the most protectionist measure taken by any major country since World War II." To let China continue this policy would be willful neglect.

#### Currency Pressure effective – consensus agrees diplomatic alternatives fail

Eckert, 10 (Paul, columnist @ Reuters, 3/12, http://www.reuters.com/article/2010/03/12/china-usa-currency-idUSN1217025020100312)

U.S. President Barack Obama has no reason to shy away from formally labeling China a currency manipulator and American pressure to get Beijing to allow its yuan currency to rise would enjoy worldwide support, some prominent U.S. economists said on Friday.¶ Next month, the U.S. Treasury Department must decide again whether to label China a currency manipulator in a semi-annual report.¶ Obama has resisted making that designation in the two Treasury Department currency reports issued under his watch, favoring instead behind-the-scenes talks with Beijing, like his predecessor, George W. Bush.¶ But with Chinese trade surpluses increasing again amid the widespread belief that China is exporting its unemployment through mercantilist currency and other trade policies, the time has come for tougher U.S. actions, said the economists.¶ "It's probably going to be really, really hard for them yet again to fudge on the obvious fact that China is manipulating," Paul Krugman, a Nobel Laureate in economics and a Princeton University professor, said at a symposium held by the Economic Policy Institute, a Washington think-tank.¶ "Without a credible threat, we're not going to get anywhere," he said.¶ The symposium, "What Can U.S. Do About China's Currency Manipulation?" was held against a backdrop of rising pressure from Congress to act on a trade gap that economists reckon has cost as many as 1 million jobs.¶ Democratic Senator Charles Schumer, author of a previous bill threatening high tariffs against Chinese goods in order to force Beijing to revalue its currency, separately on Friday said he would begin revamping legislation in coming days.¶ "Now more than ever, there is a consensus to finally confront China's currency manipulation," Schumer said in a statement.¶ Labeling China a currency manipulator under a 1988 U.S. law would require the Treasury Department to begin "expedited" negotiations with China on the currency.¶ C. Fred Bergsten, head of the Peterson Institute for International Economics, told the panel that a dozen studies by his think-tank in recent years had established that "the renminbi is undervalued by at least 25 to 40 percent."¶ He called that estimate a "conservative" conclusion that did not factor in China's rising productivity gains and assumed that China would still run a modest current account surplus.¶ China had allowed its currency to trade a bit more widely in a July 2005 policy shift but has since shifted course and repegged its currency to the dollar.¶ Beijing's "staggering and unprecedented" currency intervention of $30 billion to $40 billion a month has prevented a real revaluation, said Bergsten.¶ Krugman said a move by the United States to tackle currency policies that amount to subsidies of Chinese exports would take place at a time when China is in a very weak position.¶ "We should not be afraid of what the Chinese might do if we pressured them to stop this currency manipulation," he said.¶ Past arguments that China's reinvestment of the dollars earned from exports into U.S. debt kept interest rates low no longer hold in a world flooded with savings, said Krugman.¶ "There is a growing intellectual consensus that the preferred approaches have not worked," said Bergsten, referring to U.S. discussions with China over the past seven years and a push by the Group of 20 major economies to tackle economic imbalances.

#### Only trade pressure solves – diplomacy fails

Tonelson, 10

Alan Tonelson, Research Fellow, U.S. Business and Industry Council, 4/25, http://www.cfr.org/china/china-currency-manipulator/p21902

More bilateral diplomacy clearly won't work. American presidents have requested progress from China for at least eight years, to no avail save for a 20 percent 2005 to 2008 revaluation whose real effects have been swamped by China's skyrocketing current-account surpluses and vastly stronger national finances. Multilateral approaches are unpromising, too, as a strong global consensus for dealing effectively with China is absent, and international institutions work painfully slowly at best.¶ Therefore, the United States needs unilateral tariffs to fully offset the artificial price advantages created for Chinese-made goods by currency manipulation. Those tariff policies must be smart and agile, since currency manipulation is hardly China's only predatory trade practice, the individual forms of trade predation are fungible, and some China-based production will migrate to evade country-specific levees. Alternatively, Washington could simplify matters with an across-the-board global tariff such as that implemented by Richard Nixon in 1971, when U.S. finances were in much better shape.

#### Credible threat of trade pressure cause China to revalue overnight

Tkacik 6 (John, Senior Research Fellow – Heritage, Main Wire, 2-16, Lexis)

John Tkacik, senior research fellow in Asian studies at the conservative Heritage Foundation in Washington and a veteran U.S. diplomat, was adamant about the need to keep the pressure on China. "**The Chinese never, ever, ever, never ever take action unless they are forced to do it,"** Tkacik said, barely able to contain his hyperbole. "Unless the U.S. really points the gun at their head, and pulls , the Chinese are **not going to take it seriously**, and even then you sometimes have to pull the trigger and **blow their brains out** before they pay attention," he said. "The Chinese **do not understand** the subtleties of American diplomatic jargon." Tkacik scoffed at the Bush administration's efforts to get tough on China through negotiations, both in regards to the currency manipulation and to the effort to open that market to more free trade. "The Chinese, when it comes to trade, will **only** do the least they can do and sometimes less than that. For us to focus on least, rather than demanding they live by spirit rather than letter of their commitment leaves the Chinese with impression we're not serious." China joined the WTO in December 2001, and was given a grace period to bring its trade rules into sync with its trading partners, but progress has been spotty, and Portman said it is now time for that country to live up to its responsibilities. Even Portman acknowledged the advantage of big stick diplomacy, telling reporters about a recent case with the USTR prepared a WTO dispute case against China for rules restricting U.S. exports of corrugated cardboard used to make boxes. China "literally overnight" dropped the restrictions. Tkacik said if the administration is not willing to establish and "or else" consequence to Chinese inaction, Congress will step in an take the lead on the issue. The Graham-Schumer measure calls for a six-month negotiation period to get movement on the Chinese exchange rate, after which it would set a 27.5% across-the-board tariff on Chinese imports to compensate for the overvaluation of the yuan. Tkacik said, "I **guarantee** if Congress comes up with a veto-proof 27.5% tariff on China, the Chinese will **change overnight**. ... The Chinese simply couldn't stand 27.5% tariff for longer than two months."

#### China will only respond to credible threat

Smallwood 5 (Christopher, Dir – Lombard Street Associates, The Independent, 8-30, Lexis)

Last month, as a token response to a long period of US pressure and after 10 years of the fixed-rate policy, they revalued their currency by 2%. The Chinese Central Bank said it was a one-off move. Much more needs to be done. How can it be brought about? In an ideal world there would be a grand strategic agreement between the US, on the one hand, and China, representing Asia more widely, on the other. The Chinese government would agree to reduce overall net savings in China, probably by borrowing more itself, at the same time as the US administration took action to reduce the federal budget deficit, and it would set its currency free so that the dollar could depreciate against Asian currencies. But such a co-operative strategy " desirable as it certainly is " **seems well beyond reach**. **In the real world,** the best hope of progress is likely to come as a result of continuing the protectionist challenge " a policy of hitting Chinese exports with surcharges until the Chinese government comes to see a change in currency policy as the better option. China has moved at all **only because of threats** by Congress to penalise it by imposing a 35% surcharge on its exports, and there is **no indication** that it will respond to **any other type of policy**. In a world where markets were allowed to operate freely, protection would be a highly undesirable course to pursue. But given the dangers inherent in the world in which we actually live, the imposition of punitive tariffs may well be preferable to allowing events to continue along their present, potentially disastrous, course.

#### China won’t move without U.S. economic pressure

Main Wire 5 (11-18, Lexis)

Even if Bush holds his fire publicly -- and despite complaints from Chinese officials and some economists that leaning on Beijing is counterproductive, only making them dig in their heels further -- Bergsten stressed that such **pressure is critical**. "The **only reason** the Chinese move is because of foreign pressure. And they're not unlike any other country," he said, adding that if they were to "revalue the currency without foreign pressure (they would) be **first country in world** to do it." John Tkacik, senior research fellow in Asian studies at the Heritage Foundation in Washington and veteran U.S. diplomat, was even more adamant about the **need to keep the pressure on China**. "Chinese will not move **unless they actually see a railroad train** headed down the tunnel," he said. The primary Damocles sword hanging over China is the bill threatened by Senators Charles Schumer and Lindsey Graham to impose a 27.5% tariff on China to offset the unfair advantage they say the nation gains from its artificially undervalued currency. However, Schumer and Graham announced Wednesday that they will delay action on a bill until late December or possibly as late as March -- saying they did not want to force the issue while Bush is in Asia. But the threat of action is still there, unless the senators are satisfied China is making real progress towards a flexible currency. But Tkacik warned that imposing such drastic sanctions is sure to cause "a real train wreck" in the form of a trade war, since China will certainly retaliate and file a complaint before the World Trade Organization. Schumer said China clearly has not kept its promise to "let market forces work" on the currency, after it abandoned the long-standing peg to the dollar on July 21. "Since the original 2.1% revaluation of the yuan, the currency has moved as much in nearly four months as China said it would allow it to move in a single day. "So we are disappointed in the progress so far -- we said at the time that it was a good first baby step, but no additional steps have been taken. Yet we do not want to force a vote on this issue while the president is in China," Schumer said on the Senate floor. Bergsten, head of the Institute for International Finance in Washington, said the senators are trying to "maximize leverage" and help Bush in his efforts. The threat remains that the Senate could take action in December is Chinese do nothing. If "they move a little" after the Bush visit, the Senate "keeps open the possibility of moving at the end first quarter," he said. Bergsten said another 2% move by China will be "derided" in Congress, but something closer to 5% with the prospect more steps of that magnitude would satisfy. "I don't think they'll move without pressure," he said. "I would expect them to make another modest move before Congress comes back, and buy themselves another six months."

#### China won’t budge unless the U.S. increases pressure

Hartquist 4 (David A., China Currency Coalition, 9-9, http://www.chinacurrencycoalition.org/others/090904.html)

First, the Chinese onslaught continues to surge. Every day, every week, every month, more US jobs are lost to unfair Chinese competition. More US companies file bankruptcy or are forced to move their operations to China. Second, the Chinese trade surplus with the United States continues to grow at a rapid rate. Last year, the Chinese surplus was about $125 billion. This year, it is headed toward $160 billion. Unless we act, our deficit with China will be $200 billion before we know it. China’s official reserves are $480 billion, an increase of $125 billion in one year! Third, the diplomatic route has produced no results to date. Last May, the Administration counseled us to be patient, to allow negotiations with the Chinese to play out, to give the Chinese time to act. What has happened? No revaluation of the Chinese currency. The Chinese will talk, meet, consider, express concern -- **but not act**. And they will not **unless the heat is turned up**.

#### Tariffs cause currency appreciation

Tonelson 5 Alan, Research Fellow – US Business and Industry Educational Foundation, American Economic Alert, 12-12, http://www.americaneconomicalert.org/view\_art.asp?Prod\_ID=2170)

Yet as discussed in my October 27 column, Snow’s proposed solution to this looming crisis – boosting domestic demand in China – is **sure to be ignored** because China lacks the domestic wealth to sustain its progress. Moreover, 20 million job-seekers are entering the labor market each year. Therefore, China’s will be hard-pressed to contain – let alone reduce – its towering unemployment by producing much more than its economy can consume and exporting the surplus. That’s why the share of China’s economy represented by consumption keeps shrinking, while the share accounted for by exporting keeps growing. A **quarter century of intensifying engagement** with global capitalism was supposed to produce exactly the opposite results. Thus China will **never** change its dangerous economic or military policies voluntarily. They are simply creating too many economic and political benefits for Beijing. As a result, Washington must recognize that only new unilateral U.S. trade moves can both limit China’s military development peacefully and avert a new global financial crisis. New tariffs on Chinese imports to offset currency manipulation – as proposed by the  Schumer-Graham bill – would shrink the pool of resources available for China’s armed forces, and in the process, moderate the trade imbalances. Additional tariffs may be needed if, as in the past, China plays bait and switch by increasing other subsidies as it plays ball on currency.

### Ext – China Won’t Retaliate

#### Chinese threats to retaliate to the plan are a bluff

IHT 3

(International Herald Tribune, 11-29, Lexis)

Yet the Bush administration has blunted political pressures at home for across-the-board tariffs on Chinese imports by singling out a handful of products for tariffs and quotas. And Beijing has forestalled any domestic sentiment in favor of aggressive retaliation by **talking tough even while taking little action**, said Wu Guoguang, a former senior Chinese government official who is now a professor at the Chinese University of Hong Kong. Chinese officials have **little interest in a trade war**, but angry rhetoric now "is kind of a deterrent to the American side against a trade war," Wu said. Chinese exports to the United States exceed imports by nearly six to one, making it risky for China to alienate its biggest customer.

#### Chinese threats of retaliation are a bluff – they always respond with cooperation

Chicago Sun Times 96

(5-16, Lexis)

But the tit-for-tat announcements, coming amid a severely strained period in Sino-American relations, also raised the specter of a downward spiral in trade ties between the United States, the world's richest market, and China, the fastest-growing one. Beijing hinted that the dispute might damage ties on other fronts such as cooperation in dealing with North Korea, stating that the threatened U.S. sanctions showed "total disregard of the overall interests of Sino-U.S. relations." Administration officials played down the prospect of a trade war, dismissing the Chinese retaliation move as a club that Beijing has wielded in the past before reaching a compromise. Beijing's list, they noted, includes products that are virtually banned from importation already, such as alcohol and tobacco, as well as some of the same audiovisual items that the Chinese stand accused of pirating. "We've been through this exercise twice in this administration," Barshefsky said, noting that China issued a similar list in January, 1995, in response to a U.S. sanctions threat, and then signed an agreement to safeguard copyrights. Her predecessor, Mickey Kantor, now secretary of commerce, added: "It's no surprise or shock at all. I would expect their first reaction to be to **puff up their chests and bluster**."

### Ext – No Revaluation = Retaliation Inevitable

#### U.S. will retaliate against China absent further appreciation – makes trade wars inevitable

Daily Telegraph 5

(11-13, Lexis)

He also comments on the importance of next month's World Trade Organisation summit in Hong Kong. "We face a rising risk of global protectionism,'' he says. "If China doesn't further revalue its currency, America will get upset and could retaliate.'' For such a cautious commentator, Wadhwani uses some pretty direct language. "If we're not careful, we could see countries slapping on protectionist barriers - with an adverse effect on global growth and equities. These impending trade rows could get **really ugly**.''

#### Revaluation triggers regional revaluations – solves trade wars

Tyson 5

(Laura – Tarloff’s Mom – Dean London Business School, Business Week, 10-31, Lexis)

THERE ARE, HOWEVER, SOUND economic reasons for a revaluation of China's currency. Beijing took a first step in July by adopting an exchange-rate policy that ended its firm peg to the dollar. But the resulting yuan revaluation of little over 2% since then is insufficient. China's currency remains highly undervalued, as evidenced by the fact that Chinese authorities must continue to intervene in foreign exchange markets, adding to their vast holdings of dollar reserves that already cover more than a year's worth of imports and that amount to nearly 40% of China's GDP. There is no economic justification for China to invest so much in such low-yielding assets that risk substantial capital losses in the future. Indeed, China should both diversify its reserves away from dollars and draw down some reserves to finance strategic investments in local infrastructure, education, and research and development that will bolster future growth. A sizable yuan revaluation also would curb China's dependence on exports for economic growth and encourage more investment in nontradable goods and services, such as food and electricity, which have suffered from persistent inflationary pressure as domestic supplies have failed to keep pace with rising Chinese incomes. And Beijing has the luxury of a large budget surplus that it can use to stimulate domestic demand to offset any temporary adverse effects on growth caused by a reallocation of resources from exports to nontradables. For example, consumption spending in China accounts for only 42% of GDP. By comparison, consumption spending claims a record 71% of GDP in the U.S. China remains a poor country -- one that should be running a current account deficit rather than a surplus. What size deficit can China sustain without running the risk of sudden outflows of capital, such as those that engulfed Asia in the late 1990s? No one knows for sure. But China should be able to finance an annual current account deficit at least equal to its annual inflow of foreign direct investment: about $50 billion, or nearly 4% of its GDP. That means there's room for a meaningful yuan revaluation (certainly in the 10% to 20% range) that could bring substantial benefits to China. It could also trigger revaluations of other Asian currencies that together would **reduce the risk of a damaging trade war** between China and the U.S. Indeed, Beijing should revalue the yuan not because of America's charges of currency manipulation and not because it will reduce the U.S. current account deficit. China should revalue because it would be good for the Chinese economy.

#### Revaluation solves inevitable U.S. protectionism

Business Week 5

(7-20, Lexis)

JOURNEY TO THE WEST. Another, perhaps crucial reason for Beijing to adopt currency flexibility is as a **bargaining** **chip** in the realm of international relations. Trading partners, notably the U.S., would welcome the yuan's appreciation and presumably **would be willing to make some concessions of their own**. This may be a desirable outcome for Beijing amid threats to impose protectionist trade barriers, which could potentially harm the Chinese economy.

### A2: Relations

#### Manipulator label won’t kill relations

Dunham ’06 (Richard S., Correspondent – Campaign For America, Business Week, 2-23, Lexis)

On Feb. 14, U.S. Trade Representative Rob Portman stepped to the microphone in Washington to report the results of a top-to-bottom review of America's trade relationship with China. "We believe right now the relationship is out of balance," declared the former Ohio congressman. "The relationship needs to be more balanced, more equitable." Citing a litany of alleged abuses, Portman called for China to open its market to more American products; protect American software, movies, and recordings from piracy; and curtail trade practices that make it harder for U.S. companies to sell their goods and services in the world's largest country. He also pledged to aggressively pursue antidumping complaints and World Trade Organization action against Beijing, if bilateral talks fail to resolve disputes. To some corporate executives and China-watchers, Portman's comments heralded a new, tough stance on the part of the Bush Administration that, if not handled carefully, could set off a trade war that ultimately could damage both American companies and the U.S. economy. "NO FUNDAMENTAL SHIFT." But the reality of the situation is far less confrontational. Rather than marking a new get-tough strategy, Portman's review reflected a continuation of a yearlong effort by top Bush Administration officials to prod China to cooperate on economic matters, and to convince the U.S. Congress to avoid extreme Beijing-bashing legislation that could prompt retaliatory action by China and WTO complaints against the U.S. "There's no fundamental shift in policy," says one senior Administration official. "It's a complex relationship. There are changes and stops and starts, but we're continuing to work at it in a steady way." The public review of the relationship between two global economic superpowers comes just two months before a planned visit to the U.S. by Chinese President Hu Jintao in April. It also precedes a determination by the U.S. Treasury Dept. as to whether it believes China manipulates its currency to gain unfair competition in international trade. POLITICAL MANEUVER. And it comes amid growing pressure from Capitol Hill to retaliate against China for perceived sins, ranging from human-rights violations to dumping Chinese products in the American market at unfairly low prices. The fact that the U.S. had a record $202 billion trade deficit with China in 2005 has only fueled political concerns in Congress.Thus far, the Chinese government has been willing to cut the Bush Administration a great deal of slack to appear to respond to U.S. domestic concerns without rupturing the cooperative relationship between the two governments. "China is sophisticated and understands U.S. domestic politics," says Andy Rothman, China macro strategist for CLSA Asia-Pacific Markets. "And if they get branded a manipulator, they will understand why. It has to do with U.S. domestic politics and isn't an attack on China." Rothman says the Bush Administration "is going to want to find a way to tamp down congressional protectionist sentiment before the [Hu] visit."

#### Economic pressure discredits hard-line positions, strengthening Chinese moderates

Kagan 00

(Robert, Senior Associate – CEIP, Federal News Service, 3-23, Lexis)

But by making clear that the United States also had the ability and the will to confont China over international misbehavior and domestic repression, such a policy would be more effective in shaping the direction China takes in the coming years. Insofar as China is in the midst of a succession now and for the foreseeable future, the best way to influence the course of that succession is **not through carrots** alone. For, if it is true that there are both hard-line and soft-line impulses within the Chinese leadership, we should not make the mistake of assuming that the best way to aid the softer line is to try and accommodate all China's desires. As Richard Bernstein and Ross Munro have noted, "The hard-line nationalists, ignoring Deng Xiaoping's advice, believed that China could have it two ways -- both preparing to confront the United States militarily and politically and at the same time benefiting from trade and investment ties with the Americans." The soft-liners, on the other hand, have argued that a more open and accommodating approach is essential to avoid international isolation and economic calamity. **To the degree that we bend** in China's favor on every issue, **we strengthen the hard-liners**. It may seem paradoxical to some, but it is nevertheless true that the best way to help moderates in the Chinese government is **to make very clear the price** that China will pay, both economically and strategically, for pursuing aggressive polices at home and abroad. The goal of a containment strategy would be to **steer China away from hegemonic pretensions**, much as we are now trying to steer Russia away from any lingering hegemonic pretensions in Europe. We should not be afraid that incorporating elements of containment into our present strategy is too risky. It is worth recalling that, in the long Cold War between the United States and the Soviet Union, the years from 1981 through 1984 were a time of the most intense confrontation. At the time, opponents of the Reagan administration's hard line clamored for accommodation, for ending the arms buildup, for a "nuclear freeze," for more summits, for "engagement." But the four years of tensions and confrontation were immediately followed by the most fruitful period of amicable relations in the history of the Cold War. The changes in both the external and internal behavior of the Soviet Union in the late 1980s were due at least in part to an American strategy that might in retrospect be called "integration through containment and pressure for change."

#### Appreciation key to U.S. support for cooperation with China

Tung and Baker 4

(Chen-Yuan, Institute of International Relations, National Chengchi U., and Sam, Trans-national Research Cooperation, RMB revaluation will serve China's self-interest, China Economic Review, Vol. 14, No.3)

We do not believe that China should adjust its currency on the basis of international pressure; however, there is no doubt a meaningful adjustment of the Chinese RMB versus the U.S. dollar would be welcomed by U.S. politicians and prominent labor groups and some industries who complain about cheap Chinese imports stealing jobs and business from America. In response to a move on the currency, China could expect **reciprocal U.S. cooperation** **on other** economic and diplomatic **issues** of vital importance to China.

#### Only a risk of a turn -- Chinese leaders won’t break relations

Montaperto 95

(Ron, Managing U.S. Relations with China, INSS, Vol 42, August, http://www.ndu.edu/inss/strforum/SF\_42/forum42.html)

A breathing space is necessary. Threats aside, Chinese leaders will probably not allow relations to collapse or become hostile. There is an opportunity to work out a modus vivendi, in effect to create a firewall, for the future. Under this concept, the United States would authoritatively reaffirm once again, both to Beijing and especially to Taipei, its commitment to the long-standing one-China policy. Encouraging sentiment in favor of an independent Taiwan serves neither the long-term interests of the United States nor the interests of the 21 million residents of Taiwan. A declaration of independence would provoke military conflict. Other powers would choose sides and, in some cases, U.S. regional relations would be severely strained. Washington and Beijing would be estranged for many years. The people of Taiwan would suffer great loss. Moreover, most Taiwanese do not see independence as a desirable option. They prefer their version of the "one country, two systems" formulation because it emphasizes political and economic instruments and because, unlike the independence path, it allows for evolution. However, Washington must make it equally clear to Beijing that U.S. interests require expanded unofficial ties with Taipei. In the future, economic imperatives alone will increase the need for high-level officials to enjoy routine mutual access. Such ties have had a demonstrably positive impact in the past. An evenhanded approach, coupled with Beijing's perception of the importance of stable bilateral and regional ties, is likely to be accepted, however ungraciously.

### Ext – Won’t Kill Relations

#### China won’t break relations over currency pressure

Dunham 6

(Richard S., Correspondent – Campaign For America, Business Week, 2-23, Lexis)

On Feb. 14, U.S. Trade Representative Rob Portman stepped to the microphone in Washington to report the results of a top-to-bottom review of America's trade relationship with China. "We believe right now the relationship is out of balance," declared the former Ohio congressman. "The relationship needs to be more balanced, more equitable." Citing a litany of alleged abuses, Portman called for China to open its market to more American products; protect American software, movies, and recordings from piracy; and curtail trade practices that make it harder for U.S. companies to sell their goods and services in the world's largest country. He also pledged to aggressively pursue antidumping complaints and World Trade Organization action against Beijing, if bilateral talks fail to resolve disputes. To some corporate executives and China-watchers, Portman's comments heralded a new, tough stance on the part of the Bush Administration that, if not handled carefully, could set off a trade war that ultimately could damage both American companies and the U.S. economy. "NO FUNDAMENTAL SHIFT." But the reality of the situation is **far less confrontational.** Rather than marking a new get-tough strategy, Portman's review reflected a continuation of a yearlong effort by top Bush Administration officials to prod China to cooperate on economic matters, and to convince the U.S. Congress to avoid extreme Beijing-bashing legislation that could prompt retaliatory action by China and WTO complaints against the U.S. "There's no fundamental shift in policy," says one senior Administration official. "It's a complex relationship. There are changes and stops and starts, but we're continuing to work at it in a steady way." The public review of the relationship between two global economic superpowers comes just two months before a planned visit to the U.S. by Chinese President Hu Jintao in April. It also precedes a determination by the U.S. Treasury Dept. as to whether it believes China manipulates its currency to gain unfair competition in international trade. POLITICAL MANEUVER. And it comes amid growing pressure from Capitol Hill to retaliate against China for perceived sins, ranging from human-rights violations to dumping Chinese products in the American market at unfairly low prices. The fact that the U.S. had a record $202 billion trade deficit with China in 2005 has only fueled political concerns in Congress. Thus far, the Chinese government has **been willing to cut the Bush Administration a great deal of slack** to appear to respond to U.S. domestic concerns without rupturing the cooperative relationship between the two governments. "China is sophisticated and understands U.S. domestic politics," says Andy Rothman, China macro strategist for CLSA Asia-Pacific Markets. "And **if they get branded a manipulator**, they will understand why. It has to do with U.S. domestic politics and **isn't an attack on China**." Rothman says the Bush Administration "is going to want to find a way to tamp down congressional protectionist sentiment before the [Hu] visit."

#### Relations resilient -- pressure on currency won’t cause collapse

Stokes 5

(Bruce, PhD, Snr Fellow – Council on Foreign Relations, National Journal, 7-16, Lexis)

The Chinese resent growing pressure from Washington to revalue their currency, the yuan. They worry about mounting  
anti-Chinese sentiment in Congress. They anticipate potential bilateral friction over North Korea and over China's lengthening economic and diplomatic shadow in East Asia. And, said Wang Jisi, dean of the School of International Studies at Beijing University, "there are deep-rooted suspicions of U.S. intentions." Nonetheless, members of China's small community of experts on Sino-American relations are upbeat. They welcome April's agreement between Beijing and Washington to hold regular senior-level talks, with Deputy Secretary of State Robert Zoellick leading the dialogue, on the full array of issues facing the two nations. They think that the Taiwan issue is manageable. And they have faith that the U.S.-China relationship can be put on a stable course once Beijing convinces Washington that China's military buildup in recent years poses no threat to the United States, and that China does not want to exclude America from Asia. **Continues…**

As Yuan suggests, as dynamic as China appears from the outside, insiders here fret about their country's domestic  
vulnerabilities. Tens of millions of Chinese are jobless and drifting around the country with no permanent home. The possibility of an economic slowdown that might increase this number sends shivers through the leadership. Moreover, millions more work unproductively on the land. At some point, these people need to find jobs in industry and services if Chinese agriculture is ever to become more efficient. In addition, the strength of the financial system, burdened as it is by bad loans, is a constant worry. Opinions differ on how serious the problem is. Green, from Standard Chartered Bank, says there is "good reason to believe that China can get through this." But the banking system is likely to be vulnerable for years to come. All of this uncertainty exists amid an environment of mounting civil unrest. The number of demonstrations and other citizen protests has increased dramatically in the past few years, and many are aimed at the tax system and at environmental abuses. This internal political insecurity is compounded, analysts here say, by a growing wariness of U.S. meddling. Well aware of the role that Washington played in funding successful opposition groups in Ukraine and elsewhere, the already insecure Chinese leadership views Bush administration talk of democracy promotion with grave concern. For these reasons, Chinese experts on Sino-American relations welcome the new high-level dialogue between China and the U.S. that is slated to commence this summer. The talks aren't intended to solve specific problems -- such as Taiwan -- but will focus on building trust about each other's long-term geopolitical and security intentions. The Chinese would like to see the dialogue take up the expanding U.S. role in Central Asia, how Americans see their future relationship with Japan, and how to peacefully manage mutual energy needs. Although Chinese praise the dialogue as a good beginning, they do not have high expectations for the first meetings. They realize that the process will be slow. For that reason, some Chinese experts believe that there is also a need for a quick-reaction, crisis-management dialogue that would focus more specifically on emerging flash points. But they hold out little hope for such an interchange, saying the Pentagon opposes it. So the challenges facing the U.S.-China relationship, as seen from Beijing, are daunting **but manageable**. The course of events may depend on how Washington handles mounting frustration with China in the United States. "This is going to be very difficult," said Susan Shirk, a professor of political science at the University of California (San Diego). "The history of pressuring the Chinese to do things is not one of great success. When we pressure them, they dig in their heels. It turns into a contest of wills. And you can't keep any of this from the Chinese people anymore. The Internet sets the agenda, and Beijing has to react. So if we start venting, they will start to vent." Fortunately, said Kenneth G. Lieberthal, a China expert and a professor of political science at the University of Michigan, the relationship has proven **quite resilient** over the years. "We are far beyond the era when one or two issues could break the relationship," he said.

#### Disputes over currency don’t spill over

IPS 3

(Inter-Press Service, 11-4, Lexis)

Indeed, it now appears that, despite rising tensions over the bilateral trade balance and the value of the yuan, the realists centered in the State Department have decisively taken control over U.S. China policy, thanks largely to Beijing's own behavior and rapidly growing influence. "The administration has come to the conclusion that strategic engagement is the only viable option on relations with China," says Garrett. That Washington's major problem today is over currency, he adds, illustrates the degree to which Sino-U.S. relations have **stabilized**. "This is the kind of problem we have with Japan," Garrett said. "We're at the point where **we can have differences in one area without it threatening other aspects of the relationship**."

#### Security cooperation prevents disputes over trade pressure from derailing relations

Taiwan News 4

(4-27, Lexis)

He also said Washington's renewed protests about Beijing's human rights, weapons proliferation and trade practices were **insufficient** to destabilize U.S.-China relations, because America's reliance on Beijing in diplomatic efforts toward North Korea, and Beijing's hopes for U.S. pressure to be used against Taiwan, are part of a **broad set of calculations keeping the relationship on track**.

### A2: Trade War

#### US/Chinese trade ties are unstoppable

Xu 1 (Xianquan, Researcher – RAND, China, the United States, and the Global Economy, http://www.rand.org/publications/MR/MR1300/MR1300.ch11.pdf)

Since the establishment of Sino-U.S. diplomatic relations, economic and trade relations between the two countries developed rapidly. Over the past ten years, trade volume between China and the United States has more than tripled. While differences and disputes in bilateral relations continue, the rapid growth of economic and trade relations between China and the United States **cannot be stopped**.

#### True Even if US applies Sanctions

#### Yang 4

(Jiawen, George Washington University, The World Economy, July, http://www.blackwell-synergy.com/links/doi/10.1111/j.1467-9701.2004.00640.x/enhancedabs/)

Trade statistics seem to suggest that US economic sanctions against China have had **no significant adverse impact** on overall trade between the two countries. Both nations are considered large traders in the world, although China is far behind the United States. According to the WTO, the United States accounted for 12.3 per cent of total world exports and 18.9 per cent of total world imports in 2000, while China accounted for 3.9 and 3.4 per cent of world exports and imports, respectively. China became a major trading partner of the United States in the last decade of the twentieth century by all broad measures. According to US statistics for 2000, China was the fourth-leading supplier of US imports, the eleventh-largest purchaser of US exports, and the fourth-largest trading partner for the United States after Canada, Mexico and Japan. China surpassed Japan in 2000 as the country with which the United States has the largest trade deficit on an annual basis, although (as will be discussed shortly) trade data reported by China have differed significantly from statistics reported by the United States. The United States figures more prominently in China’s international trade. The United States was China’s top export market and third-largest import source in 2000, accounting for 20.93 and 8.98 per cent of China’s total exports and imports, respectively. Newton’s theory of gravitation has often been used for the analysis of bilateral trade flows. The gravity model predicts that trade between two countries should be proportional to the size of their economies and retarded by the geographical distance between them. On the positive side, China’s economy has grown faster than that of most countries in the last two decades and is now one of the largest in the world. Correspondingly, China has become one of the top ten countries in world trade and in trade with the United States. On the negative side, few countries in the world are farther away from the United States (China is literally on the other side of the globe). This distance, a factor often regarded as a proxy for transportation costs in international trade, should hinder trade between the two countries. The fact that China has become a major trade partner with the United States confirms that the economic size factor in the gravity model wields significant explanatory power. On the other hand, the greater trade volumes between the United States and Canada and Mexico, whose economies (as measured by GDP) are not as large as China’s, seem to suggest that distance matters. With GDP and geographical distance as explanatory variables in the gravity model, estimated US imports from China and exports to China for the years 1987 to 1998 are actually lower than the corresponding actual imports and exports (see Table 1). This seems to suggest that US economic sanctions against China have had no adverse impact on US trade with China. In fact, as Table 1 shows, gravity model residuals assume an increasing trend, particularly for US imports from China. One plausible interpretation of the positive residuals and the increasing trend is that China is relatively more open to trade than the world norm, which would explain why US-China trade has grown faster than the world average.

#### Boosts econ and heg even if it is protectionist

Prestowitz, 12 (Clyde, president of the Economic Strategy Institute, Foreign Policy, http://prestowitz.foreignpolicy.com/blog/12503)

The final question is why economic orthodoxy condemns protection as always the most evil of phenomena. On the one hand, recent research by Berkeley's Barry Eichengreen and Dartmouth's Doug Irwin confirms that the Smoot-Hawley tariff frequently blamed as the prime cause of the Great Depression was not. I think most observers would agree that the mercantilist and state capitalist economies such as those of China, Japan, Germany, Korea, Brazil, Taiwan, and Russia all engage in a significant degree of protectionism and are also the ones presently enjoying the most success. As one observer has put it: "raw protectionism is the breakfast of champions." Well, maybe that's a little strong, but it certainly does look as if the economies with relatively more protection are doing better than the ones with relatively less.¶ Certainly, it cannot be denied that the mercantilists have gained the most power over the years. Countries with current account surpluses and large reserve holdings are the ones that increasingly call the tune in the global power game. Creditors are almost always in a stronger position than debtors.

### A2: WTO

#### US Retaliation is WTO compliant and key to world trade

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

China’s exchange rate policy violates all relevant international norms. Article IV, Section 1 ¶ of the Articles of Agreement of the International Monetary Fund commits member countries to ¶ “avoid manipulating exchange rates or the international monetary system in order to prevent ¶ effective balance-of-payment adjustment or to gain unfair competitive advantage over other member ¶ countries.” Moreover, the principles and procedures for implementing the Fund’s obligation (in ¶ Article IV, Section 3) “to exercise firm surveillance over the exchange rate policies of members” call ¶ for discussion with a country that practices “protracted large-scale intervention in one direction in ¶ exchange markets” – a succinct description of China’s currency policy over the past seven years. ¶ Article XV(4) of the General Agreement on Tariffs and Trade (GATT), which is now an integral ¶ part of the World Trade Organization, similarly indicates that “Contracting parties shall not, by ¶ exchange action, frustrate the intent of the provisions of this Agreement.” ¶ Huge current account imbalances, including the US deficit and the Chinese surplus, of course ¶ reflect a number of economic factors (national saving and investment rates, the underlying ¶ competitiveness of firms and workers, etc.) other than exchange rates. Successful international ¶ adjustment of course requires corrective action by the United States, particularly with respect to its ¶ budget deficit and low national saving rate, and other countries as well as by China. But it is ¶ impossible for deficit countries to reduce their imbalances unless surplus countries reduce theirs. ¶ And restoration of equilibrium exchanges rates is an essential element of an effective global ¶ “rebalancing strategy” as agreed by the G-20 over the past year.¶ 5

#### Currency reform is critical to Chinese compliance with the WTO

Klapper 6 (Bradley, Associated Press Writer, Seattle PI, 3-17, http://americaneconomicalert.com/news\_item.asp?NID=1970069)

China should adopt a more flexible currency exchange rate policy and must do more to stamp out piracy, the World Trade Organization recommends in its first trade review of the Asian country, according to a summary obtained Friday by The Associated Press. The WTO's trade review, scheduled for release on April 10, will praise China for economic reforms made over the last three decades, which have helped cut by over half the amount of Chinese living in poverty and increase gross domestic product per capita nine-fold. Commitments made by China to join the WTO in 2001 "have provided a catalyst for reform, paving the way for continuing strong growth in the foreseeable future," the global commerce body said in the summary. But "a number of challenges remain," the WTO said, citing China's currency policy, protection of intellectual property rights and slow liberalization of key service sectors such as banking and telecommunications.

#### That’s key to WTO credibility

Duncan 2

(Christopher, Associate, Joan M. Wilbon & Associates, American University International Law Review, Lexis)

The powerful compliance obligations of the WTO DSU have found legitimacy in the theory that Member states must treat WTO DSB decisions equally to their own domestic law adjudication, **or risk weakening the WTO and signaling its legal failure and practical impotency**. [236](http://www.lexis.com/research/retrieve?_m=f2c90d0f96f6d1837d2cb89412062f79&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVtb-zSkAA&_md5=5b02ce47fd31ff2cc5040fba01a4135b#n236) This theory highlights one of the main dilemmas concerning China's accession and protection of the WTO's integrity through its dispute settlement system. [237](http://www.lexis.com/research/retrieve?_m=f2c90d0f96f6d1837d2cb89412062f79&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVtb-zSkAA&_md5=5b02ce47fd31ff2cc5040fba01a4135b#n237) Indeed, "compliance with [WTO] rulings is heavily influenced by the domestic rules operating within the Member countries." [238](http://www.lexis.com/research/retrieve?_m=f2c90d0f96f6d1837d2cb89412062f79&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVtb-zSkAA&_md5=5b02ce47fd31ff2cc5040fba01a4135b#n238) Under this framework, in which compliance with dispute settlement decisions is not only an important and beneficial aspect of the WTO, but is also essential to maintaining organizational integrity, the present state of China's  [\*445]  legal structure threatens to impose serious negative effects on the WTO's overall subsistence. [239](http://www.lexis.com/research/retrieve?_m=f2c90d0f96f6d1837d2cb89412062f79&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVtb-zSkAA&_md5=5b02ce47fd31ff2cc5040fba01a4135b#n239)

#### Lack of revaluation collapses U.S. support for free trade, destroying the WTO

Morici 5

(Peter, Prof School of Business – U Maryland, Automotive Industry, 7-18, Lexis)

Free trade in all things In the United States, subsidized Asian competition is stretching support for open trade to the **breaking point** among voters and in Congress. If it continues, U.S. support for the World Trade Organization will **disappear**, and a breakdown in that system would overwhelm the gains Asian countries obtain from undervaluing their currencies. To solve the problem, the yuan should be revalued in steps to 7, 6 or 5 to the dollar, and Chinese authorities should stop buying dollars to maintain the peg. In addition, China gradually could widen the trading range to achieve a market-determined value for the yuan in three or four years.

### Ext – WTO Compliant

#### Currency sanctions are WTO compliant

Today 5 (Online, 11-10, http://www.todayonline.com/articles/83315.asp)

The commission said that in the absence of immediate steps by Beijing to allow for such a yuan rise, Congress should consider imposing an "across-the-board tariff on Chinese imports at the level determined necessary". The United States, it said, could justify such an action under the World Trade Organization (WTO) provision allowing members "to take necessary actions to protect their national security," it said. "China's undervalued currency has contributed to a loss of US manufacturing, which is a national security concern for the United States," it said. The 12-member commission was established five years ago following Congressional approval of permanent normal trade relations with China and the admission of the world's most populous nation to the WTO. The other steps it recommended over the yuan issue were the filing of a complaint with the WTO, and amending US laws to identify and designate China a "currency manipulator." They were among 50 recommendations in the commission's 222-page report, which warned that "a number of the current trends in US-China relations have negative implications" for US long-term economic and national security interests. "US policies in these areas are in need of urgent attention and course corrections," it said.

### Gradualism Fails

#### “Gradualism” failing

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

China did let its exchange rate appreciate gradually from July 2005 until the middle of 2008 ¶ (and rode the dollar up for a while after it re-pegged in the fall of 2008). During that time, the ¶ maximum increase in its trade-weighted and dollar values was 20-25 percent (which represented ¶ good progress although it still left an undervaluation of roughly a like amount at that time). It has ¶ since depreciated again significantly, riding the dollar down, so that its net rise over the past five ¶ years is only about 15 percent. Moreover, despite China’s declared adoption of a “market-oriented” ¶ exchange rate policy in 2005, its intervention to block any further strengthening of the RMB against ¶ the dollar is about twice as great today ($30 – 40 billion per month) as it was then ($15 – 20 billion ¶ per month); on that metric, China’s currency policy is now about half as market-oriented as it was ¶ prior to adoption of the “new policy.”

## Revaluation Good

### US Agriculture

#### Chinese currency undervaluation collapses U.S. agricultural competitiveness

Nolan 3

(John, Vice President – Steel Dynamics, Member – Industry Sector Advisory Committee on Ferrous Ores and Metals, Metal Center News, 10-1, Lexis)

The dollar crisis is just as bad for American agriculture. Agricultural exports fell by $ 2.6 billion during the period of the strengthening dollar. Imports rose by over $ 7 billion, slashing the once large U.S. agricultural trade surplus by more than $ 16 billion through 2002. Shipments and prices, which grew by $ 19 billion or 6 percent during the stable dollar years, fell by half a billion dollars or 9 percent during the strong dollar years. If present trends continue for the next three years, the U.S. could become a net importer of agricultural products for the first time in its history. Are there other reasons lot America's weakening global competitiveness? Of course, but it isn't because we aren't productive. U.S. productivity is as high, or higher in most manufacturing sectors, than at any time in history. Steel Dynamics, for example, produced hot-rolled bands at the astonishing rate of 0.31 man-hours per ton in the fourth quarter of 2001, yet still lost money for the first time since 1996. We can all whine about the cost of labor and operations. We can continue to point fingers at one another. We can work harder to reduce the costs within our span of control. But none of this will impact our destinies as much as "right-sizing" the dollar. How did we get into this mess? Actually, we have been here before. The extraordinarily high dollar of the early 1980s caused many of the same problems we are experiencing today--worsening trade deficits, injury to domestic manufacturers, injury to the agricultural sector, and rising tensions with our trading partners. By the mid 1990s, conditions were good in this country. The economy was in the midst of an unprecedented cycle of growth. Inflation was low, and the American consumer was spending at a record pace. No one seemed to care much about a high and steadily rising dollar. The Clinton administration was totally focused on public opinion, and the next election, and saw opportunities to gain in both areas by advocating a strong dollar policy. Through the second half of the 1990s, the dollar continued to strengthen, peaking in February 2002 at 30 percent above historical averages, a 17-year high. While recent declines from the dollar's peak against some currencies are significant, the dollar remains overvalued by more than 15 percent, according to the Federal Reserve's primary dollar index. The strong dollar did produce some benefits. It helped keep inflation low by keeping import prices down. Free market supporters would argue that low import prices benefit U.S. consumers. Low inflation allowed the Fed to keep interest rates down, encouraging the record U.S. economic expansion to continue. American investors also capitalized oil the inflated purchasing power of the U.S. dollar in foreign financial markets. At the same time, however, manufacturing and agricultural profits were sinking like rocks in the middle of Lake Michigan four years before the recession hit the U.S. economy. Why? It's important to recognize that the dollar didn't overvalue itself. It has been the victim of serious price fixing. In the late 1990s, I worked for Steel Dynamics at the Nakornthai Strip Mill in Chonburi, Thailand. Shortly before I first arrived, the Thai government depreciated the Baht--and catalyzed the worst economic crisis in modern Asian history. On June 30, 1997, it cost the typical Thai steelmaker about 10,000 Baht to make one ton of hot-rolled finished steel goods, whether long products or hot-rolled bands. Thirty percent of that 10,000 Baht were costs denominated in U.S. dollars. These costs included debt service to U.S. lenders, the purchase costs of semi-finished (if the company was a re-roller such as Savarhiya Steel), and the cost to purchase U.S. export scrap (if the company employed an electric furnace shop such as Nakornthai or Siam Cement Steel). From a local currency perspective, these U.S. dollar denominated costs were subject to exchange rate fluctuations. As the dollar strengthened against the Baht during the second half of 1997, the cost of these items in Baht increased. However, the remaining 70 percent of costs, which were denominated in Baht, remained constant. In other words, when the dollar strengthened, the cost in Baht of items such as employee salaries, inventory including raw materials, work in process and finished goods, electrical power, and debt service to Thai banks, did not change. On June 30, 1997, each Baht was worth about 4 U.S. cents. In July 1997, the Thai government began to progressively devalue its currency. By the end of that year, Thailand had devalued the Baht by 50 percent, meaning that one Baht was now worth only 2 cents. So while it now cost the typical Thai steelmaker about 13,000 Baht to make a ton of finished steel goods, the local currency portion of their costs--7,000 Baht--dropped from $ 280 per ton in June of 1997 to $ 140 per ton in January 1998. In U.S. dollar terms, the Thai denominated cost to make finished hot-rolled steel products fell by half in just six months. Though the total cost of Thai steel in Baht increased 30 percent, from 10,000 to 13,000 Baht, the total cost of Thai steel in U.S. dollars declined by $ 140 per ton-from $ 400 down to $ 260 per ton. The Kingdom of Thailand went from a net importer of steel to an exporter of steel almost overnight, and not because it had figured out how to make steel cheaper; It was all done by manipulating their currency. How widespread is this problem? According to numerous economists, Japan, Korea and Taiwan--together representing about $ 100 billion of our trade deficit last year--are guilty of practicing blatant currency manipulation. Last year, the Japanese government intervened in currency markets to weaken the yen seven times, spending a record 4 trillion yen ($ 33 billion U.S.) to keep the dollar above 115 yen. Last December, the Japanese Finance Minister indicated his belief that the yen should trade in the range of 150 to 160 to the dollar--causing the largest single-day decline in the yen-dollar relationship in years. He simply took a very public position on the rate of exchange, and currency markets immediately reacted to it. Taiwan and Korea are also rapidly buying up dollars, which helps keep their currency undervalued by 20 percent. Together, these two economies have added $ 75 billion in U.S. dollars to their Treasury reserves during the past two years, a huge amount given their trade volumes. The new threat is China. China's currency has remained pegged around 8.2 yuan to the dollar since it devalued its currency by over 40 percent in 1994. China operates on a fixed rate of exchange, and maintains the yuan-dollar relationship by accumulating U.S. dollar reserves at an astonishing rate--more than $ 100 billion in the last two years. The Chinese are adding reserves to their treasury at a rate of nearly $ 6 billion per month. That makes China a "best buy" in anything and everything it chooses to make. China is making it very attractive for mill and service center customers to exit the U.S. as manufacturers, and to supply the U.S. market from China. According to Salomon Smith Barney, China can build an aluminum smelter in certain provinces at just 40 percent of the capital cost of building a similar facility in the West because of its currency manipulation. This is how China has built the capacity to increase its exports of manufactured goods by more than 50 percent in four years. The only factor throttling China back today is demographics. Its coastal cities are overcrowded, and competition for jobs of any kind is intense. But the Chinese government has initiated a "Go West" policy, and hopes to stem the tide of migration by developing its interior regions. Anticipating that 400 million Chinese people may migrate from the country to the cities, China plans to build 10 new cities the size of Sydney, Australia--each year--during the next decade. The Chinese further plan to support this growth with their own manufacturing infrastructure, not ours. According to Salomon Smith Barney, China is likely to become completely integrated vertically, and in time, to dominate the globe economically.

#### Ag collapse spills over – tanking overall growth, free trade, and crushing small farms

Francl 98 (Terry, Senior Economist and Commodity Specialist – American Farm Bureau Federation, Et al., “Impact of the Kyoto Protocol on Agriculture”, The American Council fore Capital Formation, October, http://www.accf.org/publications/reports/sr-impact-kyoto-ag.html)

Agriculture's Impact on the U.S. Economy No single study can capture the **ripple effect** that a decline in farm income would have on **other aspects of the** agricultural and non-agricultural **economy**. A 1998 study by the Sparks Companies, using data from Standard and Poor's DRI and based on the commitments agreed to by the United States in Kyoto, found significant economic effects: Consumer food prices would rise. A 2 percent decline in GDP resulting from the Kyoto Protocol would in turn cause a 0.7 percent decline in domestic demand for food. This would create a mild, short-term, downward pressure on food prices, counterbalanced by the inflationary pressures of higher energy costs. On net, food consumption expenditures would rise 2.6 percent. This would have only minor effects on the average U.S. consumer, whose food costs account for 11.9 percent of disposable income. But the impact on poor families would be considerable. The 37.4 percent of U.S. households earning under $20,000 after taxes spend between 21.4 and 100 percent of their income on food. Public assistance demand and costs would rise. The U.S. Department of Agriculture allocates more than $39 billion annually to six food programs, most notably the child nutrition programs and food stamps. Reduced employment could add roughly 500,000 to the food stamp rolls and raise costs of USDA food programs 5 percent annually, or by $2 billion. Agricultural exports would fall. By increasing the energy costs of farm production in America while leaving them unchanged in developing countries, the Kyoto Protocol would cause U.S. food exports to decline and imports to rise. Reduced efficiency of the world food system could add to a **political backlash against free trade** policies at home and abroad. Farm consolidation would increase. "The higher energy costs," wrote DRI/McGraw-Hill, "together with the reduced domestic and export demand, could lead to a very severe decline in investment in agriculture, and a sharp increase in farm consolidation. Small farm numbers likely would decline much more rapidly than under baseline conditions, while investment even in larger commercial farms likely would stagnate or decline."

#### Small farms are key to human survival

Boyce 4 (James K., Professor of Economics – Political Economy Research Institute and Ph.D. – Oxford University, “A Future for Small Farms? Biodiversity and Sustainable Agriculture”, July, http://www.peri.umass.edu/fileadmin/pdf/working\_papers/working\_papers\_51-100/WP86.pdf)

There is a future for small farms. Or, to be more precise, there can be and should be a future for them. Given the dependence of ‘modern’ low-diversity agriculture on ‘traditional’ high-diversity agriculture, the long-term food security of humankind will depend on small farms and their continued provision of the environmental service of in situ conservation of crop genetic diversity. **Policies to support small farms** can be advocated, therefore, not merely as a matter of sympathy, or nostalgia, or equity. Such policies **are** also **a matter of human survival**. The diversity that underpins the sustainability of world agriculture did not fall from the sky. It was bequeathed to us by the 400 generations of farmers who have carried on the process of artificial selection since plants were first domesticated. Until recently, we took this diversity for granted. The ancient reservoirs of crop genetic diversity, plant geneticist Jack Harlan (1975, p. 619) wrote three decades ago, ‘seemed to most people as inexhaustible as oil in Arabia.’ Yet, Harlan warned, ‘the speed which enormous crop diversity can be essentially wiped out is astonishing.’ The central thesis of this essay is that efforts to conserve in situ diversity must go hand-in-hand with efforts to support the small farmers around the world who sustain this diversity. Economists and environmentalists alike by and large have neglected this issue. In thrall to a myopic notion of efficiency, many economists fail to appreciate that diversity is the **sine qua non** of resilience and sustainability. In thrall to a romantic notion of ‘wilderness,’ many environmentalists fail to appreciate that agricultural biodiversity is just as valuable – indeed, arguably more valuable from the standpoint of human well-being – as the diversity found in tropical rainforests or the spotted owls found in the ancient forests of the northwestern United States.

### Turns Airline Industry Advantage

#### Revaluation key to solve economy, protectionism and US airline industry

Mufson, 11

(Stephen, Journalist @ WP, Fiscal Times, 10/4, http://www.thefiscaltimes.com/Articles/2011/10/04/WP-Congress-Turns%20Heat-on-Chinese-Currency.aspx#page1)

¶ Robert E. Scott, an economist and director of trade research at the Economic Policy Institute, said China’s currency rate not only hurts U.S. exports to China, but also makes it more difficult for U.S. companies to compete with Chinese firms for sales in Europe and emerging markets.¶ ¶ He cited passenger jetliners as an example. China has unveiled plans to export its jets starting in 2016. He said a full revaluation by China would make exported Boeing jets a third less expensive by comparison.¶ ¶ Scott said that most of the improvement in the U.S. trade balance would “come from an increase in U.S. exports to the rest of world because China is now our number one competitor.” He said the boost in U.S. jobs would also cut the budget deficit by $850 billion over 10 years as more jobs bring in higher tax revenue and fewer people draw unemployment benefits.¶ ¶ Bergsten said China is intervening in currency markets with “the sole motive” of keeping the value of its currency low and its exports cheap. “It’s probably more protectionist than [the] Smoot-Hawley tariff,” he said, referring to the U.S. trade barrier that is widely thought to have worsened the Great Depression.

### Auto Industry

Yuan appreciation key to the U.S. auto industry

Morici 5

(Peter, Prof School of Business – U Maryland, Automotive Industry, 7-18, Lexis)

Currently, thanks to China's yuan peg, the demand for yuan greatly exceeds the supply in foreign exchange markets. To maintain 8.28 yuan per dollar, Chinese monetary authorities purchase dollars in those markets rather than let the yuan rise to about 5 per dollar. In turn, Chinese monetary authorities purchase U.S. Treasury bonds and other securities to earn interest on their hoard, and that drives down U.S. mortgage rates. In China, that policy has created overinvestment in export industries, excessive urban development and great stress in international oil markets. In the United States, underpriced Chinese products have wreaked havoc on manufacturing and contributed greatly to the housing bubble. Lest they lose U.S. markets to China, other Asian governments must follow China's lead, exacerbating all those problems. Automakers and suppliers from the first tier down to steel, textile and plastics manufacturers are victims of that mercantilism. Asian exporters, such as Hyundai, Kia and Chinese auto parts makers, benefit from export subsidies through that arcane currency trading. Asian manufacturing costs, made artificially low by rigged currencies, are pressuring parts suppliers to shutter U.S. plants and move their operations across the Pacific. With fairly valued currencies, Asian carmakers and parts makers would not look like supermen, and the outsourcing impulse would not be an imperative. Chinese hypergrowth would not be consuming so much petroleum and driving up gasoline prices and shrinking markets for the Big 3's truck-based SUVs and other trucks and the parts used to make them.

#### Collapses the economy

Hall 4

(Don, President Virginia Automotive Dealers Association, Richmond Times Dispatch, March 10, LN)

AS IMPORTANT as the impact of such a drastic tax increase would be on Virginia car buyers, it would have an even greater impact on our overall economy. Since the tragic events of September 11, 2001, the automotive industry has been one of the only sources of strength in our economy. The direct impact will be to the dealerships themselves. New car and truck dealerships in Virginia account for nearly $20 billion in retail sales annually - more than 20 percent of Virginia's total retail sales. They employ more than 37,000 Virginians. However, the indirect impact could be even more severe. New car and truck dealerships purchase more than $915 million in goods and services from other Virginia businesses. This includes everything from advertising to utilities to insurance. Lost sales will result in lost buying power, which will ripple throughout our economy. Most people don't realize how critical the automotive industry is to our economy. According to a 2001 report on the "Contribution of the Automotive Industry to the U.S. Economy" prepared by the University of Michigan and the Center for Automotive Research (CAR), for every worker directly employed by the auto industry, nearly seven spin-off jobs are created.

#### Economic collapse causes extinction

Beardon 00 (T.E., Director of Association of Distinguished American Scientists, The Unnecessary Energy Crisis: How to Solve It Quickly,” Space Energy Access Systems, http://www.seaspower.com/EnergyCrisis-Bearden.htm)

History bears out that desperate nations take desperate actions. Prior to the final economic collapse, the stress on nations will have increased the intensity and number of their conflicts, to the point where the arsenals of weapons of mass destruction (WMD) now possessed by some 25 nations, are almost certain to be released.  As an example, suppose a starving North Korea launches nuclear weapons upon Japan and South Korea, including U.S. forces there, in a spasmodic suicidal response. Or suppose a desperate China — whose long-range nuclear missiles (some) can reach the United States — attacks Taiwan. In addition to immediate responses, the mutual treaties involved in such scenarios will quickly draw other nations into the conflict, escalating it significantly. Strategic nuclear studies have shown for decades that, under such extreme stress conditions, once a few nukes are launched, adversaries and potential adversaries are then compelled to launch on perception of preparations by one's adversary.  The real legacy of the MAD concept is this side of the MAD coin that is almost never discussed. Without effective defense, the only chance a nation has to survive at all is to launch immediate full-bore pre-emptive strikes and try to take out its perceived foes as rapidly and massively as possible. As the studies showed, rapid escalation to full WMD exchange occurs. Today, a great percent of the WMD arsenals that will be unleashed, are already on site within the United States itself. The resulting great Armageddon will destroy civilization as we know it, and perhaps most of the biosphere, at least for many decades.

### Chinese Modernization

#### Currency manipulation causes rapid Chinese military modernization

Preeg 3

(Ernest, Senior Fellow – Manufacturers Alliance, Chinese Currency Manipulation and the U.S. Trade Deficit, 9-25, http://www.uscc.gov/hearings/2003hearings/written\_testimonies/03\_09\_25/preeg.htm)

3. *Adverse impact on U.S. defense capability.–*This impact follows principally from the previous point of a larger East Asian manufacturing engine for growth relative to the United States as a result of currency manipulation and its impact on the U.S. trade deficit. A broader Chinese manufacturing base, with strong incentives to upgrade technological content, **enables** China to modernize its military capability at a **faster pace**. Likewise, a relatively smaller U.S. manufacturing base would have a restraining effect for the United States to maintain its high technology lead in weapons, related information systems, and other defense capabilities. Another indirect effect of Chinese currency manipulation on Chinese military modernization is the **enhanced capability to purchase weapons** and other defense-related goods and services from abroad, largely from Russia in recent years. With close to $400 billion of foreign exchange sitting idly (while gaining interest) in the Chinese Central Bank, China has **virtually unlimited funds** available for cash purchases of advanced military capability.

#### Rapid modernization causes Asian war and Chinese nationalism

Krawitz 3

(Howard M., National Defense U., Modernizing China’s Military: A High-Stakes Gamble, Strategic Forum #204, December)

China is committed to modernizing almost every aspect of the People’s Liberation Army (PLA). But military modernization may be more of a high-stakes gamble than Beijing realizes. Politics and professionalism may not mix well. No matter how carefully crafted, modernization inevitably will alter the PLA sense of identity and change its relationship over time with the Chinese Communist Party (CCP). Modernization may foment friction between military and civilian authorities competing for political primacy and limited resources or create within the PLA divisive social issues similar to those dogging Chinese civil society generally. The CCP struggle to define its future in a changing society makes the problem more complex. The PLA could become a truly national army, unwilling to be a tool for enforcing party dicta or policing internal security. Or PLA factions could end up vying for power. The resulting instability, if not outright anarchy, could threaten all of Asia.

#### Extinction

Ogura and Oh 97

(Toshimaru and Ingyu, Teachers – Economics, Monthly Review, April)

North Korea, South Korea, and Japan have achieved quasi- or virtual nuclear armament. Although these countries do not produce or possess actual bombs, they possess sufficient technological know-how to possess one or several nuclear arsenals. Thus, virtual armament creates a new nightmare in this region - **nuclear annihilation**. Given the concentration of economic affluence and military power in this region and its growing importance to the world system, any hot conflict among these countries would threaten to **escalate into a global conflagration**.

### (Global) Econ/protectionism

#### Key to solve economy and protectionism – criticisms are backwards

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

The Problem¶ The Chinese renminbi (RMB) is undervalued by about 25 percent on a trade-weighted ¶ average basis and by about 40 percent against the dollar.¶ 2¶ The Chinese authorities buy about $1 ¶ billion daily in the exchange markets to keep their currency from rising and thus to maintain an ¶ artificially strong competitive position. Several neighboring Asian countries of considerable ¶ economic significance – Hong Kong, Malaysia, Singapore and Taiwan – maintain currency ¶ undervaluations of roughly the same magnitude in order to avoid losing competitive position to ¶ China. ¶ This competitive undervaluation of the RMB is a blatant form of protectionism. It subsidizes ¶ all Chinese exports by the amount of the misalignment, about 25 – 40 percent. It equates to a tariff of ¶ like magnitude on all Chinese imports, sharply discouraging purchases from other countries. It ¶ would thus be incorrect to characterize as “protectionist” a policy response to the Chinese actions by ¶ the United States or other countries; such actions should more properly be viewed as antiprotectionist. ¶ Largely as a result of this competitive undervaluation, China’s global current account surplus ¶ soared to almost $400 billion and exceeded 11 percent of its GDP in 2007, an unprecedented ¶ imbalance for the world’s largest exporting country and second largest economy. China’s global ¶ surplus declined sharply during the Great Recession, as its foreign markets weakened, but it ¶ remained above 5 percent of China’s GDP (almost $275 billion) even in 2009. The International ¶ Monetary Fund estimates that the surplus is rising again and, at current exchange rates, will exceed ¶ the global deficit of the United States by 2014.¶ 3¶ In a world where high unemployment and belowpar growth are likely to remain widespread for some time, including in the United States, China is¶ thus exporting very large doses of unemployment to the rest of the world – including the United ¶ States but also to Europe and to many emerging market economies including Brazil, India, Mexico ¶ and South Africa.¶ 4

#### China Currency revaluation boosts global economy

**Scott, 11** (Robert E., Director of Trade and Manufacturing Policy Research, Areas of expertise in international economics, trade agreements, global finance, economic impacts of foreign investment and “insourcing”, and industry studies, international economist and member of Economic Policy Institute, Assistant Professr with the College of Business and Management of the University of Maryland at College Park, research in international economics and trade agreements, publications in The Journal of Policy Analysis and Management, the International Review of Applied Economics, The Stanford Law and Policy Review, the Los Angeles Times, Newsday, USA Today, The Baltimore Sun, The Washington Times, and other newspapers, Pd,D, in Economics at University of California at Berkeley, and B.S. in Engineering at Washington University, June 17, Revaluing China’s currency could boost US economic recovery, Economic Policy Institute - <http://www.epi.org/publication/revaluing_chinas_> currency\_ could\_boost\_us\_economic\_recovery/)

Currency manipulation is also costly for China and other Asian countries that follow China’s lead. China, however, has resisted pressure to fully revalue its currency out of fear that it would reduce exports and hurt its domestic employment. This resistance means these Asian countries are suffering from rapidly rising inflation that is undermining real wages and fueling asset price bubbles; full revaluation by China and other currency manipulators, such as Hong Kong, Taiwan, Singapore, and Malaysia, would lower their domestic costs for food, oil, and other commodities, reducing inflationary pressures, and it would increase the purchasing power of their domestic workers. Revaluation is a “win-win” scenario for the global economy.

### (US) Economy

#### It’s the single most effective economic stimulus

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

The competitive undervaluation of the Chinese RMB and several neighboring Asian ¶ countries has a very substantial impact on the United States. As noted, an appreciation of 25-40 ¶ percent is needed to cut China’s global surplus even to 3-4 percent of its GDP. This realignment ¶ would produce a reduction of $100 – 150 billion in the annual US current account deficit.¶ 6¶ Every $1 billion of exports supports about 6,000 – 8,000 (mainly high-paying manufacturing) ¶ jobs in the US economy. Hence such a trade correction would generate an additional 600,000 –¶ 1,200,000 US jobs. Correction of the Chinese/Asian currency misalignment is by far the most ¶ important component of the President’s new National Export Initiative. As its budget cost is zero, it ¶ is also by far the most cost-effective step that can be taken to reduce the unemployment rate in the ¶ United States.

#### Currency pressure on china solves – only way to prevent economic collapse

Bergsten, 11

C. Fred Bergsten, an assistant Treasury secretary from 1977 to 1981, is director of the Peterson Institute for International Economics, NYT, 9/19, http://www.nytimes.com/2011/09/29/opinion/an-overlooked-way-to-create-jobs.html

BY virtually ignoring trade, President Obama and Congressional Republicans are missing a major opportunity to create jobs. The United States runs an annual trade deficit of about $600 billion, or 4 percent of our entire economy. Eliminating that imbalance would create three million to four million jobs, according to Commerce Department estimates, at no cost to the budget.¶ It is clear that our economy can no longer rely on consumer borrowing, housing bubbles, government deficits and super-low interest rates. The United States must start selling much more to other countries, especially China and other emerging markets that are growing at 6 percent or more per year.¶ Mr. Obama has set a goal of doubling the nation’s exports over five years. But his administration has done little to achieve that goal, which is inadequate to begin with. For one thing, the focus should not be the level of exports but the overall deficit — the difference between what we import from abroad and what we sell overseas.¶ This will of course require us to get our house in order: balancing the budget over time; investing in education, infrastructure and scientific research; and making taxation and regulation more efficient. But there are three steps we can take that would pay off more quickly.¶ First, the United States must, in effect, weaken the dollar by 10 to 20 percent. This step alone would produce one million to three million jobs. It’s been done before: In 1971, President Richard M. Nixon ended the dollar’s convertibility in gold, and in 1985, Treasury Secretary James A. Baker III reached an agreement with foreign countries to devalue the dollar relative to the yen and the Deutsche mark.¶ The bulk of our current misalignment is vis-à-vis the Chinese currency, the renminbi, and a small group of other Asian currencies. Partly in response to pressure from the United States and other countries, China has let its currency rise modestly over the past year, but it continues to intervene in foreign exchange markets, purchasing one billion to two billion United States dollars every day to prevent the value of the renminbi from rising more quickly.¶ The artificially low value of the renminbi — it is 20 to 30 percent less than what it should be — amounts to a subsidy on Chinese exports and a tariff on imports from the United States and other countries. The United States should take China to the World Trade Organization in Geneva for engaging in illegal competitive currency devaluation, and retaliate if China does not cease this protectionist policy. Many members of Congress have urged such action, but Mr. Obama, like President George W. Bush before him, has been too timid to take this step.

#### Revaluation key to solve economy and protectionism

Mufson, 11

(Stephen, Journalist @ WP, Fiscal Times, 10/4, http://www.thefiscaltimes.com/Articles/2011/10/04/WP-Congress-Turns%20Heat-on-Chinese-Currency.aspx#page1)

Yet China’s weak currency continues to loom over the U.S. trade debate. Economists say that even though China has gradually let the value of its currency rise over the past six years, the Chinese yuan is still undervalued by anywhere from 15 percent to 38.5 percent. They say that is costing the U.S. economy anywhere from a half-million to 2.25 million jobs. Although the Obama administration has been urging China to let its currency rise faster, China has been slow to respond, and the administration has avoided a full-fledged confrontation spiked with retaliatory tariffs.¶ “I regard China’s currency policy as the most protectionist measure taken by any major country since World War II,” said C. Fred Bergsten, head of the Peterson Institute for International Economics. “Its currency manipulation by our estimates has it undervalued by 20 percent to 30 percent. That’s equivalent to a 20 to 30 percent subsidy on all exports and a tariff on all imports by the largest trading country in the world.”

#### Revaluation key to solve economy, protectionism and US airline industry

Mufson, 11

(Stephen, Journalist @ WP, Fiscal Times, 10/4, http://www.thefiscaltimes.com/Articles/2011/10/04/WP-Congress-Turns%20Heat-on-Chinese-Currency.aspx#page1)

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#### Key to US econ – production and earnings growth

Tonelson, 10

Alan Tonelson, Research Fellow, U.S. Business and Industry Council, 4/25, http://www.cfr.org/china/china-currency-manipulator/p21902

Of course President Obama should declare that China is manipulating its currency to seek trade advantages. U.S. law requires such declarations when the evidence warrants. And China has openly admitted its guilt, with Commerce Minister Chen Deming recently acknowledging to the Washington Post that a stronger yuan would destroy typical Chinese exporters' profit margins, and threaten "our own employment and stability."¶ But the same U.S. law only requires Washington to initiate negotiations in response. A debt-choked United States desperately needing to foster production- and earnings-based growth needs much stronger, faster-acting anti-manipulation measures. So does a president desperately needing more job creation without further boosting astronomical federal budget deficits.

### India

#### Yuan appreciation strengthens the Indian economy

Ray 5

(Alok, Professor of Economics – University of Rochester, Business Line, 8-12, Lexis)

In fact, indications are that China is shifting more and more to domestic consumption boom, rather than on investment or export surplus, to sustain its growth momentum. What will happen to the value of the dollar against other currencies such as the euro? If China allows a substantial revaluation of the yuan vis-a-vis the dollar in the days to come, the euro may go down against the dollar from its current high. Since China maintained a fixed peg against the dollar, the latter had to fall more against other currencies such as the euro to make the necessary adjustment in its global trade balance. Indian goods will derive a competitive advantage over that of the Chinese to the extent the yuan appreciates against the dollar and other major currencies (such as the euro and the yen). However, a 2% appreciation of the yuan may not bring any significant change. Some analysts believe that China enjoys a cost advantage of 10-15% over Indian textiles. That being the case, a 2% tilt of balance in favour of Indian goods will not be able to swing the scale in favour of India. Moreover, the degree of competitive advantage will depend on whether the Indian rupee will appreciate against the dollar and other major currencies That would hinge on whether the Reserve Bank of India will continue to buy dollars from the market to prevent the rupee from appreciating. Some think that the yuan revaluation will make life easier for the RBI as it can now afford to let the rupee appreciate to some extent, without undermining the competitive position of Indian goods. This would ease RBI's burden in sterilising the effect of foreign exchange gains on domestic money supply by selling more government bonds. The resulting appreciation of the rupee vis-a-vis the dollar will make imported goods cheaper at home, helping the Government reduce the inflation rate (especially by lowering the rupee price of oil) and lessen the pressure to adjust the interest rate upward to keep pace with inflation. Again, a lot may depend on what other Asian competitors do. For example, the Malaysian central bank has already changed its currency from a fixed rate against the dollar to a managed float. More countries may follow If foreign investors believe that the yuan will appreciate significantly against the rupee in the near term, then more foreign direct investment may flow into India for two reasons. One, they will get a higher amount of domestic currency by investing a given amount of dollars in India relative to China. Two, to the extent FDI goes into export industries, exports from China (compared to from India) will be more expensive. How about FII money flows and the impact on the Indian stock market? Most foreign investment in China takes the form of FDI. Hence, FII inflows into India may well continue so long as India remains a bull market. Moreover, to the extent the rupee is expected to appreciate, more FII money may come in right now to take advantage of an exchange gain. What about the longer run, assuming that it is the beginning of a creeping upward journey of Chinese yuan against other major currencies? At this moment, Wal-Mart sources some $ 18 billion worth of goods from China while its purchases from India is about $ 2 billion. So, if Indian goods manage to offer a significant price advantage, major global buyers such as Wal-Mart and Gap may source more from India and less from China. In fact, big buyers such as Wal-Mart are already a little apprehensive about keeping almost all their eggs in the Chinese basket. So, they would be happy to diversify their purchases. Basically, Indian exports will be cheaper abroad. If not limited by supply constraints, India's sales in global markets will increase. Of course, the relative advantage for Indian producers will be less if they import inputs from China, which would be more expensive in rupees. Over time, this may provide an incentive to Indian manufacturers to source materials from countries other than China

#### Indian economic growth is crucial to stabilize South Asia

Garten 95

(Jeffrey, Under Secretary of Commerce for International Trade, FDCH, 3-7, Lexis)

Paramount among those interests are the commercial opportunities that are increasingly at the heart of the Clinton Administration's foreign policy. But it is impossible to separate those commercial interests from our broader interests. Economic reforms enable our companies to take advantage of the opportunities within the Indian market and enable Indian companies to better enter the global marketplace. Economic growth in India is a **powerful stabilizing force** in a region of the world where stability is of Supreme importance. Stability and growth in India are of enormous importance through southern Asia, from the Middle East to Indochina. Peace and prosperity in that part of the world are **essential** to the peace and prosperity of the world.

#### Impact is extinction

Business Recorder 00

(12-17, Lexis)

India has suffered modest economic sanctions for its muscular nuclear and missile profiles. But the global worry over its domestically popular aspiration to big power status has rocketed because of the ongoing conflict in Kashmir. Pakistan has sought to match India bomb for bomb and missile for missile. And the greatest causes belli for warring between the two South Asian rivals is Kashmir, which has already sparked two such clashes. But they came before India and Pakistan could engage in nuclear volleys that could **menace the entire planet with nuclear winter** or a variation of that apocalypse. It is the potential for nuclear exchanges over Kashmir that has prompted President Bill Clinton and his national security advisers to characterise the disputed territory as the most dangerous place on the earth.

### Japan

#### U.S. pressure for Chinese revaluation key to prevent Japanese economic collapse

Kozak 5

(Bob, Currency Analyst - Alaron Trading Corp., Market Strategies Futures, 6-1, Lexis)

Japan, the world's second largest economy, fell back into recession in 2004. Lower exports, less consumer spending and higher energy costs have all contributed to the recent slowdown in the expected recovery, which has been delayed to the second half of 2005. Coming to the **economic rescue** may be the long awaited and much anticipated revaluation of the Chinese currency, the yuan, renminbi or RMB; your choice. The yuan has been pegged to the U.S. dollar at 8.3 for the last 10 years and has placed countries looking to compete for a slice of the export pie at an unfair disadvantage. Pressure from the United States and its G-7 partners will prompt the Central Bank of China to eventually float its currency in the open market or expand the 3% trading range to help level the playing field. The eventual 3%-4% increase in the yuan's value should allow Japan and other Asian nations to be more competitive relative to Chinese goods and see their respective currencies appreciate at the expense of a lower U.S. dollar.

#### Impact is global economic collapse and nuclear war with China

The Guardian 2

(2-11, Lexis)

Even so, the west cannot afford to be complacent about what is happening in Japan, unless it intends to use the country as a test case to explore whether a full-scale depression is less painful now than it was 70 years ago. Action is needed, and quickly because this is an economy that could soak up some of the world's excess capacity if functioning properly. A strong Japan is not only **essential for the long-term health of the global economy**, it is also needed as a counter-weight to the growing power of China. A collapse in the Japanese economy, which looks ever more likely, would have profound ramifications; some experts believe it could even unleash a wave of extreme nationalism that would push the country into **conflict with its bigger (and nuclear) neighbour**.

### Manufacturing

#### Revaluation is key to the U.S. manufacturing industry – sustains the whole economy

Preeg 3

(Ernest, Senior Fellow – Manufacturers Alliance, Chinese Currency Manipulation and the U.S. Trade Deficit, 9-25, http://www.uscc.gov/hearings/2003hearings/written\_testimonies/03\_09\_25/preeg.htm)

As for the broader impact of Chinese and other East Asian currency manipulation on the U.S. economy, there are three principal effects, one involving short-term adjustment of the U.S. trade deficit, and the other two having more fundamental and longer term consequences. 1. Short-term adjustment of the trade deficit.–There is widespread agreement that the $500 billion U.S. current account deficit cannot be sustained indefinitely, and that the inevitable downward adjustment will involve a significant lowering of the dollar exchange rate. As noted above, such adjustment should be of substantial benefit to U.S. export and import-competing industries, but it also has its costs, including upward pressure on interest rates and inflation and perhaps some downward effects on the stock market. The current outlook, however, is about as favorable as it can get for minimizing these adverse adjustment effects. Inflation is very low and most indicators point to a relatively strong economic growth path, with relatively low interest rates, over the next year or two. In this context, the huge official purchases of dollars by East Asians, including China, are currently financing more than half of the $500 billion U.S. current account deficit, thus tending to postpone the inevitable current account adjustment. And the longer we postpone the trade adjustment through such borrowing from foreign governments, the "harder the landing" for the dollar and the U.S. economy will likely be, including the likelihood of a larger necessary adjustment during less favorable domestic economic circumstances. 2. Adverse impact on U.S. manufacturing as the engine for growth.–The manufacturing sector is the engine for growth for the overall U.S. economy. Two-thirds of research and development and over 90 percent of new patents derive from the manufacturing sector. The application of new technologies throughout the economy is predominantly through manufactured products with an increasing component of related services for training, application, and maintenance also supplied by manufacturing companies. Productivity growth in the U.S. economy has soared from 1.5 percent in 1990-1995 to 2.5 percent in 1995-2000 to 3.4 percent since 2000, and the engine for this extraordinary growth record is the manufacturing sector. The unprecedented U.S. trade deficit in manufactures, however, has resulted in a much smaller engine for growth in the United States and a corresponding larger engine in East Asia, including China, in particular. The U.S. trade deficit in manufactures has increased steadily from about $150 billion in 1997 and $250 billion in 1999 to $373 billion in 2001, and it is projected to exceed $450 billion this year, of which 70-80 percent is with East Asia, and over $100 billion with China alone. The trade deficit in manufactures currently amounts to about one-third the value added in U.S. manufacturing industry. Put another way, if U.S. trade in manufactures were in balance, the U.S. manufacturing sector would be one-third larger, including about five million more jobs. The net result would be a substantially larger engine for growth, with substantially greater resources available for research and development, investment, and training to upgrade employee skills. This relationship between the evermore technology-intensive manufacturing engine for growth and the trade balance is clearly evident in the economic strategy of the East Asian export powerhouses, including China. A large trade surplus plus a net inflow of technology-intensive direct investment in manufacturing is a central policy objective, and currency manipulation to maintain or increase the surplus is a highly effective policy instrument to this end. A sustained trade surplus as a policy objective has long been called "mercantilism" by economists. In current East Asian form, it can be more pointedly described as "advanced technology mercantilism," and China is the outstanding practitioner.

#### Economic collapse causes extinction

Beardon 00 (T.E., Director of Association of Distinguished American Scientists, The Unnecessary Energy Crisis: How to Solve It Quickly,” Space Energy Access Systems, http://www.seaspower.com/EnergyCrisis-Bearden.htm)

History bears out that desperate nations take desperate actions. Prior to the final economic collapse, the stress on nations will have increased the intensity and number of their conflicts, to the point where the arsenals of weapons of mass destruction (WMD) now possessed by some 25 nations, are almost certain to be released.  As an example, suppose a starving North Korea launches nuclear weapons upon Japan and South Korea, including U.S. forces there, in a spasmodic suicidal response. Or suppose a desperate China — whose long-range nuclear missiles (some) can reach the United States — attacks Taiwan. In addition to immediate responses, the mutual treaties involved in such scenarios will quickly draw other nations into the conflict, escalating it significantly. Strategic nuclear studies have shown for decades that, under such extreme stress conditions, once a few nukes are launched, adversaries and potential adversaries are then compelled to launch on perception of preparations by one's adversary.  The real legacy of the MAD concept is this side of the MAD coin that is almost never discussed. Without effective defense, the only chance a nation has to survive at all is to launch immediate full-bore pre-emptive strikes and try to take out its perceived foes as rapidly and massively as possible. As the studies showed, rapid escalation to full WMD exchange occurs. Today, a great percent of the WMD arsenals that will be unleashed, are already on site within the United States itself. The resulting great Armageddon will destroy civilization as we know it, and perhaps most of the biosphere, at least for many decades.

### Steel

#### Chinese currency undervaluation makes the collapse of the U.S. steel industry inevitable

Boselovic 4

(Lee, Pittsburgh Post-Gazette, 8-20, Lexis)

Even as they bask in prosperity, U.S. steel industry leaders are telling Congress they need help battening the hatches for the cyclical industry's **next inevitable downturn**. China's rapid economic growth and allegations that the roaring Asian giant is manipulating its currency topped the list of concerns presented yesterday to members of the Congressional Steel Caucus. Other pressing issues include rising imports, pension and health care costs, subsidies to foreign competitors and strengthening trade laws. The 90-minute hearing was held at the Allegheny County Courthouse, Downtown. "The current situation cannot be expected to last forever," U.S. Steel President John P. Surma warned in prepared testimony. Jack W. Shilling, executive vice president of Downtown-based Allegheny Technologies, warned caucus members "we are at a crossroads." Foreign countries are providing financial incentives for specialty metals producers to move operations offshore at the same time U.S. producers are burdened with rising health care costs, tax, legal and regulatory burdens and other obstacles overseas producers don't face, he warned. U.S. Sen. Arlen Specter, R-Pa., who moderated the hearing, said some long-awaited relief is on the way. The U.S. Department of Commerce is preparing a proposal for monitoring steel imports that President Bush promised in December when he lifted emergency tariffs on imported steel. The monitoring program would provide earlier notice of import surges and illegally traded steel, giving domestic producers more time to respond. Eve though U.S. Steel and others have seen profits soar, they have been critical of Bush for dragging his feet on monitoring, saying other countries use it and it is consistent with World Trade Organization regulations. "We've been consistently asking for that," Surma said. What to do about China, the world's largest steel producer, dominated the discussion. Rapid growth in that country is creating demand for steel, which resulting in steel prices rebounding sharply in recent months after languishing at 20-year lows. Industry officials complained about harm from China's refusal to peg the value of its currency to market rates rather than the U.S. dollar, which makes Chinese steel cheaper for U.S. customers. "I'm concerned that at some time we'll be back in crisis because of what's happening in the world and what's happening in China," said United Steelworkers of America President Leo Gerard, describing China's economic system as a combination of "Rambo capitalism and totalitarianism. "The administration has refused to take any action against China," he said.

#### Weak steel industry collapses the U.S. economy and hegemony

Shaiken 2

(Harley, Prof – Global Economy, Cal-Berkeley, Detroit News, 3-22, http://www.detnews.com/2002/editorial/0203/25/a11-446451.htm)

But because an advanced industrial economy needs a vibrant steel industry, not just a source of steel products, the U.S. steel industry needs some temporary resuscitation and long-term structural support to survive. More than 30 firms have gone bankrupt since 1998 -- and far more would likely have fallen over the edge without President George W. Bush's recent modest measures. The hard lesson of this debacle might well have been that it's easier to see an industry like steel implode than to rebuild it when it's needed. Why does America need a steel industry? Steel executives want to keep their companies afloat and the steelworkers union wants to preserve members' jobs. But beyond their immediate concerns, an important, long-term public interest is involved. First, steel provides **critical linkages** throughout manufacturing. A healthy steel industry can spur innovations in downstream industries such as autos. These industries would enjoy earlier access to new processes and products. U.S. steel firms, for example, are spearheading an international consortium on advanced vehicle concepts. It doesn't help that three of the largest U.S. firms involved are in bankruptcy. Second, steel remains an important source of well-paid, middle-class jobs. While more than 70,000 jobs are threatened at bankrupt steel producers, an additional 250,000 jobs at suppliers and firms dependent on steelworker spending are impacted, according to Professor Robert Blecker at American University. A collapsing steel industry **cuts a wide swath of destruction** through communities. Finally, a domestic industry provides more stable sources of supply, which is **pivotal** in a national security crisis. Steel is **genuinely a strategic industry** unless we are thinking about **aluminum aircraft carriers and mahogany tanks**.

#### Global nuclear war

Khalilzad 95

(Zalmay, RAND Corporation, Losing The Moment? Washington Quarterly, Vol 18, No 2, p. 84)

Under the third option, the United States would seek to retain global leadership and to preclude the rise of a global rival or a return to multipolarity for the indefinite future. On balance, this is the best long-term guiding principle and vision. Such a vision is desirable not as an end in itself, but because a world in which the United States exercises leadership would have tremendous advantages. First, the global environment would be more open and more receptive to American values -- democracy, free markets, and the rule of law. Second, such a world would have a better chance of dealing cooperatively with the world's major problems, such as nuclear proliferation, threats of regional hegemony by renegade states, and low-level conflicts. Finally, U.S. leadership would help preclude the rise of another hostile global rival, enabling the United States and the world to avoid another global cold or hot war and all the attendant dangers, including a **global** **nuclear** **exchange**. U.S. leadership would therefore be more conducive to global stability than a bipolar or a multipolar balance of power system.

### Textiles

#### Chinese currency manipulation collapses the U.S. textile industry, undermining military readiness

Dupree 3

(Robert, VP Gov’t Relations – American Textiles Manufacturers Institute, FDCH, 10-20, Lexis)

One way we can tell this is by looking at what we have exported to these countries. Have we sent them yarn, fabric or clothing? No, we have sent them millions of dollars worth of used textile machinery - looms and other equipment that have been bought by Asian manufacturers at fire sale prices when textile plants have been forced to close here in the U.S. For instance, exports of used textile weaving and knitting machines to China have increased eightfold over the past five years. More often than not, these state of the art looms are being sold to the very Chinese companies that have driven our own mills out of business. Unfortunately, adding further insult to injury, this **swath of devastation** has been implicitly sanctioned by the U.S. Treasury Department. For the past six years, the Treasury Department has turned a blind eye to the over one trillion dollars that Asian central banks have stockpiled in order to gain an anti- competitive export advantage over U.S. producers. Not once in the past six years, has a U.S. Treasury report even officially admitted that these countries manipulate their currencies. Now, because of the leadership of Chairman Manzullo and others, a rising tide of outrage from the Congress and from manufacturing workers across this country may soon force the Treasury Department to make such an admission. That admission will be important but it will not be enough. In private meetings, career Treasury staffers have made it perfectly clear that this is a task they wished were not forced upon them. We are concerned that their "lack of enthusiasm," to put it mildly, will make it difficult for this effort to succeed. That is why we applaud you, Mr. Chairman, for sponsoring H. Con. Res. 285, which would put the careerists at Treasury on notice that Congress will not stand for any more delay, or for any more excuses in addressing the problem of currency manipulation. The manufacturing workers of this country are demanding real action and, with your strong support, we believe we are closer to getting such action. As a final note, because the American textile industry is a **critical supplier** to the United States military, providing by their own estimates some 10,000 or so different items for use by our Armed Forces, we have to believe that the Congress will not let this **vital** sector be further devastated by badly flawed U.S. government policies and unfair foreign trade practices. It is not in our nation's economic interest to allow this to happen, and it is certainly not in our strategic interest to have our **military readiness jeopardized** through erosion of our textile defense industrial base.

#### Collapse of readiness undermines hegemony and causes global war

Spencer 00

(Jack, Policy Analyst – Heritage Foundation, The Facts About Military Readiness, 9-15, http://www.heritage.org/Research/MissileDefense/BG1394.cfm)

The evidence indicates that the U.S. armed forces are not ready to support America's national security requirements. Moreover, regarding the broader capability to defeat groups of enemies, military readiness has been declining. The National Security Strategy, the U.S. official statement of national security objectives, 3 concludes that the United States "must have the capability to deter and, if deterrence fails, defeat large-scale, cross-border aggression in two distant theaters in overlapping time frames." 4 According to some of the military's highest-ranking officials, however, the United States cannot achieve this goal. Commandant of the Marine Corps General James Jones, former Chief of Naval Operations Admiral Jay Johnson, and Air Force Chief of Staff General Michael Ryan have all expressed serious concerns about their respective services' ability to carry out a two major theater war strategy. 5 Recently retired Generals Anthony Zinni of the U.S. Marine Corps and George Joulwan of the U.S. Army have even questioned America's ability to conduct one major theater war the size of the 1991 Gulf War. 6 Military readiness is vital because declines in America's military readiness signal to the rest of the world that the United States is not prepared to defend its interests. Therefore, potentially hostile nations will be more likely to lash out against American allies and interests, inevitably leading to U.S. involvement in combat. A high state of military readiness is more likely to deter potentially hostile nations from acting aggressively in regions of vital national interest, thereby preserving peace.

Global nuclear war

Khalilzad ‘95

(Zalmay, RAND Corporation, Losing The Moment? Washington Quarterly, Vol 18, No 2, p. 84)

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### Trade Deficit

#### Revaluation key to reduce U.S. trade deficit, preventing global economic collapse

Goldstein 4 (Morris, Senior Fellow – Institute for International Economics, ADJUSTING CHINA’S EXCHANGE RATE POLICIES, 5-26, http://www.iie.com/publications/wp/wp04-1.pdf)

As suggested in section II, the absence of an RMB revaluation would also make it more difficult to reduce global payments imbalances, especially the correction of the US current-account deficit. A little fuller presentation of that argument goes as follows. The US current-account deficit (projected at 4 to 5 percent of GDP for 2004) is unsustainably large; a sustainable deficit would be about half that big. If the US external deficit is not reduced soon, the likelihood increases that the inevitable adjustment later would be larger and sharper, involving a greater fall in the dollar, a larger rise in US interest rates, and a “hard landing” for the US economy. Such a hard landing would impose **significant contractionary spillover effects on the rest of the world** (including on China).

#### Extinction

Torgerson 99 (Douglas, Professor and Chair of the Department of Political Studies – Trent University, Ontario, The Promise of Green Politics: Environmentalism and the Public Sphere, p. 145-146)

By adopting an uncompromising posture, green radicalism serves to high-light the danger that green reforms might well be absorbed and rendered ineffective by the established order. Against reforims, green radicals emphasize the need to thoroughly transform prevailing institutions and ways of viewing the human/nature relationship. In the absence of coherent and plausible programs for radical transformation, however, desperate scenarios of crisis and catastrophe become inviting: “The very best thing for the planet,” one radical green has thus declared, “might be a massive worldwide economic depression”: “Amid the terrible hardships this would create for countless people, at least the machinery would stop for a while, and the Earth could take a breather.”5 Needless to say, this repugnant hope ignores the obvious range of potential consequences arising from such a scenario. Social insecurity and human misery could intensify human conflicts and promote neglect of environmental concerns as people desperately sought to protect themselves, there could also be increased terrorism, even warfare of a **type** and **scale** that would prove enormously destructive to **life on earth**.

### China Modelled - Key Global Currency Imbalance

#### Chinese manipulation modeled – key to global currency imbalances and wrecks global econ

Bergsten, 10

C. Fred Bergsten, Peterson Institute for International Economics, Op-ed in the Financial Times, October 4, 2010, http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1669

China continues to manipulate the renminbi to the extent that it is now undervalued by at least 20 percent. Japan has resumed intervention on a massive scale to lower the yen. Switzerland recently spent more than $100 billion to keep its franc from rising. All these countries, and a number of others, already run large trade surpluses and hold huge reserves but nevertheless want to weaken their exchange rates to boost growth through exports.¶ Now some deficit countries, notably Brazil, feel compelled to emulate these interventions to defend their competitive positions, even though they too already hold large reserves. Virtually all economies, including the European Union and the United States are seeking to avoid stronger exchange rates. In short, the competitive undervaluation of China is infecting the entire global economy.

#### Chinese Currency Revaluation key to solve global currency imbalances – impact is global economic collapse and protectionism – gradualism fails

Subramanian, 10

Arvind Subramanian, Peterson Institute for International Economics, Op-ed in the Financial Times, April 20, <http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1550>

Necessary adjustments in global imbalances are under way. China's current account surplus is down from a peak of 11 percent to about 6 percent in 2009, while the US current account deficit is well down from its peak of 6 percent. Estimates of future surpluses in China are being revised down. Yet the contours of the next imbalance are becoming clear and China's exchange rate is central.¶ Essentially, the tidal force of capital flows to emerging economies faces only partially flexible currencies. The wave is being caused by a number of factors that have sharply increased returns to capital in emerging markets relative to those in advanced economies.¶ The biggest factor is the contrasting performance of emerging economies, especially in Asia, which are roaring back while advanced economies, notably in Europe, are growing anemically. As a result, the size of these flows is likely to surpass precrisis levels.¶ With these economies at different stages of cyclical recovery, monetary policy stances are also in contrast. With inflation still quiescent, monetary authorities in advanced economies are likely to withdraw policy support only gradually. In emerging economies authorities have started to tighten monetary policies to head off incipient inflationary pressures (China, India, and Indonesia) or they are unwinding the earlier monetary accommodation as growth returns. Thus, substantial interest rate differentials in favor of emerging economies are becoming a reality, further pushing capital from advanced to emerging economies. Problems in Greece and consequential contagion in Europe might only aggravate capital flows to emerging economies.¶ How have emerging economies responded? Essentially through massive accumulation of foreign exchange reserves, the pace of which resembles the precrisis period. It is not that emerging economies have not let their currencies appreciate in response to flows; rather, upward currency flexibility has been limited. The irony is that this policy choice worsens the imbalance. The more inflexible exchange rates are, the greater the pull for capital flows because of the one-way bet that is created by policy.¶ How can this imbalance be resolved? To the extent that some flows are unavoidable and even desirable, emerging economies have to be ultra-vigilant in preventing overheating of goods and asset prices. Here there is reason for optimism. Especially in Asia the lessons from the late-1990s crisis and the recent one have been etched in the collective DNA. The 1990s crisis taught them what not to do, while the financial crisis affirmed the prudent choices made in the intervening years.¶ But emerging economies will want to moderate inflows of capital both for macroprudential reasons and to avoid becoming uncompetitive due to rising currency values. What should they do? The only two real options are capital controls and currency appreciation. But what is becoming clear is that the landscape is rife with beggar-thy-neighbor possibilities. For example, if some countries restrict capital, there is the risk that capital gets diverted to others, increasing pressure on them. And competitive nonappreciation—the revealed preference of many emerging economies given that their main trade competitor, China, has a fixed exchange rate—imposes large systemic costs of global overheating and excess liquidity creation as reserves pile up around the world.¶ The policy lesson is clear: the need for coordination among emerging economies on managing capital flows and exchange rates. Key to facilitating this is China's exchange rate policy. It is welcome that China has signaled that the renminbi will be more flexible, but its policy of gradualism risks being overtaken by events. Given the scale of capital flows, a small move by China will probably only elicit a small move by other countries, especially in Asia. Given expectations about the magnitude of its eventual appreciation, the one-way bet will remain largely intact, with not much dampening effect on flows.¶ Rectifying the new imbalance will require an even more ambitious move by China. With that in place other emerging economies can then allow more flexibility in their currencies. De facto policy coordination is possible and China moving soon and substantially can help bring that about.

### A2: Global Currency Imbalance Declining

#### Currency Imbalance Rapidly Increasing – claims of correction flawed

Bergsten, 10

C. Fred Bergsten, Peterson Institute for International Economics Op-ed in VoxEU, November 1, 2010, <http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1700>

Professor Huang is only partially correct, however, in arguing that the imbalances themselves have improved. To be sure, both the Chinese surplus and the US deficit were cut roughly in half from 2006/2007 to 2009. This was a result of two things. First, the global recession reduced imbalances, as exports and imports retracted by roughly equal percentages. Second, with the usual time lag of 2 to 3 years, the currency realignments of 20 percent to 25 percent by the dollar during 2002–07 and of the renminbi during 2005–08. Incidentally, contrary to Professor Huang's assertion that I ignore this progress, I emphasized both improvements in my testimony [pdf] to the House Ways and Means Committee and the Senate Banking Committee in mid-September. 1¶ But the imbalances are now rising sharply again, which is why the issue has soared to the top of the global agenda. The US global current account deficit has moved about halfway back up from its recent trough of $300 billion to its record high of $800 billion. China's global trade surplus over the past several months is more than 75 percent above its level of a year earlier, and the IMF projects that its global current account surplus will continue rising back to 8 percent of GDP (about $800 billion, equal to the largest US deficit to date) by 2015 on the basis of current exchange rates and other policies. This goes against the rebalancing strategy agreed upon by the G-20, including the leaders of China and the United States. It also goes against the economic needs of both countries, with the United States experiencing slow growth and China expressing deep concern about overheating. The issue is thus much more urgent, and considerably more serious, than suggested by Professor Huang.

### A2: China Currency imbalance declining/Revaluating now

#### Despite improvements – Chinese currency massively undervalued – causing global imbalance

Cline, 11

(William, Peterson Institute International Economics, 11/17, http://www.piie.com/publications/interviews/pp20111117cline.pdf)

William Cline: Our new estimates are that China’s currency is about 11 percent undervalued in terms of ¶ what it would take to keep their current account surplus within bounds. We say a three ¶ percent of GDP surplus is about as high as it should get. They’re headed instead to a 7 ¶ percent surplus, according to the IMF, by 2016. Now, that estimate is somewhat narrower ¶ than our April estimate, which was 16 percent.¶ Steve Weisman: So it went from 16 to 11?¶ William Cline: It went from 16 to 11, and that was because there’s been some move of the renminbi ¶ against the dollar. In addition, the real value of the renminbi has been moving faster than ¶ that, because they have more inflation than we do. They’re inflating at about five and a half ¶ percent. We’re inflating at about three percent per year. That means that they are essentially ¶ giving us renminbi that aren’t worth as much, and therefore they are becoming stronger ¶ relative to us for the inflation component. ¶ It continues to be an imbalance. I think the Chinese case is particularly problematic ¶ because it’s not just the exchange rate in the current account. It’s also that they continue ¶ to pile up huge reserves. After all, they went back to what they call “floating” in June of ¶ 2010. But since that time, their reserves have gone up from $2.4 trillion to $3.2 trillion, so ¶ clearly they’re not floating in the sense that they’re keeping their hands off the market. And ¶ it’s a combination of the undervaluation, with pretty obvious thwarting the market on the ¶ exchange rate, that makes it particularly contentious.¶ Steve Weisman: Your paper though says that the bilateral undervaluation of the renminbi against the dollar is 24 ¶ percent. Explain the difference between why you say it’s 24 percent bilaterally, but 11 percent…¶ William Cline: …on the effective rate.¶ Steve Weisman: Yes, on the effective rate. This is a little technical, but I think people interested in this ¶ subject will bear with us.¶ William Cline: All right, here’s the concept: the bilateral rate that comes out of this exercise is what the ¶ dollar rate against each currency would be if all countries at the same time were to realign 2¶ to equilibrium rates. And an equilibrium rate again is, if the huge current account surplus ¶ in Singapore would come down; the current account surplus in Switzerland would come ¶ down, because they depreciated. ¶ When you have all of these other economies – and there are a lot of them are undervalued ¶ that trade heavily with China: Malaysia, Singapore, Hong Kong, Taiwan – then the fact ¶ that those currencies are also moving up would mean that in order to achieve an 11 percent ¶ real effective appreciation, the renminbi would need to move up considerably more against ¶ the dollar individually, because it would be not moving up against these other currencies. ¶ If you think about what the country itself should be responsible for – its own action, ¶ nobody else in the world changes an iota – then you can say, “Well, it’s 11 percent.” But ¶ the reality is that if China were in fact to move its exchange rate, the neighboring countries ¶ [would] tend to move along with it. They’ve done that in the past, [and there is] every ¶ reason to expect them to do it.¶ Steve Weisman: I think Fred Bergsten [director of the Peterson Institute] refers to that as the “satellite effect.”¶ William Cline: Satellite effect, right, So, in practical terms, at the end of the day, the right notion to think ¶ about against the dollar would be somewhere in the range of 11 percent, at least up to as ¶ much as 24 percent.

#### Current improvements are a mirage and won’t continue

Cline, 11

(William, Peterson Institute International Economics, 11/17, http://www.piie.com/publications/interviews/pp20111117cline.pdf)

I think it would be generous to the Chinese to say that they’re adopting their own ¶ announced policy. Because their own announced policy, it’s right there in the five-year plan, ¶ is that they’re going to move toward greater international balance. They don’t want to be ¶ quite as dependent on foreign shocks as in the past. ¶ So, if they were to keep up the current pace of the real appreciation of their currency for ¶ a prolonged period, it would certainly eventually move them a lot closer to where they ¶ need to be. I’m not sure you can count on that. The last time that the international crisis ¶ got worse, they suddenly put the brakes on their currency movement. After all, they ¶ had appreciated their currency quite a bit from 2005 to 2008. But as soon as the world ¶ economy got dicey, they basically froze it against the dollar.

### 2NC A2: Econ Turns – All – Top Shelf

#### On Balance – Revaluation key economy – job and trade balance benefits swamp price effects

Bergsten, 10

C. Fred Bergsten, Peterson Institute for International Economics Op-ed in VoxEU, November 1, 2010, <http://www.piie.com/publications/opeds/oped.cfm?ResearchID=1700>

There are several other major analytical errors in his article that have an important bearing on the topic. For example, he suggests that revaluation of the renminbi would not produce net economic benefits for the United States. There would be costs, to be sure, mainly from higher prices. Yet these are not serious in the short to medium run, however, due to low-capacity utilization and the total absence of inflationary pressures. On the other hand, my colleague William Cline has shown that revaluation of even 20 percent would curb China's global surplus by $350 billion to $500 billion and reduce the US global deficit by $50 billion to $120 billion, which would translate into 300,000–700,000 good US jobs (Cline 2010). Under current and foreseeable conditions of high unemployment and price stability, currency realignment would thus represent a significant and unambiguous net benefit for the US economy.

#### Times have changed – fears over inflation and T-bill sell off no longer apply

Eckert, 10 (Paul, columnist @ Reuters, 3/12, http://www.reuters.com/article/2010/03/12/china-usa-currency-idUSN1217025020100312)

Krugman said a move by the United States to tackle currency policies that amount to subsidies of Chinese exports would take place at a time when China is in a very weak position.¶ "We should not be afraid of what the Chinese might do if we pressured them to stop this currency manipulation," he said.¶ Past arguments that China's reinvestment of the dollars earned from exports into U.S. debt kept interest rates low no longer hold in a world flooded with savings, said Krugman.

#### Prefer our ev – fears are overblown and only currency pressure prevents collapse of global trade

Bergsten, 11

C. Fred Bergsten, an assistant Treasury secretary from 1977 to 1981, is director of the Peterson Institute for International Economics, NYT, 9/19, http://www.nytimes.com/2011/09/29/opinion/an-overlooked-way-to-create-jobs.html

These steps are no doubt aggressive. They would require taking tough initiatives with some of our main trading partners, especially China, and giving trade a more prominent, even central, role in our overall foreign policy. To be sure, some American corporations will fret that these actions would needlessly antagonize the Chinese and threaten a trade war. Some economists worry that a weaker dollar would invite inflation and endanger the dollar’s status as the dominant global currency. I believe these fears are overblown. The real threat to the world trading system is, in fact, the protectionist policies, including undervalued currencies, of other countries and the vast trade imbalances that result.¶ Not every country can expand its economy through exports, because one nation’s smaller deficit is another’s smaller surplus. But the United States has a unique claim now to pursue such a strategy, because it has run large deficits for most of the last three decades, become the largest debtor country and accommodated other countries’ desire for export-led prosperity. If we want to avoid bankruptcy and raise growth, we have got to attack the trade deficit.

### Ext – On Balance Key Econ

#### On balance key to US and global economy – despite downsides

Tonelson, 10

Alan Tonelson, Research Fellow, U.S. Business and Industry Council, 4/25, http://www.cfr.org/china/china-currency-manipulator/p21902

Therefore, the United States needs unilateral tariffs to fully offset the artificial price advantages created for Chinese-made goods by currency manipulation. Those tariff policies must be smart and agile, since currency manipulation is hardly China's only predatory trade practice, the individual forms of trade predation are fungible, and some China-based production will migrate to evade country-specific levees. Alternatively, Washington could simplify matters with an across-the-board global tariff such as that implemented by Richard Nixon in 1971, when U.S. finances were in much better shape.¶ Will such moves require difficult, prolonged adjustments from an import- and consumption-happy American economy? Obviously. But the damage from decades of profligacy cannot be repaired painlessly. And the sooner the United States starts substituting domestic production for imports, the sooner real economic recovery will start, and the sooner the world's still dangerously high structural economic imbalances will begin shrinking.

### A2: TBills

#### Chinese threats to disinvest are hollow

Business Week 4

(12-14, Lexis)

Could foreign central banks decide to withdraw these holdings? It's certainly hard to see why they would. Selling their dollar holdings would push the currency lower -- the opposite of what they want. It would also mean they're getting paid back with cheaper dollars, forcing them to book a loss in their own currency. HOLLOW THREAT. However, a few central banks might shift holdings out of greenbacks for other reasons. If China moves to a market-basket peg instead of its current dollar peg, for example, it will need to shift to a market basket of reserves. Currently, Russia is piling up reserves, as high oil prices bring foreign exchange into the country. Its economic ties to Europe make holding reserves in euros more sensible than holding reserves in dollars. The Chinese threat to pull reserves out of dollars in retaliation for U.S. pressure to raise the Chinese yuan is **particularly empty**. Such a pullout would hurt the dollar, so in effect the Chinese are threatening to weaken the dollar unless the U.S. stops asking them to raise their currency.

#### Japan will intervene to prevent massive sell-off

LA Times 5

(7-23, Lexis)

Any appreciation in the yuan means that dollar-denominated bonds decline in value for the Chinese. But with China in a gradualist mode, its revaluation should have only modest effect on the Treasury market, Bianco said. He expected 10-year T-note yields to remain in the range of 3.8% to 4.6% that has prevailed for the last three years. Even if China stopped buying U.S. securities, Japan's central bank probably would **step in and defend** the dollar to protect its own huge export trade with the United States, said Ralph Axel, government bond strategist at HSBC Securities in New York.

#### T-bill sell off won’t increase interest rates – China will reinvest dollars

Shostak 5

(Frank, Adjunct Scholar – Mises Institute, China Does Not Determine U.S. Interest Rates, 6-3, http://www.mises.org/story/1837)

Now, if China were to decide to sell off its holdings of US t-bonds, obviously it would lead to an initial rise in yields. However, the Chinese are unlikely to sit on the dollars—they most likely will employ the dollars obtained from t-bond sales to purchase some other US assets, which in turn will push their prices up and lower their yields. In other words China's action will not have any effect on excess US money overall. Hence over time China's selling off of t-bonds will have **no effect** on interest rates.

#### Excess liquidity and private investment solve the impact

Financial Times 5

(5-26, Lexis)

Ben Bernanke, the Federal Reserve governor nominated to become chief economist at the White House, said yesterday that a shift in China's currency regime would have an impact on US interest rates but should not harm the economy. Mr Bernanke, whose nomination has stoked speculation about his prospects of succeeding Alan Greenspan as chairman of the Federal Reserve next year, repeated the administration's line that China should allow its currency to rise against the dollar. Some economists have warned that if overseas governments were to stop buying US Treasuries there could be a sharp rise in long-term interest rates and a destabilising dollar collapse. Foreign reserves held by poor countries rose by almost Dollars 400bn last year to Dollars 1,600bn, according to the World Bank. Federal Reserve research suggests that overseas demand for US bonds has reduced the yield on 10- year bonds by half a percentage point or more. "I do believe that US financial markets and world financial markets are sufficiently deep and liquid and there's sufficient private interest in US securities, that moderate adjustment in these reserve positions are not a risk to US interest rates or the economy," Mr Bernanke said, referring to the possibility that Asian governments would stop buying US assets.

#### Federal Reserve counteracts the link

Schneider 5

(William, Political Analyst, National Journal, 10-22, Lexis)

The U.S. budget deficit is financed by borrowing. More and more of that money comes from China, now the United States' second-largest lender, after Japan. China's investment in U.S. government debt has more than tripled in the past five years, from $71 billion in 2000 to $242 billion in 2005. Is that a problem? No, says the director of the Congressional Budget Office, Douglas Holtz-Eakin. "Dollars all look the same," he added. "Their ultimate source doesn't matter." Under pressure to pay for hurricane recovery, the war in Iraq, a costly transportation bill, tax cuts, and a new prescription drug program, Congress and the president have been unwilling to raise taxes or make deep spending cuts. The only alternative is to borrow. And foreigners are awash in U.S. dollars. Americans buy goods from abroad. Foreigners use the cash to buy U.S. debt. That keeps U.S. interest rates low, which makes the foreigners happy because it means Americans can continue to buy their goods. In the view of Albert Keidel of the Carnegie Endowment, "It's not a problem." The Chinese, he added, "are becoming increasingly reasonable members of the world financial community. They don't want to be seen as irresponsible or vindictive." According to Dominic Wilson, global economic analyst for Goldman Sachs, the Chinese "have no great interest in destabilizing either the U.S. bond market or the U.S. economy. This is a major export market. For China, it is the largest." But isn't there something worrisome about Communist China financing the U.S. government? Wilson acknowledged some concern. "It is a situation that makes the U.S. more vulnerable to decisions of overseas governments and the decisions of overseas investors," he said. "That is not a situation that, over the long run, you want to be in." Japan is still, by far, the largest U.S. lender, with $683 billion in U.S. debt, nearly three times as much as China. But he source of Japanese lending has shifted. About 18 months ago, the Japanese government began to move away from the large-scale purchase of U.S. securities, and its private sector stepped in to fill the gap. In China, however, it's the government that's lending money to the United States. Is that better or worse for the United States? A government is more likely to be a stable investor. Private investors could be inclined to stampede or panic. But the Chinese government's investment in this country does give that government a lot of potential bargaining power. As Wilson of Goldman Sachs put it, "If you are thinking about the leverage that it gives to the Chinese government, that is obviously an easier bargaining chip to play when those securities are in the hands of government rather than the private sector." If the Chinese decide to cut back their investment, that decision could drive U.S. interest rates up. The Carnegie Endowment's Keidel isn't too worried about that either. "The force that manages U.S. interest rates is the Federal Reserve," he pointed out. "The U.S. Federal Reserve has enormous resources. What the Chinese might do **can't really compete** with what the Fed would do."

### A2: Inflation

#### Chinese prices won’t affect global inflation

Kamin 4

(Steven B., Deputy Associate Director, International Finance Division of the Federal Reserve Board, Et al., Is China Exporting Deflation, Jan, http://www.ciaonet.org/wps/kas22/kas22.pdf)

Abstract: In the past few years, observers increasingly have pointed to China as a source of downward pressure on global prices. This paper evaluates the theoretical and empirical evidence bearing on the question of whether China’s buoyant export growth has led to significant changes in the inflation performance of its trading partners. This evidence suggests that the impact of Chinese exports on global prices has been, while non-negligible, **fairly modest**. On *a priori* grounds, our theoretical analysis suggests that China’s economy is still **too small** relative to the world economy to have much effect on global inflation–a back-of-the-envelope calculation puts that effect at **about 1/3 percentage point in recent years.** In terms of the empirical evidence, we identify a statistically significant effect of U.S. imports from China on U.S. import prices, but given the size of this effect and the relatively low share of imports in U.S. GDP, the ultimate impact on the U.S. consumer prices has likely been quite small. Moreover, imports from China had little apparent effect on U.S. producer prices. Finally, using a multi-country database of trade transactions, we estimate that since 1993, Chinese exports lowered annual import inflation in a large set of economies by 1/4 percentage point or less on average, similar to the prediction of our theoretical model.

#### Inflationary impact will be tiny

Miller 5

(Rich, Senior Correspondent, Business Week, China’s Revaluation: Don’t Fret, 7-26, http://www.businessweek.com/bwdaily/dnflash/jul2005/nf20050726\_4690\_db042.htm)

LIMITED IMPACT.  Won't China's revaluation boost the price of its exports and increase inflation in the U.S., the main buyer of its goods? Perhaps, but not by a heck of a lot. If all of the 2.1% appreciation of China's currency were passed on to U.S. customers in the form of higher prices, it would increase inflation here by a **mere 0.04%,** according to calculations by Wall Street broker Bear, Stearns & Co. Even if China allows its currency to rise modestly further over the coming year -- as many experts expect -- the impact on inflation in the U.S. is likely to be **limited**. Given China's growing financial and economic clout, it's not surprising that bond investors bailed out of the market last week. But for the moment, at least, their worst fears for what it means for the market seem unfounded.

#### China exports global deflation

Kamin 4

(Steven B., Deputy Associate Director, International Finance Division of the Federal Reserve Board, Et al., Is China Exporting Deflation, Jan, http://www.ciaonet.org/wps/kas22/kas22.pdf)

In the past few years, as the issue of deflation has grown in prominence, observers increasingly have pointed to China as a source of downward pressures on global prices.1 Such concerns have been prompted by several factors. First, as indicated in Chart 1, Chinese exports have continued to grow strongly in recent years, even as world trade decelerated with the global economic slowdown, leading to increases in China’s share of world markets. Second, China has run sustained current account surpluses, contributing to a substantial accumulation of international reserves and leading observers to assert that China is adding more to world supply than it is to world demand. Third, notwithstanding vigorous economic growth, consumer prices in China had been roughly flat or declining for several years (although they have picked up in recent months) ; with China’s exchange rate fixed to the dollar, this has supported the view that Chinese export prices, measured in dollars, must have been declining as well. Finally, but perhaps most importantly, while China exports an increasingly wide range of products, it has made especially deep inroads into particular sectors–toys, sporting goods, apparel, and consumer electronics, among others. In consequence, considerable anecdotal evidence has emerged of competition from Chinese exports leading to **downward price pressure** and lost market share on the part of producers outside of China.

#### Causes global economic collapse

The Record 3

(12-3, Lexis)

Worldwide, experts now fret about the possibility of deflation, or of falling prices, which can be a precursor to an economic depression. The cause -- blame would be quite the wrong word -- is China. Year by year, it pours out ever-larger quantities of ever-cheaper goods. If China sustains its current annual rate of increase in its exports, it will top U.S exports by 201

### A2: OPEC Switch

#### Turn – high trade deficit caused by Chinese currency manipulation is more likely to cause OPEC switch than revaluation

Morici 5

(Peter, Prof – School of Business, U Maryland, United Press International, 8-19, Lexis)

Mike Cosgrove argued in the Thursday's Wall Street Journal that the Bush administration committed an economic and foreign policy mistake by encouraging China to revalue its currency, because it halted the gradual dollarization under way in East Asia. In a nutshell, China has announced it will move toward a basket of currencies and de-emphasize the dollar in managing its currency. In turn, Cosgrove argues this will cause other East Asian central banks to do the same and for the Organization of Petroleum Exporting Countries to stop pricing oil in dollars. **These are really two separate issues** -- dollarization and currency management. Although related, **they need to be discussed separately**, and **not conflated into a bogus argument** for ruinous monetary and currency policies. The United States has purposely discouraged the dollarization of other economies, and the reasons behind that policy are quite sound. The management of domestic money supplies is a central element of good macroeconomic policy, and with dollarization, the domestic supply of money becomes determined by the sum of a country's trade surplus and inward foreign investment. If those are too large, inflation results, and if they are too low, deflation and stagnation result. The only way an economy can dollarize and grow is to maintain perpetual and growing trade and investment surpluses. If every country dollarized then all would have to follow the same mercantilist policy. Sound like the gold standard? It is, with the United States printing the world's gold. Were the world to dollarize, the United States would have to have one whopping trade deficit and exodus of capital, as it faces ever slower growth to feed a world hungry for dollars. Initially, the United States would enjoy a rather high standard of living. As the world's appetite for dollars grew, our trade deficits would have to grow from 5 percent of gross domestic product, to 6, to 7 and so forth. As that number grew, we could work less and consume more. Great stuff! Americans would become the landed aristocracy of a paper gold empire, that is until fickle foreign central banks woke up and realized the dollar wasn't worth anything anymore because Americans didn't make anything anymore. That brings me to the second issue -- currency management. The world is moving perilously close to a dollar standard. Increasingly, central banks have backed up their money supplies by holding dollars, though many wisely let their currencies float, permitting some independence of monetary policy, and limit their purchases of dollars. Central banks have good reason to hold the dollar. The U.S. economy is about one-fifth of the global economy and quite diversified. You can still buy an enviable variety of American goods with dollars. Capital and property are safe and secure here, and U.S. Treasury securities are about the most bulletproof promissory notes on the planet. Consequently, most currency transactions take place through the dollar. You want won for pesos? You trade won for dollars and dollars into pesos. You want to hedge future transactions? Hedge through the dollar. Unfortunately, China and other Asian countries, by buying massive amounts of dollars to push up their trade surpluses, have abused the global trading system. Similarly, the United States has abused its seigniorage by printing too many bonds, because the president and Congress cannot demonstrate any reasonable measure of fiscal restraint. These combined policies are distorting capital markets in both China and the United States. China, to maintain its peg, is not permitting Chinese investors to diversify internationally and encouraging overinvestment in many industries (and I don't mean textiles and furniture) where it has little comparative advantage. U.S. trade deficits, which results from irresponsible Chinese exchange rate policies and American fiscal stupidity, are encouraging underinvestment in U.S. technology-intensive activities. We have a great housing boom instead! Over time, this will erode U.S. growth and make the dollar inherently less valuable, and **encourages what Cosgrove wants to avoid -- a flight from the dollar**.

#### Zero risk of an OPEC switch

International Oil Daily 4

(12-23, Lexis)

Moreover, Opec producers, which took the lead in shifting their foreign currency reserves from dollars to euros, are not really taking seriously the idea of switching the pricing of their oil exports to euros. Despite all the current criticism against US President George W. Bush's policy of letting the dollar weaken, "it's **not even on the agenda** for ... Opec," said Collinson. The dollar's traditional role as the international reserve currency has been declining steadily for the last 30 years, and the decision by Russia and Opec countries to switch their foreign reserves to euros is contributing further to that decline. But in order for them to start pricing their crude exports in euros would **require nothing less than a complete shift** in the international reserve currency to the euro, analysts say.

#### OPEC can’t unilaterally decide to price in Euros

Looney 3

(Robert, From Petrodollars to Petroeuros, Strategic Insights, November, http://www.ccc.nps.navy.mil/si/nov03/middleEast.asp)

More fundamentally, OPEC has no direct control over the quotations of the main market crudes. Whereas, in the past (up until the mid-1980s) the Organization did set the official selling prices, this power began to fade when the oil futures market was established in the New York commodity market (NYMEX) in 1983. By 1986, a market-oriented pricing system had been introduced for all oil transactions (Table 1). From that point on, the price of oil has been determined by a complex formula starting with the movement of spot prices in markets such as the NYMEX. These market developments occurred as a result of the weakening of OPEC brought on by the expansion of production in non-OPEC regions like the North Sea. Seen in this light, changes by OPEC (or any single producing country) in the currencies used to conduct oil transactions are much more complex and difficult to undertake than that implied in the Clark and Henerson scenarios. Given the realities in the two key crude markets (the NYMEX and the Brent), it is apparent that OPEC cannot just unilaterally decide to price oil in euros. Whether or not such a shift occurs depends much on the actions of several key countries. Both England and Norway are a long way from adopting the euro. More importantly, the Brent and NYMEX markets are not likely to adopt the euro as a basis of trades until the vast majority of participants, both buyers and sellers are convinced it is in their best interest to do so. Today, there is no evidence that this is the case. In fact, to date no one in the vast network of the global oil trade has asked for or offered oil contracts in anything but dollars.[[16]](http://www.ccc.nps.navy.mil/si/nov03/middleEast.asp#references)

#### Appreciation key to prevent a hard landing for the dollar

Blecker 3

(Robert A., Prof Economics – American University, The Benefits of a Lower Dollar, Economic Policy Institute Briefing Paper, May, http://www.epi.org/briefingpapers/lowerdollar/may03bp\_lowerdollar.pdf)

The current decline in the dollar will provide a much-needed stimulus to the U.S. economy. The falling dollar will bring especially welcome relief to the internationally competitive U.S. manufacturing sector, which has suffered disastrous consequences—lost jobs, reduced profits, and decreased investment—as a result of the dollar’s overvaluation for the past several years. However, although the dollar has come down significantly from its peak in February 2002, it has not yet fallen nearly enough to reverse the damage caused by its high value since the late 1990s. In spite of its recent fall, the dollar has still not lost most of the value it has gained since 1995 compared to the euro and other major currencies. Moreover, the dollar has not fallen compared to the currencies of the developing nations that now account for more than half of the U.S. trade deficit. Some of these nations, especially China, maintain fixed exchange rates and intervene heavily to prevent the type of market-driven adjustment that is now occurring between the dollar and the euro. As a result, relying on financial markets to bring the dollar down is not enough. More active management of the dollar’s decline—including cooperation with major U.S. trading partners and action to end foreign manipulation of currency values—is **vital** to ensure that the dollar falls in a **comprehensive and sustainable fashion**. The high value of the dollar since the late 1990s has acted like a massive tax on U.S. exports and a huge subsidy to U.S. imports. As a result, although U.S. manufacturing firms have made substantial investments in new technologies and U.S. manufacturing workers have vastly increased their productivity, these achievements have not paid off in the face of foreign products that have been selling at deep, artificial discounts created by the overvalued dollar. Specifically, the overvalued dollar has resulted in: • About 740,000 lost jobs in the manufacturing sector by 2002—more than one-quarter of the 2.6 million jobs lost in manufacturing since 1998. • A decrease of nearly $100 billion in the annual profits of U.S. manufacturing companies by 2002. • A fall in investment in the domestic manufacturing sector by over $40 billion annually as of 2002, representing a loss of 25% of U.S. manufacturing investment.

### 2NC A2: Reval Bad - Chinese Economy

#### Chinese currency manipulation decks their economy – swamps trade balance benefits ­– mass costs to central banks passed to households

Gagnon et al, 11

Joseph E. Gagnon , Nicholas R. Lardy, and Nicholas Borst, Peterson Institute for International Economics, 10/3, <http://www.piie.com/blogs/realtime/?p=2427>

It is currently costing the Chinese central bank about $240 billion per year to hold down the value of the Chinese currency relative to other currencies. This cost is growing rapidly. The cost would decrease significantly if China allowed its currency to float and began reducing its foreign reserves, although there would likely be a one-time capital loss at the time the currency begins to float.¶ To put this cost in perspective, $240 billion is considerably larger than China’s trade surplus of $183 billion last year. It is about 4 percent of China’s GDP in 2010. Moreover, this cost does not include the implicit tax on the banking system associated with China’s reserve holdings, which is passed on to Chinese households in the form of depressed rates of interest on savings deposits.¶ As of June 30, 2011, China’s foreign exchange reserves were $3.2 trillion, having grown rapidly from $2.9 trillion on December 31, 2010. There are two components of the cost of these reserves: First, the interest rate earned on these reserves is below the rate of interest paid to finance them. Second, the value of the reserves in terms of Chinese yuan is declining and is expected to continue to decline.¶ China does not report the composition of its reserves, but they are widely believed to be held in bonds and bank deposits with an average maturity of roughly 2 years. The overwhelming majority of reserves are believed to be in US dollars and euros. We assume the breakdown is 60 percent US dollar, 25 percent euro, 5 percent yen, 5 percent UK pound, and a small amount of miscellaneous currencies (including Australian dollar, Canadian dollar, and Swiss franc). The exact allocation among US dollar, euro, yen, UK pound, and Swiss franc is not important because all of these currencies have similar interest rates and prospective rates of depreciation. Interest rates are a bit higher in Australia and Canada, but the shares in these currencies are too small to matter. The weighted average of 2-year yields in the United States, Germany, Japan, and the United Kingdom is 0.33 percent. Thus the annual earnings on China’s reserves amount to only $11 billion.¶ To pay for these foreign exchange reserves, the central bank must sell other assets, borrow in local markets, or raise the required reserve ratio for banks. (We assume that the reserves are fully sterilized, in other words, the central bank does not print more currency.) The cost of financing foreign exchange reserves by selling other assets is the foregone interest on those assets. We assume that the central bank would have held short-term government bonds currently yielding about 3.5 percent. The cost of borrowing is the interest rate paid on central bank bills, currently about 3.0 percent. The cost of required reserves is the interest rate paid to banks, currently 1.6 percent.¶ The required reserve ratio has been the primary method employed over the past several years, with the ratio reaching an all time high this year of 21.5 percent for large financial institutions compared to 6 percent ten years ago. We estimate that just over half of the foreign exchange reserves are financed in this way, at a cost of $41 billion per year. Central bank bills have been issued solely for the purpose of financing foreign exchange reserves; annual interest on these bills is about $10 billion. Finally, we assume that the remainder of the foreign exchange reserves equals the volume of assets that would have been held in government bonds, yielding $26 billion per year. The total interest cost, as of June 2011, is $77 billion per year.¶ The best measure of the cost of capital losses is based on current expectations of future changes in exchange rates. According to the September issue of Blue Chip Economic Indicators, professional economic forecasters on average expect the dollar to depreciate 5 percent against the Chinese yuan from December 2011 to December 2012. The euro is expected to depreciate 6 percent, the yen is expected to depreciate 9 percent, and the UK pound is expected to depreciate 3 percent. Thus, China’s foreign exchange reserves are expected to depreciate at an annual rate of 5.4 percent on average, implying a capital loss of $172 billion.¶ Overall, the total cost of China’s foreign exchange rate policy is estimated to be $238 billion (77+172-11). It is difficult to predict how the cost will evolve in coming years, because of the volatility of interest rates and exchange rates. However, the rapidly growing stock of reserves suggests that the cost of this policy is more likely to increase over time than to decrease.¶ The true economic cost of China’s exchange rate policy is substantially higher than the cost to the central bank. The low rates paid to banks on required reserves and central bank bills represent on an implicit tax on banks who would be earning much more at market interest rates. Ultimately this tax is passed along to Chinese households who earn meager rates (often negative in real terms) on their savings accounts in order to subsidize the profitability of the banks.

#### Key to chinese economy – solves inflation, overheat and domestic consumer demand growth – no longer any downside

Bergsten, 10

C. Fred Bergsten, Director, Peterson Institute for International Economics, 3/24, http://waysandmeans.house.gov/media/pdf/111/10-03-24\_Bergsten\_Testimony.pdf

The present time is highly opportune for China to begin the process of restoring an ¶ equilibrium exchange rate. The Chinese economy is booming, indeed leading the world recovery ¶ from the Great Recession (and China deserves great credit for its effective crisis response strategies). ¶ Inflation is now rising and the Chinese authorities have begun to take monetary and other measures ¶ to avoid renewed overheating; currency appreciation would be an effective and powerful tool to this ¶ end by lowering the price of imports and dampening demand for exports.¶ 7¶ Appreciation of the RMB ¶ at this time would in fact serve both the internal and external policy objectives of the Chinese ¶ authorities, as part of their long-stated intention and international commitment to rebalance the ¶ country’s economic growth away from exports and toward domestic (especially consumer) demand.

#### Revaluation slows Chinese growth – but won’t cause collapse – solves overheat

Goldstein 4

(Morris, Senior Fellow – Institute for International Economics, ADJUSTING CHINA’S EXCHANGE RATE POLICIES, 5-26, http://www.iie.com/publications/wp/wp04-1.pdf)

Second, the experience of the 1990s does not suggest that real appreciation of the RMB will cause China’s growth performance to fall unduly. Between 1994 and early 2002, the real trade-weighted exchange rate of the RMB rose by 29 percent; see figure 16. Yet the average growth rate of the Chinese economy from 1985 through 2001 was 8½ percent, and in no single year did the growth rate fall below 7½ percent. At present, the overheated Chinese economy is probably growing at 10 percent, with bottlenecks increasingly appearing in a number of industries. The sustainable growth rate is clearly less than that. It is hard to imagine that a 15 to 25 real appreciation of the RMB would propel China’s growth much below the desired rate. It should also be kept in mind that the exchange rate is hardly the only policy variable affecting aggregate demand in China. Even if Chinese growth did slow down somewhat more than desired in the aftermath of an RMB revaluation, fiscal policy and monetary policy would be available to help support growth, much as they have done when necessary during the past decade.

#### Revaluation key to spur Chinese banking reform

Goldstein 4

(Morris, Senior Fellow – Institute for International Economics, ADJUSTING CHINA’S EXCHANGE RATE POLICIES, 5-26, http://www.iie.com/publications/wp/wp04-1.pdf)

The good news was that the NPL ratio appeared to be declining in recent years. But the blowout in bank lending last year threatens to erase that progress and send the NPL ratio back upward.37 Even if one believes that the credit boom has been driven primarily by the domestic component of the monetary base, it is undeniable that an increase in international reserves by 11 percent of GDP makes more difficult the reining-in of bank lending to a more prudent and sustainable pace. Given the importance of bank reform for its future growth, China should not be taking that risk. A 15 to 25 percent revaluation would remove the lion’s share of the disequilibrium and put a stop to the expected appreciation of the RMB that is driving capital inflows into China. If China wants to stop exchange rate policy from being the enemy of bank reform, it needs to act on this undervaluation.

#### Banking reform is key to Chinese growth

Goldstein 4

(Morris, Senior Fellow – Institute for International Economics, ADJUSTING CHINA’S EXCHANGE RATE POLICIES, 5-26, http://www.iie.com/publications/wp/wp04-1.pdf)

By now, it is well accepted that banking reform is vital for improving the efficiency of resource use in China. As argued persuasively by Lardy (1998), a failure to complete successfully the transformation of China’s banking system would imply, inter alia, continued inefficiencies in the intermediation of funds between savers and investors, slower development of stock and bond markets, constraints on the more active use of interest rate policy to dampen market fluctuations in economic activity, and a longer delay in any move to convertibility on capital account transactions. In addition, weaknesses in the credit allocation process can have enormous fiscal costs, as illustrated most dramatically by China’s neighbors during the Asian financial crisis. And just several months ago, China transferred $45 billion of its reserves to fund the recapitalization of two state-owned banks, with $50 billion to $100 billion more said to be slated for further bank recapitalization operations; all this comes on top of approximately $200 billion spent on earlier bank recapitalization efforts.

#### Revaluation Key to solve chinese economy, poverty and internal instability

Scott, 11

Robert Scott, Economic Policy Institute, 10/7/11

http://www.epi.org/blog/currency-legislation-lead-trade-war-china/

China will not retaliate if the Currency Reform Act becomes law because it will hurt its own exporters if it does, and because China will benefit if it does revalue. If the yuan is allowed to appreciate, it will lower the cost of oil, food and other imported commodities in China. This will put downward pressure on inflation, which has been accelerating rapidly in China this year. Lower fuel and food prices will be particularly helpful to low-income families in China, who are very dependent on these basic commodities.

#### Revaluation is critical to sustainable job growth in China, securing social stability

Schurer 5 (Wolfgang, Prof – Georgetown U., 29 Fletcher F. World Aff. 145, Summer, Lexis)

The Chinese currency, the yuan, is pegged to the U.S. dollar. It is generally acknowledged that the yuan is undervalued. A revaluation -- either as a discrete step or as a likely outcome of the introduction of a more flexible exchange rate -- would help reduce global payment imbalances. A revaluation would lighten the burden on the Euro to provide a corrective movement to stabilize currency markets. Furthermore, a flexible exchange rate would free up the interest rate instrument to address domestic monetary conditions, such as the presently overheated economy. It would discourage large capital inflows, which are currently leading to unprofitable lending by banks and resulting in excessive investment. An appropriate exchange rate also would contribute to achieving **sustainable** output growth and job creation to absorb the huge number of entrants to the labor force. The challenge of keeping economic growth high enough and volatility low enough to create some 20 to 25 million jobs annually, to maintain social stability, remains a primary concern for China.

### A2: Reval Bad – Chinese Ag

#### Currency appreciation won’t damage Chinese agricultural sector

Prasad 5

(Eswar, Et Al., Putting the Cart Before The Horse, IMF Policy Discussion Paper, http://www.hbs.edu/units/bgie/seminarpdfs/Prasad%20IFC%20Paper.pdf)

Another concern is that an exchange rate appreciation could adversely affect the agricultural sector. There is believed to be a large amount of surplus labor in the rural areas—about 150 million workers by the Chinese authorities’ own estimates. This, in conjunction with the notion that the Chinese agricultural sector is not internationally competitive, has raised considerable concerns among policymakers that a fall in domestic prices of food imports that would result from an appreciation of the renminbi could have significant adverse consequences. While this is a plausible and relevant concern, there is as yet **little empirical evidence to support it**. In addition, recent research suggests that the competitiveness of China’s agricultural sector has improved significantly in recent years, making it less sensitive to external shocks (see Rosen, Rozelle, and Huang, 2004).7

#### Revaluation boosts Chinese incomes, increasing rural purchasing power

Tung and Baker 4

(Chen-Yuan, Institute of International Relations, National Chengchi U., and Sam, Trans-national Research Cooperation, RMB revaluation will serve China's self-interest, China Economic Review, Vol. 14, No.3)

On the contrary, a significant revaluation of the RMB would provide an immediate boost to Chinese per capita incomes in U.S. dollar terms, providing more purchasing power to Chinese consumers, including rural consumers. The potential for a maxi revaluation to boost Chinese living standards—even in rural areas— is enormously underappreciated.

### A2: Reval Bad – Indonesia

#### Revaluation won’t significantly effect Indonesia

Asia Pulse 5

(7-25, Lexis)

The revaluation of yuan by the Chinese government will not significantly raise the competitive edge of Indonesia in the world market and in its bilateral trade with China, MS Hidayat of the Indonesian Chamber of Commerce and Industry (Kadin) said here over the weekend. Commenting on the impact of the yuan's revaluation on the competitive edge of Indonesian economy and products in the world market, Hidayat said its positive impact is insignificant because the revaluation is only 2.1 per cent. "Theoretically, the revaluation would cause Chinese products to be more expensive but owing to the fact that the Chinese economy is relatively efficient, China will remain competitive," he said. He said that Indonesian exports to China would enjoy competitive edge if China revaluated its Yuan more than two per cent, let say between 10 and 15 per cent as expected by the market. The Kadin chairman reminded however that yuan is put in the basket currency system so that China's foreign exchange reserves which reached US$600 billion, were pegged not only with the US but also with other currencies. With the system, the rupiah value would become stronger. "But this could be maintained only if we can maintain partnership with China as well and can increase the volume of our exports to that country," he added.

#### Indonesia will adjust to solve the impact

Xinhua 5

(7-25, Lexis)

Indonesian President Susilo Bambang Yudhoyono said here Monday that Indonesia could adjust to the Chinese Yuan revaluation, which only had temporary impact on the Indonesian economy. "We realize that there are dynamics of exchange rates, the RMB, rupiah, euro and also US dollar. There must be (also) implication in short term (with) export and import, but actually we can adjust (to that) later," said Susilo. Indonesia would make the adjustment to China's policy under the spirit of bilateral cooperation, he added. Indonesia would make efforts to seek benefit of economic cooperation with China to **soften the impact of revaluation** of Yuan, he said. Both sides had already had good trade cooperation, he added.

### A2: Reval Bad – South Korea

#### Effect on South Korea will be tiny

Asia Pulse 5

(7-22, Lexis)

China's move to revalue its currency is expected to have **little long-term impact** on South Korea as it is **too small to matter**, analysts said Friday. The Korean won's gain versus the U.S. dollar may be guaranteed in the near term, however. The local equity market will also likely face correction following the yuan revaluation, they said. In a statement released on its Web site, the People's Bank of China said Thursday it is dropping its yuan-U.S.dollar peg in favor of one tied to a basket of currencies, which lifts the value of the currency by more than 2 per cent to 8.11 yuan per dollar. "A revaluation has been widely anticipated and this move is on the small side relative to expectations... It is **not going to have much immediate economic effect**," Meritz Securities analyst Seo Jung-kwang said. "The most important thing is what China does next." The U.S., Japan and European countries have long complained that an artificially low yuan has boosted Chinese exports and hurt their manufacturers, demanding a 5-10 per cent revaluation in the currency. The yuan revaluation means that one of the world's fastest-growing major economies is taking a step toward controlling its growth pace, which in turn probably reduces demand for overseas goods from South Korea and other countries. China imports a fifth of South Korea's shipments. "The currency revaluation may affect those South Korean companies which export intermediate goods to China," said Seo. "Yet the demand for finished goods made by South Korean companies may increase as purchasing powers there improve." A survey by the Korea International Trade Association shows that about 68 per cent of South Korean exporters do not expect a 5-percent yuan revaluation to have a major impact on their exports. "The yuan revaluation may help ease inflationary pressure in China, improve purchasing powers there. That's good news for South Korean exporters as well," said Koh Yu-seon, an economist at Korea Investment & Securities. The yuan revaluation is expected to give a boost to Asian countries, Japan and South Korea in particular, as they compete fiercely in overseas markets. The revaluation would raise the price of Chinese goods in the United States, and other countries, which in turn boosts the price competitiveness of South Korean goods in those markets. "That actually means a boost in exports, bringing more dollars home," said Koh. The U.S. dollar had its biggest loss versus the won in five months Friday morning, trading at 1,023.70 won as of 10:50 a.m., down 11.80 won from the previous day's close. "However, the impact (of the yuan revaluation) on the won will be limited... the U.S. trade deficit with China is expected to be eased to some degree," said Koh. South Korea's foreign exchange authorities made it clear Friday that they will actively take measures to curb the won's excessive gains following China's decision to end its peg to the dollar.

#### Turn – exports – appreciation increases Korean exports – outweighs effect of stronger currency

Asia Pulse 5

(8-2, Lexis)

South Korea's exports are expected to rise 1.2 per cent on an annual basis for each 1 per cent revaluation of the Chinese yuan, a local economic institute said Tuesday. Using a vector autoregression model (VAR) analysis, the Korea Institute for International Economic Policy (KIEP) said that a 1 per cent rise in the yuan would also cause the Korean won to rise 0.66 per cent against the U.S. dollar, but that this would **only have a limited effect** on the local economy. The state-run institute predicted that China may revalue its currency by an additional 4 per cent in the coming year following its move last month to revalue the currency by about 2 per cent.

## Currency Pressure Bad

### Relations

#### Currency Manipulator label wrecks relations – spills over and guts coop on other key issues

Lardy, 10 (Nicholas, Peterson Institute International Economics, 4/1, http://www.piie.com/publications/interviews/pp20100401lardy.pdf)

Nicholas R. Lardy suggests the Obama administration may avoid labeling China a currency “manipulator” to keep ¶ cooperation going on other issues. ¶ Edited transcript, recorded April 1, 2010. © Peterson Institute for International Economics.¶ Steve Weisman: It’s the beginning of April and a new chapter with US-China relations. This is Steve ¶ Weisman at the Peterson Institute for International Economics with Nicholas Lardy, ¶ senior fellow at the Institute, to talk about the events of the next couple weeks and the ¶ weather surrounding US-China relations. Thanks Nick.¶ Nicholas Lardy: Thank you, Steve.¶ Steve Weisman: April fifteenth is the supposed deadline by which time the Treasury Department and ¶ the Obama administration must decide on whether to label China a manipulator of its ¶ currency. What do you think will happen?¶ Nicholas Lardy: I think it’s extremely unlikely that they will label China a manipulator this time around. ¶ There are just too many issues in play, too many risks and outcomes in other domains ¶ that would be adversely affected.¶ Steve Weisman: What other domains?¶ Nicholas Lardy: Three come immediately to mind. One is the Chinese efforts to bring North Korea back ¶ to the six-party talks, the talks that have been suspended now for several months. Second ¶ is the willingness of China to support tougher sanctions on Iran. They have supported ¶ sanctions in the past; it’s fairly clear they have not been very effective. The administration ¶ would like to get tougher UN sanctions and they need Chinese support to do that, and ¶ there’s some indication the Chinese are willing to move on that front. Thirdly is the ¶ participation of the Chinese president in the nuclear talks, which begin in Washington just ¶ a few days before April fifteenth. Up until today, the Chinese were being very coy, saying ¶ they had not yet made a decision about whether or not their president would actually ¶ participate or whether they would send some lower level diplomat to represent them.

### 2NC Asian War Outweighs

#### The impact is the most probable scenario for global nuclear war

Dibb 1. (Paul, Prof – Australian National University, Strategic Trends: Asia at a Crossroads, Naval War College Review, Winter, http://www.nwc.navy.mil/press/Review/2001/Winter/art2-w01.htm)

The areas of maximum danger and instability in the world today are in Asia, followed by the Middle East and parts of the former Soviet Union. The strategic situation in Asia is more uncertain and potentially threatening than anywhere in Europe. Unlike in Europe, it is possible to envisage war in Asia involving the major powers: remnants of Cold War ideological confrontation still exist across the Taiwan Straits and on the Korean Peninsula; India and Pakistan have nuclear weapons and ballistic missiles, and these two countries are more confrontational than at any time since the early 1970s; in Southeast Asia, Indonesia—which is the world’s fourth-largest country—faces a highly uncertain future that could lead to its breakup. The Asia-Pacific region spends more on defense (about $150 billion a year) than any other part of the world except the United States and Nato Europe. China and Japan are amongst the top four or five global military spenders. Asia also has more nuclear powers than any other region of the world. Asia’s security is at a crossroads: the region could go in the direction of peace and cooperation, or it could slide into confrontation and military conflict. There are positive tendencies, including the resurgence of economic growth and the spread of democracy, which would encourage an optimistic view. But there are a number of negative tendencies that must be of serious concern. There are deep-seated historical, territorial, ideological, and religious differences in Asia. Also, the region has no history of successful multilateral security cooperation or arms control. Such multilateral institutions as the Association of Southeast Asian Nations and the ASEAN Regional Forum have shown themselves to be ineffective when confronted with major crises.

### AT: No US- China War

#### Chinese trade conflicts is the most likely scenario for military conflict.

Landy 7 Ben Landy, Director of Research and Strategy at the Atlantic Media Company, publisher of the Atlantic Monthly, National Journal, and Government Executive magazines, April 3, 2007, <http://chinaredux.com/2007/04/03/protectionism-and-war/#comments>,)

The greatest threat for the 21st century is that these economic flare-ups between the US and China will not be contained, but might spill over into the realm of military aggression between these two world powers. Economic conflict breeds military conflict. The stakes of trade override the ideological power of the Taiwan issue. China’s ability to continue growing at a rapid rate takes precedence, since there can be no sovereignty for China without economic growth. The United States’ role as the world’s superpower is dependent on its ability to lead economically. As many of you will know from reading this blog, I do not believe that war between the US and China is imminent, or a foregone conclusion in the future. I certainly do not hope for war. But I have little doubt that protectionist policies on both sides greatly increase the likelihood of conflict–far more than increases in military budgets and anti-satellite tests.

### LABEL => TRADE WAR

#### Treasury label intensifies a US-China trade war

Market Watch, 10-6-2011 <http://www.marketwatch.com/story/obama-briefly-admits-truth-on-china-currency-2011-10-06?link=kiosk>

The Treasury twice a year has to rule whether any country is a currency manipulator; it never does, for what some call a fear of starting a trade war. Of course that battle has long been under way. From January to July, the U.S. trade gap in goods with China was $160 billion. There are other reasons besides China’s artificially weak USDCNY +0.02% yuan for that gap to exist, but clearly, a currency that some say is 20% undervalued is playing a big role. But it is fair to acknowledge that were the U.S. to call China a currency manipulator, that trade war would intensify. Multinationals that export to China would likely suffer in the near term, without any guarantee that China would start behaving more nicely in the longer term. Read warning from China over potential trade war.

#### LABELING CHINA A MANIPULATOR ENSURES TRADE WAR.

FINANCIAL TIMES 3-13-10.

Stephen Green, economist at Standard Chartered in Shanghai, warned that the US and China were approaching a potentially destabilising confrontation. "Get ready for a huge shift in the global debate about the Chinese currency," he said. If China did not start to appreciate the renminbi in the next few weeks, he said there was a good chance that the US would label China a currency manipulator. That could pave the way for the US to levy new duties on Chinese products. "How China responds will set the tone for the global trade and foreign exchange markets for the rest of 2010," Mr Green said.

#### LABEL CAUSES ESCALATING TRADE WARS.

STEPAK 10. [3/12 -- John, MoneyWeek Editor, “A slump in China is inevitable – here’s how to protect yourself” MoneyWeek -- http://www.moneyweek.com/news-and-charts/economics/money-morning-china-economy-01011.aspx]

The concern, says Reuters, is that Obama's administration may decide to label China a "currency manipulator" in a Treasury Department report due on 15 April. That in turn could see "scattered trade spats between the two giants… escalate into a full-fledged dispute, with Washington even considering across-the-board tariffs against Chinese products." "The chances of a collision have never been higher," Stephen Green at Standard Chartered tells Reuters. But as ever with protectionism, imposing tariffs would likely be counter-productive. A stronger yuan would hurt exports. This in turn would "lead to a double dip in the Chinese economy, which in turn will hamper the global economic recovery," said Li Jianwei, a member of Chinese government think tank, Development Research Centre.

### Trade Wars Bad- Global Protectionism

#### UNILATERAL PROTECTIONIST ACTIONS GET MODELLED – CAUSES GLOBAL PROTECTIONISM.

Yu ’00 (Peter, Amherst Law Review, October, Prof Intellectual Property @ MSU)

At the global level, a coercive policy will **threaten the integrity of the international trading system and may even lead to its collapse**. [240](https://www.lexis.com/research/retrieve?_m=11205e61a2b007503f93e2d3d77c8c32&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVlb-zSkAB&_md5=973a67bd3aadff86f687a80b7aba82f0" \l "n240#n240" \t "_self)  [\*170]  China's responses to the United States's threats of trade sanctions  [\*171]  have demonstrated that a coercive policy **always leads to retaliation** and may even **result in a global trade war**. In such a war, resources tend to be allocated inefficiently, and the whole world will become worse off. A coercive policy would also lead to criticism from other countries, thus alienating the United States from its trading partners. [241](https://www.lexis.com/research/retrieve?_m=11205e61a2b007503f93e2d3d77c8c32&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVlb-zSkAB&_md5=973a67bd3aadff86f687a80b7aba82f0" \l "n241#n241" \t "_self) Even worse, in their transition from a command economy to a market economy, the emerging democracies are constantly looking to the policies of Western democracies, in particular the United States, for guidance. [242](https://www.lexis.com/research/retrieve?_m=11205e61a2b007503f93e2d3d77c8c32&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVlb-zSkAB&_md5=973a67bd3aadff86f687a80b7aba82f0" \l "n242#n242" \t "_self) A coercive policy would lead to **unrevised adoption** by these emerging democracies. [243](https://www.lexis.com/research/retrieve?_m=11205e61a2b007503f93e2d3d77c8c32&csvc=bl&cform=bool&_fmtstr=FULL&docnum=1&_startdoc=1&wchp=dGLbVlb-zSkAB&_md5=973a67bd3aadff86f687a80b7aba82f0" \l "n243#n243" \t "_self) The United States has taken a tremendous effort to create the TRIPs Agreement and to build an international intellectual property system. Ironically, its foreign intellectual property policy is attempting to destroy what it has worked so hard to achieve.

#### THE IMPACT IS EXTINCTION

Copley News Service ’99 (December 1, L/N)

For decades, many children in America and other countries went to bed fearing annihilation by nuclear war. The specter of nuclear winter freezing the life out of planet Earth seemed very real. Activists protesting the World Trade Organization's meeting in Seattle apparently have forgotten that threat. The truth is that nations join together in groups like the WTO not just to further their own prosperity, but also to forestall conflict with other nations. In a way, our planet has traded in the threat of a worldwide nuclear war for the benefit of cooperative global economics. Some Seattle protesters clearly fancy themselves to be in the mold of nuclear disarmament or anti-Vietnam War protesters of decades past. But they're not. They're special-interest activists, whether the cause is environmental, labor or paranoia about global government. Actually, most of the demonstrators in Seattle are very much unlike yesterday's peace activists, such as Beatle John Lennon or philosopher Bertrand Russell, the father of the nuclear disarmament movement, both of whom urged people and nations to work together rather than strive against each other. These and other war protesters would probably approve of 135 WTO nations sitting down peacefully to discuss economic issues that in the past might have been settled by bullets and bombs. As long as nations are trading peacefully, and their economies are built on exports to other countries, they have a major disincentive to wage war. That's why bringing China, a budding superpower, into the WTO is so important. As exports to the United States and the rest of the world feed Chinese prosperity, and that prosperity increases demand for the goods we produce, the threat of hostility diminishes. Many anti-trade protesters in Seattle claim that only multinational corporations benefit from global trade, and that it's the everyday wage earners who get hurt. That's just plain wrong. First of all, it's not the military-industrial complex benefiting. It's U.S. companies that make high-tech goods. And those companies provide a growing number of jobs for Americans. In San Diego, many people have good jobs at Qualcomm, Solar Turbines and other companies for whom overseas markets are essential. In Seattle, many of the 100,000 people who work at Boeing would lose their livelihoods without world trade. Foreign trade today accounts for 30 percent of our gross domestic product. That's a lot of jobs for everyday workers. Growing global prosperity has helped counter the specter of nuclear winter. Nations of the world are learning to live and work together, like the singers of anti-war songs once imagined. Those who care about world peace shouldn't be protesting world trade. They should be celebrating it.

### Trade Wars Bad- Laundry List

#### Trade war with China Causes Chinese Political Instability, Economic Collapse, Sino- Japanese Conflict, and Chinese military Modernization

Ross, ’98 (Robert, Prof Political Science and China Expert @ Boston College, Economic Sanctions and American Diplomacy, Ed. Richard Haas, p. 12)

Advocates of sanctions argued that the United States had sufficient leverage to use MFN to compel Chinese leaders to accommodate US, demands. Indeed, economic sanctions seemed to be a powerful instrument. China’s economic development plan depended on the acquisition of foreign currency to purchase the high technology China needed to become a global economic power and a modem military power. According to US. government statistics, in 1995 the United States was China’s largest export market, attracting 32 percent of all Chinese exports. In contrast, in 1995 China’s market attracted only 2 percent of total US exports. Moreover, Guangdong and Fujian provinces have been dependent on exports of textiles and other inexpensive consumer goods. Loss of the US. market would lead to significant unemployment and potentially significant social and political instability in this important region. A trade war also would enhance Chinese international isolation. It would lead to a deterioration in Sino- Japanese economic and political relations and inhibit many Southeast Asian countries from developing cooperative relations with China. The effect would be an overall deterioration of China’s strategic environment and diversion of scarce financial resources from economic modernization to the defense budget.

#### We’ll Impact Each of These –

#### Chinese governmental instability causes CCP lash-out with WMD that kills billions

Rexing 5 (San, Staff – Epoch Times, The CCP’s Last Ditch Gamble: Biological and Nuclear War, 8-5, http://english.epochtimes.com/news/5-8-5/30975.html)

Since the Party’s life is “above all else,” it would not be surprising if the CCP resorts to the use of biological, chemical, and nuclear weapons in its attempt to extend its life. The CCP, which disregards human life, would not hesitate to kill two hundred million Americans, along with seven or eight hundred million Chinese, to achieve its ends. These speeches let the public see the CCP for what it really is. With evil filling its every cell the CCP intends to wage a war against humankind in its desperate attempt to cling to life. That is the main theme of the speeches. This theme is murderous and utterly evil. In China we have seen beggars who coerced people to give them money by threatening to stab themselves with knives or pierce their throats with long nails. But we have never, until now, seen such a gangster who would use biological, chemical, and nuclear weapons to threaten the world, that they will die together with him. This bloody confession has confirmed the CCP’s nature: That of a monstrous murderer who has killed 80 million Chinese people and who now plans to hold one billion people hostage and gamble with their lives.

#### Sino-Japan war goes nuclear and collapses the U.S. economy

Samuels ’99 (Richard, IR Prof – MIT, The U.S.-Japan Alliance: Past, Present, and Future, p. 6-7)

The same forces that lead China and Japan into an adversarial relationship in the first place might well push them to the brink of war. From a U.S. perspective, this would be disastrous, for several reasons: -War between two of America’s largest trading partners would be devastating to the U.S. economy -U.S. involvement would be difficult to avoid in a war between a former ally and a former enemy -War between a nuclear power and a threshold nuclear power would push the envelope in new and disconcerting ways -War between the two would be (another) humanitarian disaster -Nuclearization in Japan would press both Koreas to do the same, and perhaps pressure other Asian nations to follow suite. Even if China and Japan did not go to war, a Cold War between the two great powers could impose high costs on the region, and indeed the globe, if the last simmering conflict between two giants on the world scene has taught us anything. At a minimum, the remarkable (and hard-earned) domestic politics stability in Japan would further unravel, creating even greater uncertainties for its foreign policy and its evolving role as provider of global public goods.

#### CHINA COOPERATION ON NORTH KOREA KEY TO PREVENT REGIONAL PROLIF AND WAR.

MEAD 5. [Walter Russell, Senior Fellow at the Council on Foreign Relations, “Should Nukes bloom in Asia? Rapid Change in the Region has Washington Engaged in a Dizzying Display of Diplomacy” Los Angeles Times -- June 19 -- lexis]

The idea -- not yet a threat -- is that unless North Korea dismantles its nuclear program, Japan, South Korea and even Taiwan might go nuclear in the not-so-distant future. The United States has intimated that although it would not aid or support any nuclear proliferation, it would be unable to control its allies' ambitions, just as China can't restrain North Korea's program. Bush officials have repeated this message. China is the only country that can pressure North Korea to give up its nukes. Only China has the carrots and sticks that the North Koreans respect. Without China, no progress is possible. If North Korea stays nuclear, the region will respond in ways that China will hate. With China's and India's power growing, North Korea rattling its nukes, Japan becoming more nationalistic and South Korea reconsidering its relations with the U.S., this once-stable part of the world is in flux. A nuclear arms race across East Asia would be hugely dangerous and destabilizing. Far better that the Bush administration convince China that the wiser course is to prevent a nuke race by telling Pyongyang the time has come for a deal.

### Trade Wars Bad- US/China War

#### Trade wars cause global economic collapse and U.S.-China conflict

Liu ’05 (Henry C., Chair – New York Private Investment Group, The Coming Trade War Part 6, Asia Times Online, 8-20, http://atimes.com/atimes/Global\_Economy/GH20Dj01.html)

US geopolitical hostility toward China will manifest itself first in trade friction, which will lead to a mutually recriminatory trade war between the two major economies that will attract opportunistic trade realignments among the traditional allies of the United States. US multinational corporations, unable to steer US domestic politics, will increasingly trade with China through their foreign subsidiaries, leaving the US economy with even fewer jobs, and a condition that will further exacerbate anti-China popular sentiments that translate into more anti-free-trade policies generally and anti-China policies specifically. The resultant global economic depression from a trade war between the world's two largest economies will in turn heighten further mutual recriminations. An external curb from the US of Chinese export trade will accelerate a redirection of Chinese growth momentum inward, increasing Chinese power, including military power, while further encouraging anti-US sentiment in Chinese policy circles. This in turn will validate US apprehension of a China threat, increasing the prospect for armed conflict. A war between the US and China can have no winners, particularly on the political front. Even if the US were to prevail militarily through its technological superiority, the political cost of military victory would be so severe that the US as it currently exists would not be recognizable after the conflict and the original geopolitical aim behind the conflict would remain elusive, as the Vietnam War and the Iraq war have demonstrated. By comparison, the Vietnam and Iraq conflicts, destructive as they have been to the US social fabric, are mere minor scrimmages compared with a war with China. US policymakers have an option to make China a friend and partner in a peaceful world for the benefit of all nations. To do so, they must first recognize that the world can operate on the principle of plentitude and that prosperity is not something to be fought over by killing consumers in a world plagued with overcapacity.

#### EXTINCTION.

Straits Times 00 (6-25, Lexis)

THE DOOMSDAY SCENARIO THE high-intensity scenario postulates a cross-strait war escalating into a full-scale war between the US and China. If Washington were to conclude that splitting China would better serve its national interests, then a full-scale war becomes unavoidable. Conflict on such a scale would embroil other countries far and near and -- horror of horrors -- raise the possibility of a nuclear war. Beijing has already told the US and Japan privately that it considers any country providing bases and logistics support to any US forces attacking China as belligerent parties open to its retaliation. In the region, this means South Korea, Japan, the Philippines and, to a lesser extent, Singapore. If China were to retaliate, east Asia will be set on fire. And the conflagration may not end there as opportunistic powers elsewhere may try to overturn the existing world order. With the US distracted, Russia may seek to redefine Europe's political landscape. The balance of power in the Middle East may be similarly upset by the likes of Iraq. In south Asia, hostilities between India and Pakistan, each armed with its own nuclear arsenal, could enter a new and dangerous phase. Will a full-scale Sino-US war lead to a nuclear war? According to General Matthew Ridgeway, commander of the US Eighth Army which fought against the Chinese in the Korean War, the US had at the time thought of using nuclear weapons against China to save the US from military defeat. In his book The Korean War, a personal account of the military and political aspects of the conflict and its implications on future US foreign policy, Gen Ridgeway said that US was confronted with two choices in Korea -- truce or a broadened war, which could have led to the use of nuclear weapons. If the US had to resort to nuclear weaponry to defeat China long before the latter acquired a similar capability, there is little hope of winning a war against China 50 years later, short of using nuclear weapons. The US estimates that China possesses about 20 nuclear warheads that can destroy major American cities. Beijing also seems prepared to go for the nuclear option. A Chinese military officer disclosed recently that Beijing was considering a review of its "non first use" principle regarding nuclear weapons. Major-General Pan Zhangqiang, president of the military-funded Institute for Strategic Studies, told a gathering at the Woodrow Wilson International Centre for Scholars in Washington that although the government still abided by that principle, there were strong pressures from the military to drop it. He said military leaders considered the use of nuclear weapons mandatory if the country risked dismemberment as a result of foreign intervention. Gen Ridgeway said that should that come to pass, we would see the destruction of civilisation. There would be no victors in such a war. While the prospect of a nuclear Armaggedon over Taiwan might seem inconceivable, it cannot be ruled out entirely, for China puts sovereignty above everything else.

### LABEL BAD: RELATIONS

#### THE LABEL WOULD TANK RELATIONS.

PALMER 10. [2/11 -- Doug, journalist, “Obama Risks China's Ire If Pushes Too Hard On Yuan” Reuters -- http://www.bernama.com/bernama/v5/newsworld.php?id=474995]

But over a year since taking office, Obama's administration is still weighing whether to launch formal action over China's currency in what could be the biggest -- and riskiest -- challenge by Washington to Beijing's economic policies. Although there is agreement among Western economists the Chinese yuan is substantially undervalued, labeling China a currency manipulator could backfire on the United States, making it unlikely Obama will take that step soon. "The Chinese might react quite badly to that. Maybe eventually, the U.S. may have to do it. But the question is whether it can do some things in the meantime to ensure it has more friends on its side," said Arvind Subramanian, a senior fellow at the Peterson Institute for International Economics. Obama brought concerns about China's exchange rate back to the top of the U.S. economic agenda last week when he said countries that undervalue their currency put the United States at a huge competitive disadvantage. The Peterson Institute, a Washington-based think-tank, estimates the yuan is undervalued by as much as 25 percent to 40 percent, effectively subsidizing China's exports and taxing its imports at the expense of other countries. China says its currency policy is an internal matter, driven mainly by the need to maintain rapid economic growth and provide jobs. It has held its currency, the renminbi , at about 6.83 to the dollar since July 2008. Obama's comments have focused attention on whether he will formally label China as a currency manipulator in a semi-annual Treasury Department report due on April 15, a move that would likely inflame bilateral relations with China.

#### LABEL SOURS RELATIONS.

GLOBAL AND MAIL 3-15-10.

Even if revisiting the currency could give a boost to the global economy, Mr. Wen's latest remarks are a reminder that a timetable for change will ultimately come from Beijing, not Washington. And as the chorus grows louder in the U.S. for the Obama administration to formally designate China a currency manipulator, it is clear the bitter spat will continue to sour U.S.-China relations.

#### LABEL TANKS RELATIONS – BEIJING IS GIRDING FOR A FIGHT.

NYT 10. [3/13 -- “China's Wen Gives No Ground on Calls For Yuan Rise” http://www.nytimes.com/reuters/2010/03/13/business/business-us-china-parliament.html]

The United States, the European Union and others have long been critical of China's yuan regime. The chances of a dangerous confrontation are increasing ahead of an April 15 decision by President Barack Obama's administration about whether to formally label China as a currency manipulator in a semi-annual Treasury Department report. Adding to the pressure, Senator Charles Schumer said on Friday that he plans to move forward legislation aimed at stopping China from "manipulating" its currency. Without directly mentioning the United States, Wen made clear that Beijing was in no mood to submit to any demands from Washington and might even be girding for a fight.

### Trade Key (AT: Alt Causes)

#### Trade relations with China are crucial to the overall U.S.-Sino relationship

Liu 2. (Jianfei, Staff Writer, World News Connection, 10-21, Lexis \*\*\*)

Trade and **economic relations are the important driving force** for the United States to develop relations with China. As economy and trade were the cornerstones on which the United States was founded, the pursuit of economic interests has always been one of the main objectives of the US foreign policy. Since the end of the Cold War, the United States has made expansion of the economy one of the objectives of national security strategy. For this reason, it is impossible for the United States to ignore China, a newly emerging vast market. Trade and economic relations can engender mutual benefit and a win-win situation. Even importing commodities from abroad can win more than just the condition for exports. According to expert calculation, imports from China can save US consumers $ 10 billion every year, and lower the rate of inflation in the country by 3 percent. In this sense, US imports from China cannot be replaced by imports from other countries. Therefore, it is not so difficult to understand the reason why in its early days, the Bush administration declared China as the United States' strategic rival but repeatedly indicated that China was US trading partner. After the "11 September" incident, Bush visited China twice in four months. One of the important topics discussed during the visits was increased Sino-US economic cooperation. At the present, while economy throughout the world is generally in recession, China is looked up as the new engine of the global economy. Under such circumstances, it is even more pressing for the United States to strengthen trade and economic cooperation with China.In addition to obtaining economic interests, the United States has another intention to develop trade and economic relations with China, that is, to push China to develop in the direction of "democratization." Trade and economic relations are the "**ballast tank**" for stabilizing Sino-US relations. At the end of the Cold War, US policy toward China took a major turn. However, Sino-US relations were neither brought to a halt nor retrogressed as a result of the change in US policy. Why? An important reason is that trade and economic relations had gradually become the crucial bound for bilateral relations. Closer trade and economic relations formed the powerful driving force for developing political relations between the two countries. From the Clinton administration's decision to separate the most-favored-nation issue from the question of human rights in China and the agreement with China on accession to the WTO, to the Bush administration's approval to grant China the treatment of permanent normal trading partner, all these measures reflect the important position and role of trade and economic relations in stabilizing bilateral relations. Puriddle name as transliterated , president of the US Asia Association, to describe trade and economic relations as the "ballast tank" of Sino-US relations. It is precisely because of the "ballast tank" that the boat of Sino-US relations has **sailed steadily and has not been turned over** **by sudden storms and torrents**. In addition to satisfying direct economic interests of both sides and forming the direct driving force for developing bilateral relations, trade and economic relations have built the foundation for developing Sino-US relations objectively and indirectly. For example, in the United States, as government decision-making is checked by interest groups and public opinion, to exert influence on these two sectors has become a basic project for developing Sino-US relations. This is because, first of all, close trade and economic relations can prompt US business circles to attach great importance to and support the government's policy to develop relations with China. Today, business circles are the main force supporting the US policy of engagement with China. Second, trade and economic relations can promote personnel exchanges, as well as exchanges in science and technology, education, and culture, which are conducive to promoting US public's understanding of China and eliminating anti-Chinese forces' "demonized" propaganda against China. Meanwhile, they are also conducive to alleviating domestic pressure the government will encounter when developing relations with China. As far as China is concerned, effects similar to these also exist. In a nutshell, the closer trade and economic relations China and the United States maintain, the more solid the foundation for Sino-US relations and the more stable the **overall** Sino-US relations will become.

#### Trade relations are key to overall U.S.-Chinese cooperation – affects all other issues

Liu 2. (Jianfei, Staff Writer, World News Connection, 10-21, Lexis \*\*\*)

Over the years, Sino-US trade and economic relations have almost become the **most important bound** for maintaining Sino-US relations; and formed the most steady, fast-growing, and smooth component in the development of bilateral relations. Today, the implication of Sino-US trade and economic relations **goes beyond the pure economic aspect**; and is increasingly imbued with the connotation in the aspect of security and diplomatic strategies. Through trade and economic exchanges, the two countries have obtained economic as well as strategic interests each country needs. The development of trade and economic relations is exerting greater and more far-reaching influence on Sino-US relations **as a whole**.

#### Breakdown of trade cooperation collapses U.S.-Chinese relations

Washington Post ’99 (11-16, Lexis)

Today, however, trade is the glue that keeps the United States and China together when strategic issues threaten to drive them apart. In 1980, when China was emerging from the Cultural Revolution and embarking on economic reform, it exported just $ 18 billion worth of goods. In 1998, its exports reached $ 184 billion. Toys, athletic shoes, portable stereos, skirts, bicycles, computer parts--today almost every U.S. household contains something that bears the phrase "made in China." And the big U.S. multinationals--such as Coca-Cola, United Technologies, AIG, General Electric, Motorola and General Motors--all have hundreds of millions if not billions of dollars invested in China. Trade policy now often trumps foreign policy issues. The closest Clinton came to imposing sanctions was over intellectual property rights, not human rights. Pei compares the U.S.-China relationship to a three-legged stool. "In the past 10 years, whenever the United States and China had disputes in areas such as human rights or the security relationship, critics in China and in the United States would go after the commercial relationship, hoping that if they cut off that leg the relationship would collapse," Pei said.

### Impact Booster- Relations Brink

#### NOW IS KEY -- U.S. ENVOYS ARE ATTEMPTING TO REPAIR RELATIONS WITH CHINA – FURTHER PROTECTIONIST PRESSURE WILL BE THE LAST STRAW.

WINES 10. [3-2 -- Michael, China bureau chief @ NYT “American envoys in Beijing to mend relations” NYT]

Two senior United States officials arrived in Beijing on Tuesday for meetings aimed at smoothing relations with China after months of economic and political disputes. The officials, Deputy Secretary of State James B. Steinberg and Jeffrey A. Bader, the senior director for Asian affairs at the National Security Council, are to hold high-level discussions with Chinese officials “about the broad U.S.-China relationship, where we are at this stage,” the State Department spokesman, Philip J. Crowley, said Monday. “We’ve gone through a bit of a bumpy path here,” he said, “and I think there’s an interest both within the United States and China to get back to business as usual as quickly as possible.” The nuclear programs of Iran and North Korea are among the issues that will be discussed, Mr. Crowley said. Both China and the United States have sought to persuade North Korea to return to six-party talks over its nuclear-weapons programs, and President Obama is seeking to enlist Beijing’s support for sanctions on Iran over its intent to enrich nuclear fuel to levels that would put nuclear arms within reach. China so far has resisted sanctions against Iran, an important supplier of oil and natural gas. Mr. Obama took office pledging to make closer relations with China a centerpiece of his foreign policy. But relations have become strained in the months since Mr. Obama visited Beijing in November, with the White House complaining about China’s currency and trade policies, and Beijing sharply criticizing Mr. Obama for approving the sale of arms to Taiwan and holding a White House meeting with the Dalai Lama. The government’s main English-language newspaper, China Daily, quoted a Chinese expert on Monday as saying that the American emissaries were seeking to “save strained bilateral ties.” Mr. Steinberg may invite senior Chinese officials to visit the United States, perhaps to attend a conference on nuclear security in April, according to Da Wei, an expert on United States affairs at the China Institutes of Contemporary International Relations, who was quoted by the paper.

### Relations Good- ME Arms Sales

#### U.S.-Chinese cooperation is key prevent weapons sales to the Middle East which cause war

Ross 1.(Robert S., Prof Political Science, Boston College, National Interest, Fall)

That would be unfortunate. U.S. interest in cooperation with China is not limited to managing the Taiwan issue and avoiding war. U.S.-China cooperation contributes to stability on the Korean peninsula by enhancing Chinese incentives to constrain North Korean ballistic missile proliferation and nuclear weapons development, and by encouraging Pyongyang to pursue dialogue and peaceful unification with Seoul. It also contributes to stability in the Middle East and the Persian Gulf by encouraging China not to proliferate weapons and delivery systems to regional antagonists. It enables the United States to take advantage of China's market to enhance U.S. economic growth and the competitiveness of key U.S. industries. And it enables the United States to encourage political reform in China through economic, cultural and educational exchanges. Increased tension over Taiwan jeopardizes all of these interests without contributing to stability. Moreover, the greatest cost of conflict would be borne by Taiwan. Its security, prosperity and democracy would all be at risk should U.S.-China relations deteriorate seriously.

#### Chinese arms sales to the Middle East cause arms racing and regional conflict

Ross ‘97(Robert, Prof PoliSci, Boston College, Foreign Affairs, Mar/Apr, Lexis)

China is a constant threat to engage in weapons proliferation. As a regional power, it has minimal national interest in stability in the Middle East and northern Africa. Hence, it has little incentive for arms control or to forgo profits from weapons or technology exports. Should Chinese leaders decide to maximize profits, disregard U.S. threats of sanctions, and provide missiles to Syria or unsupervised dual-use nuclear technologies to Iran, they could foster regional arms races and embroil the United States in regional conflicts. A resumption of Chinese nuclear testing would undermine America's effort to ban nuclear tests entirely. China could also destabilize the international liberal trade order. Should it develop a mercantilist economic policy or fail to reform its trading system, China could damage global trade more than Japan at the height of its global economic power.

#### Impact is global nuclear war

STEINBACH 2. (John, Israeli Nuclear weapons: a threat to piece, March 3 http://www.converge.org.nz/pma/mat0036.htm)

Meanwhile, the existence of an arsenal of mass destruction in such an unstable region in turn has serious implications for future arms control and disarmament negotiations, and even the threat of nuclear war.Seymour Hersh warns, "Should war break out in the Middle East again,... or should any Arab nation fire missiles against Israel, as the Iraqis did, a nuclear escalation, once unthinkable except as a last resort, would now be a strong probability.**"(**41) and Ezar Weissman, Israel's current President said "The nuclear issue is gaining momentum (and the) next war will not be conventional."(42) Russia and before it the Soviet Union has long been a major (if not the major) target of Israeli nukes. It is widely reported that the principal purpose of Jonathan Pollard's spying for Israel was to furnish satellite images of Soviet targets and other super sensitive data relating to U.S. nuclear targeting strategy. (43) (Since launching its own satellite in 1988, Israel no longer needs U.S. spy secrets.) Israeli nukes aimed at the Russian heartland seriously complicate disarmament and arms control negotiations and, at the very least, the unilateral possession of nuclear weapons by Israel is enormously destabilizing, and dramatically lowers the threshold for their actual use, if not for all out nuclear war. In the words of Mark Gaffney, "... if the familar pattern(Israel refining its weapons of mass destruction with U.S. complicity) is not reversed soon- for whatever reason- the deepening Middle East conflict could trigger a world conflagration.

### Relations Good- Asian War

#### U.S.-CHINESE RELATIONS SOLVE NUCLEAR WARS IN ALL OF ASIA’S HOTSPOTS

Chen 1. (Shuxen, RAND Corp, China the United States and The Global Economy)

Indeed, U.S.-Chinese relations have been consistently driven by strong common interests in preventing mutually damaging wars in Asia that could involve nuclear weapons; in ensuring that Taiwan’s relations with the mainland remain peaceful; in sustaining the growth of the U.S., China, and other Asian-Pacific economies; and, in preserving natural environments that sustain healthy and productive lives. What happens in China matters to Americans. It affects America’s prosperity. China’s growing economy is a valuable market to many workers, farmers, and businesses across America, not just to large multinational firms like Boeing, Microsoft, and Motorola, and it could become much more valuable by opening its markets further. China also affects America’s security. It could either help to stabilize or destabilize currently peaceful but sometimes tense and dangerous situations in Korea, where U.S. troops are on the front line; in the Taiwan Straits, where U.S. democratic values and strategic credibility may be at stake; and in nuclear-armed South Asia, where renewed warfare could lead to terrible consequences. It also affects America’s environment. Indeed, how China meets its rising energy needs and protects its dwindling habitats will affect the global atmosphere and currently endangered species. Yet, China’s leadership, preoccupied with preserving its own power, lacks a convincing vision of China’s future. While we do not know whether China will rise to the challenge and prosper, or stagnate and falter, Americans have a great stake in China’s successful reform. That is why they have an interest in China’s acceding to the WTO, opening it to the global economy, and strengthening its compliance with international rules and norms.

Cont....

Great common interests and risks of serious conflicts between the United States and China will keep raising difficult new challenges. They will require new initiatives for mutually beneficial cooperation and continuous efforts to avoid potentially critical misunderstandings over unforeseeable events in Taiwan, Korea, Japan, the Persian Gulf, Yugoslavia, or elsewhere. Without doubt, sustaining China’s economic growth and reinforcing its institutional reforms though greater openness is a winning prescription for both the United States and China. To pursue this course amid unexpected difficulties, both countries will need to pay close attention to many issues, conduct frank dialogues, and participate in constructive statesmanship. Ups and downs in U.S.-Chinese relations will likely recur, but they need not be as volatile as they have been in recent years. Assuming that the future will mirror the past, substantial changes in our situations and needs vis-à-vis each other will be unpredictable, inevitable, and hard to fathom. This puts a large premium on ensuring that there are clear communications between Chinese and Americans who are willing and able to keep the relationship on an even keel.

#### WE’LL ISOLATE THE IMPACTS INDIVIDUALLY –

#### India-Pakistan

Fai ’01 (Ghulam Nabi, Executive Director, Kashmiri American Council, Washington Times, 7-8)

The foreign policy of the United States in South Asia should move from the lackadaisical and distant (with India crowned with a unilateral veto power) to aggressive involvement at the vortex. The most dangerous place on the planet is Kashmir, a disputed territory convulsed and illegally occupied for more than 53 years and sandwiched between nuclear-capable India and Pakistan. It has ignited two wars between the estranged South Asian rivals in 1948 and 1965, and a third could trigger nuclear volleys and a **nuclear winter** **threatening the entire globe**.

#### Korea

Africa News ’99 (10-25, Lexis)

Lusaka - If there is one place today where the much-dreaded Third World War could easily erupt and probably reduce earth to a huge smouldering cinder it is the Korean Peninsula in Far East Asia. Ever since the end of the savage three-year Korean war in the early 1950s, military tension between the hard-line communist north and the American backed South Korea has remained dangerously high. In fact the Koreas are technically still at war. A foreign visitor to either Pyongyong in the North or Seoul in South Korea will quickly notice that the divided country is always on maximum alert for any eventuality. North Korea or the Democratic People's Republic of Korea (DPRK) has never forgiven the US for coming to the aid of South Korea during the Korean war. She still regards the US as an occupation force in South Korea and wholly to blame for the non-reunification of the country. North Korean media constantly churns out a tirade of attacks on "imperialist" America and its "running dog" South Korea. The DPRK is one of the most secretive countries in the world where a visitor is given the impression that the people's hatred for the US is absolute while the love for their government is total. Whether this is really so, it is extremely difficult to conclude. In the DPRK, a visitor is never given a chance to speak to ordinary Koreans about the politics of their country. No visitor moves around alone without government escort. The American government argues that its presence in South Korea was because of the constant danger of an invasion from the north. America has vast economic interests in South Korea. She points out that the north has dug numerous tunnels along the demilitarised zone as part of the invasion plans. She also accuses the north of violating South Korean territorial waters. Early this year, a small North Korean submarine was caught in South Korean waters after getting entangled in fishing nets. Both the Americans and South Koreans claim the submarine was on a military spying mission. However, the intension of the alleged intrusion will probably never be known because the craft's crew were all found with fatal gunshot wounds to their heads in what has been described as suicide pact to hide the truth of the mission. The US mistrust of the north's intentions is so deep that it is no secret that today Washington has the largest concentration of soldiers and weaponry of all descriptions in south Korea than anywhere else in the World, apart from America itself. Some of the armada that was deployed in the recent bombing of Iraq and in Operation Desert Storm against the same country following its invasion of Kuwait was from the fleet permanently stationed on the Korean Peninsula. It is true too that at the moment the North/South Korean border is the most fortified in the world. The border line is littered with anti-tank and anti-personnel landmines, surface-to-surface and surface-to-air missiles and is constantly patrolled by warplanes from both sides. It is common knowledge that America also keeps an eye on any military movement or build-up in the north through spy satellites. The DPRK is said to have an estimated one million soldiers and a huge arsenal of various weapons. Although the DPRK regards herself as a developing country, she can however be classified as a super-power in terms of military might. The DPRK is capable of producing medium and long-range missiles. Last year, for example, she test-fired a medium range missile over Japan, an action that greatly shook and alarmed the US, Japan and South Korea. The DPRK says the projectile was a satellite. There have also been fears that she was planning to test another ballistic missile capable of reaching North America. Naturally, the world is anxious that military tension on the Korean Peninsula must be defused to avoid an apocalypse on earth. It is therefore significant that the American government announced a few days ago that it was moving towards normalising relations with North Korea.

#### Taiwan

Johnson 1 (Chalmers, The Nation, 4-14, Lexis)

China is another matter. No sane figure in the Pentagon wants a war with China, and all serious US militarists know that China's minuscule nuclear capacity is not offensive but a deterrent against the overwhelming US power arrayed against it (twenty archaic Chinese warheads versus more than 7,000 US warheads). Taiwan, whose status constitutes the still incomplete last act of the Chinese civil war, remains the most dangerous place on earth. Much as the 1914 assassination of the Austrian crown prince in Sarajevo led to a war that no one wanted, a misstep in Taiwan by any side could bring the United States and China into a conflict that neither wants. Such a war would bankrupt the United States, deeply divide Japan and probably end in a Chinese victory, given that China is the world's most populous country and would be defending itself against a foreign aggressor. More seriously, it could easily escalate into a nuclear holocaust. However, given the nationalistic challenge to China's sovereignty of any Taiwanese attempt to declare its independence formally, forward-deployed US forces on China's borders have virtually no deterrent effect.

### Relations Good- Chinese Econ

#### Strong U.S.-Sino relations sustain robust Chinese economic growth

Malik 2 (Mohan, Associate Prof Security Studies – Asia Pacific Center for Security Studies, Contemporary Southeast Asia, 8-1, Lexis)

Secondly, greater certainty and predictability in Sino- U.S. relations would facilitate domestic stability, ensure a smooth political leadership transition and sustain high economic growth in China. Maintaining a good, stable, and predictable relationship with the United States is considered vitally important for China's continued economic growth as the United States is the largest source of investment, capital, and technology, and provides the largest market for Chinese goods. In addition, at a time of domestic political leadership transition to the fourth generation (from Jiang Zemin to Hu Jintao), Beijing hopes that the U.S. war on terrorism could be used internally to strengthen the hand of the Chinese regime against its opponents. From Beijing's perspective, an underlying aspect of the American campaign is that its thrust, throughout the world, will be to favour the cause of order and stability over chaos and instability. This also works to Beijing's advantage. This is because the examples of Afghanista n, Pakistan, and Indonesia show that weak and failed states usually become hotbeds of terrorism and extremism. In short, preoccupied with social and economic problems following China's accession to the WTO and political leadership transition, Beijing wanted to avoid a confrontation with Washington that could jeopardize the economic benefits that flow from stable U.S.-China ties.

#### Chinese growth solves nuclear wars in Taiwan, Korea, and South Asia

Chen 1 (Shuxen, RAND Corp, China the United States and The Global Economy)

Indeed, U.S.-Chinese relations have been consistently driven by strong common interests in preventing mutually damaging wars in Asia that could involve nuclear weapons; in ensuring that Taiwan’s relations with the mainland remain peaceful; in sustaining the growth of the U.S., China, and other Asian-Pacific economies; and, in preserving natural environments that sustain healthy and productive lives. What happens in China matters to Americans. It affects America’s prosperity. China’s growing economy is a valuable market to many workers, farmers, and businesses across America, not just to large multinational firms like Boeing, Microsoft, and Motorola, and it could become much more valuable by opening its markets further. China also affects America’s security. It could either help to stabilize or destabilize currently peaceful but sometimes tense and dangerous situations in Korea, where U.S. troops are on the front line; in the Taiwan Straits, where U.S. democratic values and strategic credibility may be at stake; and in nuclear-armed South Asia, where renewed warfare could lead to terrible consequences. It also affects America’s environment. Indeed, how China meets its rising energy needs and protects its dwindling habitats will affect the global atmosphere and currently endangered species. Yet, China’s leadership, preoccupied with preserving its own power, lacks a convincing vision of China’s future. While we do not know whether China will rise to the challenge and prosper, or stagnate and falter, Americans have a great stake in China’s successful reform. That is why they have an interest in China’s acceding to the WTO, opening it to the global economy, and strengthening its compliance with international rules and norms.

### Relations Good- Resource Wars

#### U.S.-Chinese Relations key to prevent conflicts over oil

Tanner 4. (Travis, Associate Dir – China Studies, Nixon Center, Asia Times, 6-18)

The third factor to be contemplated when analyzing the likelihood of a future US-Sino oil clash is the dynamic relationship these two powers share. Since dialogue began in the early 1970s, progress on strategic, political, cultural and commercial levels has flourished and resulted in a very strong, mutually beneficial relationship. The large number of shared interests not only provides incentives for avoiding a showdown over a single limited resource, but also provides multiple spheres in which cooperation and diplomatic arrangements can be worked out. In fact, last month the two nations agreed to launch the US-China Energy Policy Dialogue, which will expand energy-related interactions and cooperation between the world's two largest energy consumers. Will growing demand for oil sour the US-China relationship to such a degree that a collision is inevitable? China's newly evolving energy strategy, technological progress in the oil industry and the increasingly robust bilateral relationship make this claim unlikely.

#### Impact is global nuclear war

SRINIVASAN 2. [Srinivasan, Researcher at Rediff, 6/29/02 (“China: From mismanagement to collapse” Rediff.com)

One might say this is an internal problem for the Chinese, and outsiders should not worry. This is not so. Especially for India, now that Tibet has been thoroughly dissolved and Han Chinese troops are on the Indian border for the first time in history, there is a growing military threat. Ditto for all of Southeast Asia, wary about Chinese adventurism and ultra-nationalism as already expressed in land-grabs in the Spratlys and Mischief Reef. From near-self-sufficiency in 1993-96, China will need to import 60 per cent of its oil needs by 2020: this explains the urgency of grabbing possibly mineral-rich economic zones around these islands. And, of course, this explains their overtures to Kazakhstan and other Central Asian republics. What better way to distract people's attention from economic folly and an ideologically bankrupt polity than by going to war? I predicted in [The Danger from China](http://www.rediff.com/news/1998/jun/15rajeev.htm) in 1998 that China would attack Taiwan, Russia (in Siberia) and Japan (an electro magnetic pulse in the atmosphere) in the next few years. They are building ballistic-missile-armed nuclear submarines, which they will have by the end of the decade. China has 20 intercontinental ballistic missiles that can hit Los Angeles and San Francisco, so the Americans had better worry too.

### Relations Good- Environment

#### U.S.-Chinese relations are critical to global environmental protection

Boxer ’97 (Baruch, Prof Geography and Environmental Science, Rutgers U., Christian Science Monitor, 7-9, Lexis)

Political tensions between the United States and China have diverted attention away from the progress being made on a vitally important but little-known Chinese-American dialogue. At a meeting last March in Beijing, Vice President Al Gore and Premier Li Peng strongly endorsed the China-US Forum on Environment and Development, which focuses on harmonizing environmental protection and economic development. A major concern is the environmental implications of China's rapid modernization, and how best to spur US-China efforts to address China's domestic environmental problems and their global impact. Pollution, inefficient energy use, and ecological decline threaten to slow the pace of China's progress and undermine social and economic gains. After the March meeting, news media coverage in the US focused mainly on disagreements that surfaced over the pace of Chinese greenhouse gas reductions. Press coverage in China was positive and extensive. Yet both sides sought to raise the level of dialogue above the plateau of hostile rhetoric. The vice president's visit highlighted the mutual advantages of addressing a critically important subject in new ways. Positive trends are seldom acknowledged outside China. The country is now dealing more effectively with pollution and resource conservation problems through pollution-control regulations, environmental planning, and economic incentives. The extent to which China, with its 1.2 billion people, copes successfully with the enormous environmental impacts of its economic growth bears directly on prospects for achieving global environmental sustainability. Mutual interests The Environment and Development Forum is addressing four key areas of mutual interest: energy efficiency, environmental policy development, science and technology, and opportunities for promoting US pollution-control technologies. There is a solid foundation for developing strategies in these and other areas to help sustain China's economic growth while maintaining essential environmental services and amenities. More than 30 agreements relating to the environment and sustainable development, involving 10 US agencies, have promoted bilateral cooperation between the US and China in diverse fields since the early 1980s. This is an especially opportune time to move forward with an expanded bilateral dialogue on strategies for enhancing China's environmental sustainability. As the country's market economy spurts forward, it is clear in China and abroad that economic growth, ecological integrity, and society's well-being are interrelated and can only be sustained with realistic, market-responsive environmental protection and resource-conservation policies. China must take steps to improve health and environmental protection in order to maintain its spectacular pace of economic growth. China knows this, and it supports bilateral environmental programs that address long-term issues. Ongoing programs enhance scientific and technical cooperation in areas such as hydrology, coastal zone management, endangered species protection, marine pollution control, and environmental health. Now, expanded efforts in environmental planning and policy development, institution-building, education and training, and habitat and biodiversity conservation are needed. Program development and personnel training in China and abroad have been impressive, and this can strengthen ongoing work. World Bank support, for example, facilitates development of a database to help launch a national pollution fine system that initially will be applied in large state-owned industries and later expanded to smaller private and semi-private establishments. Another encouraging sign is the growing number of well-trained environmental economists, scientists, engineers, and ecologists in China working in government agencies and research organizations, some with foreign ties. China's approval of a nongovernmental "friends of nature" group, which draws attention to the fate of rare and endangered species, is a clear sign of more enlightened government attitudes. Hundreds of Chinese environmental scientists, engineers, and managers living overseas also are eager to help China solve its environmental problems. Compare and contrast International dialogue on the human and ecological implications of global environmental change is mired in endless, seemingly inconclusive negotiations on the rights and responsibilities of poor and rich countries, and how best to shape a realistic framework for international environmental policy development. Little real progress has been made in complex negotiations on such problems as deforestation, biodiversity preservation, climate change, and migratory fisheries. These highly politicized negotiations focus mainly on narrow technical issues. Despite the formation of new institutions such as the Global Environmental Facility, the self-congratulatory rhetoric on "sustainable development" that emerged from the 1992 Earth Summit in Rio de Janeiro has yet to be translated into workable policies. A well-publicized US-China declaration of commitment to the sustainable environmental development of both countries could **energize global efforts** to organize and coordinate a viable approach to international environmental governance in areas such as sustainable forestry and toxic chemicals. US-China cooperation in this critical task can set a **shining** **example** for other countries as the millennium dawns.

#### Environmental decline causes extinction

Kline ’98 (Gary, Associate Professor of Political Science, Georgia Southwestern State University, Journal of Third World Studies, Vol 15, Issue 1, Spring)

Additionally, natural ecosystems provide certain less obvious services that are **crucial to life** as we know it.6 The atmosphere of our planet is the product largely of ecosystem operations. About twenty-one percent of our atmosphere is made up of oxygen, the result of plant photosynthesis which releases the gas. Approximately seventy-eight percent of the remaining air we breathe is nitrogen, which is regulated by the nitrogen cycle of plant production. Ecosystems then influence weather and climate patterns by affecting the circulation of air in this atmosphere. Plants, and especially forests, are instrumental in retaining and conserving our soil and water. Destruction of forest areas results in soil erosion (deleterious to agriculture and plant life in general), floods, and droughts. The rapid decertification of large tracts of land in places like north Africa are a direct consequence of loss of such ecosystems. Each year an area equivalent in size to Belgium falls victim to decertification. Plant and animal life, much of it not visible to the naked eye, helps create and maintain soil by breaking down rocks into finer and finer pieces and by adding organic material to it, enriching it for agriculture. Except for some of the most troublesome products of Humankind, like DDT and plastics, these same plants and animals work to dispose of wastes. Decomposed wastes are then recycled as nutrients into the food chain for the sustenance of new life. Natural ecosystems also produce mechanisms in plants for the resistance of pests and diseases and for the pollination of flowering plants, essential to their reproduction, including many of our food crops. It should be apparent that biodiversity and life are synonymous. The organisms in an ecosystem are part of a "trophic pyramid," as labelled by scientists. That is, a large mass of plants supports a smaller number of herbivores; these support a smaller number of primary carnivores and an even smaller number of second order carnivores. Due to their more rapid rates of reproduction, the lower order life forms are generally better able to adapt to changes in their environment than the higher forms. The latter are also disadvantaged by bioconcentration of harmful substances which make their way into the food chain. Every organism has some niche and work to perform in the pyramid. Homo sapiens occupy a position at the top and are therefore vulnerable to instability at the base. Human activity which threatens the pyramid is **akin to playing Russian roulette**. Of this, Humankind is now more aware. As Garrison Wilkes of the [circlei3University of Massachusetts](javascript:void(0);) put it, "We have been building our roof with stones from the foundation."7 This problem is now manifesting itself especially in an area of human endeavor which is essential to our existence: agriculture.

### Relations Good- North Korea

#### CHINA BASHING TANKS RELATIONS – KILLS COOPERATION ON TERRORISM AND NORTH KOREAN NUCLEAR CONFLICT.

HUANG 3. [Wen, Chicago based writer, “Living with backlash” South China Morning Post -- Oct 22 -- lexis]

In China, the government is unlikely to revalue its currency because of the serious ramifications it would have on its economy. As more signs emerge that trade with China will be an important campaign issue in next year's US election, the abrasive rhetoric towards China could escalate. This could backfire and be counterproductive. China may respond in kind because President Hu Jintao faces pressure from the patriotic Chinese public to stand up to the "US imperialists". China-bashing will further fuel the anti -American sentiment, leading to tension in Sino-US relations. The fallout could jeopardise US efforts on fighting terrorism, the multilateral talks on the North Korean nuclear crisis, and productive Sino-US trade negotiations.

#### CHINA COOPERATION ON NORTH KOREA KEY TO PREVENT REGIONAL PROLIF AND WAR.

MEAD 5. [Walter Russell, Senior Fellow at the Council on Foreign Relations, “Should Nukes bloom in Asia? Rapid Change in the Region has Washington Engaged in a Dizzying Display of Diplomacy” Los Angeles Times -- June 19 -- lexis]

The idea -- not yet a threat -- is that unless North Korea dismantles its nuclear program, Japan, South Korea and even Taiwan might go nuclear in the not-so-distant future. The United States has intimated that although it would not aid or support any nuclear proliferation, it would be unable to control its allies' ambitions, just as China can't restrain North Korea's program. Bush officials have repeated this message. China is the only country that can pressure North Korea to give up its nukes. Only China has the carrots and sticks that the North Koreans respect. Without China, no progress is possible. If North Korea stays nuclear, the region will respond in ways that China will hate. With China's and India's power growing, North Korea rattling its nukes, Japan becoming more nationalistic and South Korea reconsidering its relations with the U.S., this once-stable part of the world is in flux. A nuclear arms race across East Asia would be hugely dangerous and destabilizing. Far better that the Bush administration convince China that the wiser course is to prevent a nuke race by telling Pyongyang the time has come for a deal.

#### NORTH KOREAN AGGRESSION CAUSES EXTINCTION

Chol 2 (Kim Myong, Executive Director of the Center for Korean-American Peace, Tokyo, and former editor of People's Korea, “Agreed Framework is Brain Dead; Shotgun Wedding Is the Only Option to Defuse Crisis,” October 24, http://www.nautilus.org/fora/security/0212A\_Chol.html)

The second choice is for the Americans to initiate military action to knock out the nuclear facilities in North Korea. Without precise knowledge of the location of those target facilities, the American policy planners face the real risk of North Korea launching a full-scale war against South Korea, Japan and the U.S. The North Korean retaliation will most likely leave South Korea and Japan totally devastated with the Metropolitan U.S. being consumed in nuclear conflagration. Looking down on the demolished American homeland, American policy planners aboard a special Boeing jets will have good cause to claim, "We are winners, although our homeland is in ashes. We are safely alive on this jet." The third and last option is to agree to a shotgun wedding with the North Koreans. It means entering into package solution negotiations with the North Koreans, offering to sign a peace treaty to terminate the relations of hostility, establish full diplomatic relations between the two enemy states, withdraw the American forces from South Korea, remove North Korea from the list of axis of evil states and terrorist-sponsoring states, and give North Korea most favored nation treatment. The first two options should be sobering nightmare scenarios for a wise Bush and his policy planners. If they should opt for either of the scenarios, that would be their decision, which the North Koreans are in no position to take issue with. The Americans would realize too late that the North Korean mean what they say. The North Koreans will use all their resources in their arsenal to fight a full-scale nuclear exchange with the Americans in the last war of [hu]mankind. A nuclear-armed North Korea would be most destabilizing in the region and the rest of the world in the eyes of the Americans. They would end up finding themselves reduced to a second-class nuclear power. [this card has been gender modified]

### Ext. Relations Solve North Korea

#### U.S.-Chinese cooperation is key to stability in Korea

Ross 1. (Robert S., Prof Political Science, Boston College, National Interest, Fall)

That would be unfortunate. U.S. interest in cooperation with China is not limited to managing the Taiwan issue and avoiding war. U.S.-China cooperation contributes to stability on the Korean peninsula by enhancing Chinese incentives to constrain North Korean ballistic missile proliferation and nuclear weapons development, and by encouraging Pyongyang to pursue dialogue and peaceful unification with Seoul. It also contributes to stability in the Middle East and the Persian Gulf by encouraging China not to proliferate weapons and delivery systems to regional antagonists. It enables the United States to take advantage of China's market to enhance U.S. economic growth and the competitiveness of key U.S. industries. And it enables the United States to encourage political reform in China through economic, cultural and educational exchanges. Increased tension over Taiwan jeopardizes all of these interests without contributing to stability. Moreover, the greatest cost of conflict would be borne by Taiwan. Its security, prosperity and democracy would all be at risk should U.S.-China relations deteriorate seriously.

#### Cooperation with China is key to resolve Korean tensions

Newsday 1. (3-25, Lexis)

The United States can also benefit from China's cooperation in dealing with the second most dangerous place in Asia-North Korea. Easing tensions in the Korean peninsula is critical for the United States, which has 37,000 troops stationed on the demilitarized zone dividing North and South Korea. But it's also critical to Seoul and Tokyo. It's disturbing that Bush dismissed the prospect of continuing talks with North Korea earlier this month. China, which must be a part of any regional security arrangements reached in a Korean detente, could provide valuable help.

### Relations Good- Prolif

#### US SINO RELATIONS KEY TO SOLVE GLOBAL NONPROLIFERATION.

CHING 9. [Frank, journalist, “China key to US foreign policy success” Japan Times]

But the next president must recognize that China is not just a relationship to be managed. It is perhaps the key relationship that the United States must sustain if Obama is to achieve success in virtually all his other foreign policy priority areas. In the 21st century, there is no relationship more important to the U.S. This does not mean that Washington can give up its network of alliances in Europe and in Asia. Those alliances are important. But Washington must give greater recognition of China's role in the coming decades. It also does not mean that the U.S. should no longer stand up for democracy and human rights. In fact, the inauguration of Obama and the shutting down of the Guantanamo detention center should help restore Washington's moral stature and put it in a stronger position to support human rights around the world since it should no longer be accused of hypocrisy. An Obama administration will certainly understand that the U.S.-China bilateral relationship is a complex web of relationships, and the overall relationship cannot be held hostage to any one strand of it, no matter how important. This is because, in the 21st century, cooperation between Washington and Beijing in vital, not just for those two countries but for the rest of the world as well. Nuclear nonproliferation and climate change, for example, cannot be tackled without Chinese cooperation while, with such cooperation, there is real hope of progress.

### Relations Good- South China Sea

#### US-SINO RELATIONS KEY TO PREVENT WAR IN SOUTHEAST ASIA

BRZEZINSKI 1. [Zbigniew, CSIS and Former National Security Adviser, The Geostrategic Triad, p. 1-2]

It is in this larger Eurasian context that U.S.-China relations must be managed and their importance correctly assessed. Dealing with China should rank as one of Washington’s four most important international relationships, alongside Europe, Japan, and Russia. The U.S.-China relationship is both consequential and catalytic, beyond its intrinsic bilateral importance. Unlike some other major bilateral relationships that are either particularly beneficial or threatening only to the parties directly involved (America and Mexico, for example), the U.S.-China relationship impacts significantly on the security and policies of other states, and it can affect the overall balance of power in Eurasia. More specifically, peace in Northeast and Southeast Asia remains dependent to a significant degree on the state of the U.S.-China relationship. That relationship also has enormous implications for U.S.-Japan relations and Japan’s definition—for better or worse—of its political and military role in Asia. Last but not least, China’s orientation is likely to influence the extent to which Russia eventually concludes that its national interests would best be served by a closer connection with an Atlanticist Europe; or whether it is tempted instead by some sort of an alliance with an anti-American China.

#### Goes nuclear

Nikkei Weekly ’95 (7-3, Lexis)

Mahathir sees Asia developing in three possible ways in future. In his worst-case scenario, Asian countries would go to war against each other, possibly over disputes such as their conflicting claims on the Spratly Islands. China might then declare war on the U.S., leading to full-scale, even nuclear, war.

### Ext. Solve SCS

#### U.S.-Chinese relations are critical to resolve disputes in the South China Sea

Yu 00. (Peter, American University Law Review, Oct, Lexis)

[\*160]  In military terms, China is also very important to the United States. Despite criticism over the backwardness of the Chinese military forces, [189](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n189" \t "_self) "any long-term peaceful solution to the conflicting territorial claims in the South China Sea will require China's active cooperation." [190](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n190" \t "_self) Because China holds a permanent seat in the United Nations Security Council, the United States needs China's support, through either an affirmative vote or an abstention, in order to gain U.N. support of its initiatives. [191](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n191" \t "_self) Past initiatives included forcing Iraq to withdraw from Kuwait and maintaining peace in Cambodia or the former Yugoslavia. Furthermore, China has the ability to produce weapons of mass destruction, such as missles, nuclear technology, and chemical weapons. [192](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n192" \t "_self) Its ability to export these weapons overseas therefore makes China strategically important to the United States. In addition to mutual strategic significance, the word "strategic" has a second meaning. The word suggests that a U.S.-China strategic relationship may be considered "as part of a strategic framework for the Asia-Pacific region and the whole world, geared toward maintaining world peace and regional stability, enhancing global development, and promoting extensive cooperation between the two countries on regional and global issues." [193](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n193" \t "_self) Under this framework, both sides intend to approach the relationship from a long-term  [\*161]  perspective, and to maintain a stable and healthy relationship throughout a sustained period. [194](http://www.lexis.com/research/retrieve?_m=761073f8dda03ec59d9cc6d8ef3cf3ee&docnum=4&_fmtstr=FULL&_startdoc=1&wchp=dGLbVzz-zSkAk&_md5=d75752c2c441c7c6749ee7a5f089a3f7&focBudTerms=nuclear%20technology%20or%20weapons%20technology%20or%20super%20computer%20or%20supercomputer%20w/25%20&focBudSel=all" \l "n194" \t "_self) Such a long-term relationship is especially important in light of the growing number of global problems that range from nuclear proliferation to environmental degradation and from terrorism to illicit drug trafficking.

### Relations Good- Taiwan

#### Strong U.S.-Chinese relations are key to prevent a Chinese invasion of Taiwan

Swaine 4 (Michael, Senior Associate – Carnegie Endowment for Int’l Peace, Foreign Affairs, Mar/April, Lexis)

Ultimately, the extent to which the United States and Taiwan must rely on deterrence is inversely related to the success of Washington's efforts to reassure China that it is committed to the status quo. As President Bush has recognized, such efforts are likely to be more successful if greater levels of trust can be created through the establishment of a stronger, more cooperative, Sino-American relationship. They are likely to be less successful if the relationship is allowed to deteriorate through insufficient attention to each other's interests. Chinese officials will be less bellicose and more patient if they believe Washington is not colluding with Taipei to favor independence. Insufficient reassurance -- even if it is combined with a strong deterrence posture -- could eventually provoke China into a desperate use of force, in the belief that Washington might use its superior military capabilities to protect Taiwan from a Chinese attack as the island moved toward independence. Efforts to strengthen deterrence, in other words, must be carefully coordinated with a larger strategy of reassurance if stability is to be maintained.

#### Impact is global nuclear war

Johnson 1. (Chalmers, The Nation, 4-14, Lexis)

China is another matter. No sane figure in the Pentagon wants a war with China, and all serious US militarists know that China's minuscule nuclear capacity is not offensive but a deterrent against the overwhelming US power arrayed against it (twenty archaic Chinese warheads versus more than 7,000 US warheads). Taiwan, whose status constitutes the still incomplete last act of the Chinese civil war, remains the most dangerous place on earth. Much as the 1914 assassination of the Austrian crown prince in Sarajevo led to a war that no one wanted, a misstep in Taiwan by any side could bring the United States and China into a conflict that neither wants. Such a war would bankrupt the United States, deeply divide Japan and probably end in a Chinese victory, given that China is the world's most populous country and would be defending itself against a foreign aggressor. More seriously, it could easily escalate into a nuclear holocaust. However, given the nationalistic challenge to China's sovereignty of any Taiwanese attempt to declare its independence formally, forward-deployed US forces on China's borders have virtually no deterrent effect.

### Relations Good- Terrorism

#### RELATIONS KEY TO PREVENT WMD TERRORISM.

Wang 1. (Hui, President – First China Capital Co., China, The United States, and the Global Economy, RAND, http://www.rand.org/publications/MR/MR1300/)

The United States has a strong interest in keeping weapons of mass destruction and other sophisticated weapons out of unstable regions and away from terrorists. The United States understands that many of the threats today and in the decade to come will come not from conflicts between great powers but from states that defy existing rules and from violent nongovernmental groups. China is already a nuclear power with increasingly sophisticated weapon capabilities. The United States needs China’s cooperation in preventing dangerous weapons from falling into the wrong hands.

#### A TERRORIST ATTACK ENSURES RETALIATION – ESCALATES TO GLOBAL NUCLEAR WAR.

Speice 6 (Patrick, JD Candidate, William & Mary Law Review, 47 Wm and Mary L. Rev. 1427, Feb, Lexis)

The potential consequences of the unchecked spread of nuclear knowledge and material to terrorist groups that seek to cause mass destruction in the United States are truly horrifying. A terrorist attack with a nuclear weapon would be devastating in terms of immediate human and economic losses. n49 Moreover, there would be immense political pressure in the United States to discover the perpetrators and retaliate with nuclear weapons, massively increasing the number of casualties and potentially triggering a full-scale nuclear conflict**.** n50 In addition to the threat posed by terrorists, leakage of nuclear knowledge and material from Russia will reduce the barriers that states with nuclear ambitions face and may trigger widespread proliferation of nuclear weapons. n51 This proliferation will increase the risk of nuclear attacks against the United States [\*1440] or its allies by hostile states, n52 as well as increase the likelihood that regional conflicts will draw in the United States and escalate to the use of nuclear weapons.

### Relations Good- Warming

#### U.S.-Chinese cooperation is critical to solve global warming

Saunders 1. (Philip, Dir – East Asian Nonproliferation Program, Center for Nonproliferation Studies, Can 9-11 Provide a Fresh Start for Sino-U.S. Relations?, http://cns.miis.edu/pubs/reports/sino911.htm)

**Global warming** is an issue that can only be addressed through global cooperation, but cooperation has been elusive. Developing countries insist that developed countries are responsible for the problem and have resisted any binding commitments. Yet China is currently the second largest emitter of carbon dioxide, and will surpass the United States to become the largest emitter by 2020. China's continuing dependence on coal as its main source of energy will exacerbate the problem. Efforts to address the problem of global warming without Chinese participation are unlikely to succeed. At the same time, the solution in the Kyoto protocol (no restrictions on developing country emissions) is clearly unacceptable to Congress and has been used to justify U.S. rejection of the protocol. An effective solution requires U.S. and Chinese participation, which is unlikely if this deadlock cannot be resolved. The two countries could also cooperate on other environmental issues, including mitigating the air pollution caused by coal and ways for Chinese industries to adopt energy-efficient, low pollution technology.

#### THE IMPACT IS EXTINCTION.

Tickell 08 [Oliver, “On a planet 4C hotter, all we can prepare for is extinction]

We need to get prepared for four degrees of global warming, Bob Watson told the Gurdian last week. At first sight this looks like wise counsel from the climate science adviser to Defra. But the idea that we could adapt to a 4C rise is absurd and dangerous. Global warming on this scale would be a catastrophe that would mean, in the immortal words that Chief Seattle probably never spoke, "the end of living and the beginning of survival" for humankind. Or perhaps the beginning of our extinction. The collapse of the polar ice caps would become inevitable, bringing long-term sea level rises of 70-80 metres. All the world's coastal plains would be lost, complete with ports, cities, transport and industrial infrastructure, and much of the world's most productive farmland. The world's geography would be transformed much as it was at the end of the last ice age, when sea levels rose by about 120 metres to create the Channel, the North Sea and Cardigan Bay out of dry land. Weather would become extreme and unpredictable, with more frequent and severe droughts, floods and hurricanes. The Earth's carrying capacity would be hugely reduced. Billions would undoubtedly die.

### Ext. Solve Warming

#### US-CHINA RELATIONS SOLVE WARMING

LIEBERTHAL AND SANDALOW 9 [Kenneth G, Visiting fellow, David B, Senior Fellow, Brookings, “Overcoming Obstacles To Us-China Cooperation On Climate Change”, Sept 23, Brookings Institution]

Opportunities for collaboration in fighting climate change are plentiful, but moving forward at the scale needed will require high-level political support in two very different societies, each with considerable suspicion of the other. This report recommends ways to win such support and sustain it for the long term. Chapter 1 of the report provides a primer on two topics: climate change and U.S.-China relations. It describes the climate change threat, concluding that every year of delay in responding to it puts both countries—and the planet—at greater risk. Because the United States and China are the world’s top two greenhouse gas emitters, together accounting for more than 40% of annual emissions, any solution requires both countries to transition to low-carbon economies. U.S.-China cooperation on climate change would have not only bilateral but global benefits.

#### U.S.-Chinese cooperation is critical to cut emission rates, reducing warming

Wang 1. (Hui, President – First China Capital Co., China, The United States, and the Global Economy, RAND, http://www.rand.org/publications/MR/MR1300/)

The United States and China, together with other countries, need to cooperatively work out incentive programs for China and other less developed countries to shorten the process of cutting down emission rates to the level of more-developed countries. China remains a poor country, with half the population subsisting on under $2 a day. As Mark Hertsgaard observed, although being a big source of pollutant emissions, “China emits a far smaller amount of greenhouse gases per capita than the rich nations whose earlier industrialization has already condemned the world to climate change.”13 The fact is that the per-capita income of China is still well below the world average, and the Chinese in most of the inland areas have basic and urgent needs still to be met. Given this, future benefits and costs are subject to a higher discount rate in calculations and decisionmaking. Controlling pollution and improving the environment may involve near-term sacrifices and disproportional allocations of the benefits. Environmental protection could be an extra or unfair burden for certain generations. On top of that, it requires understanding, cooperation, investment, and conscious action from all of the people. Although determined, China is facing an uphill battle in this ambitious environmental war—to reduce emissions in 2020 below today’s levels, improve air and water quality, and lower pollution-related health costs by 75 percent—while at the same time China will again quadruple its output. As for the United States, it needs to work with China on the environment. Absent a radical shift in world policies, the greenhouse effect, for example, and other environmental damage will accelerate global climate change, melting polar ice caps, and causing more and nastier hurricanes, droughts, and blizzards. The United States, China, and the rest of the world will suffer from such changes. The United States also has the resources and experience to assist China. This is a potential a major bond for the United States and China. Although China has realized the benefits of preserving the earth and protecting the environment, China undoubtedly has its own agenda, which may be far from that of the United States on this score. Given the huge differences in social and economic development, both the United States and China can see a clear common interest in working closely on accelerating China’s environmental efforts.

### Relations Good- Water Shortages

U.S.-Chinese relations are critical to prevent water shortages in China

Boxer ’98 (Baruch, Prof Geography and Environmental Science, Rutgers U., China’s Water Problems in the Context of U.S.-China Relations, June, http://www.ciaonet.org/wps/ecs12/)

As the millennium approaches, China’s phenomenal economic growth is a major driving force in the global economy. But failure in the coming decades to conserve and improve the quality of water resources will seriously undermine China’s growth prospects and threaten its political stability. Water shortages, increasing flood damage, and rampant pollution threaten to undermine both short- and long-term modernization goals. It is uncertain, moreover, if sufficient fresh water will be available in the coming decades to accommodate China’s growing water demands for agriculture, industry, energy development, and domestic supply. **Continues…**

In this context, China’s water problems present unusual challenges and opportunities in the wider frame of U.S.-China relations. Mutual efforts to address problems can help develop and maintain the quality of a critical resource. It is evident from two decades of official exchanges in water-related fields that there is growing interest among water professionals on both sides in furthering cooperative research and assessment programs, and in sharing information on engineering, economic, and scientific strategies for addressing short- and long-term problems. In the early 1980s when bilateral contacts were initiated, there was some resentment on the U.S. side that Chinese partners were taking advantage of the exchange protocols to improve their science and engineering after a long period of isolation from international science. U.S. participants found work with Chinese colleagues stimulating, but there was consensus among participants that the Chinese were probably benefiting the most. This is no longer the case. In recent years, the most active programs have stimulated interest on both sides in expanding activities in China and the United States to help strengthen the Chinese water enterprise. A main goal is to improve understanding of how new approaches to water control, supply, conservation, and quality maintenance being developed in the United States can be most efficaciously applied in China. This is exemplified in the USGS water-quality monitoring activity described above, as well as in other areas. Both sides see that mutual benefits from the programs can be best achieved through clearly defined, precisely targeted, low cost activities that have immediate application in China and provide opportunities for U.S. companies to market technology and equipment. A main obstacle to expanded activity on both sides is limited funds. This is unfortunate, as U.S. officials have indicated that small increases in funding could enable significant expansion of existing programs into new localities and increase Chinese participation. Chinese and American program managers are enthusiastic about extending programs. There are many short- and long-term benefits to the United States from an expanded program of cooperation in water resources management. Water issues in China are closely tied to other important aspects of political and economic relations between the United States and China. For example, improved water conservation and hydropower expansion in support of a less coal-dependent energy policy will have a direct bearing on China’s ability to meet emission reduction targets of the Framework Convention on Climate Change. Enhanced communication and mutual respect in water affairs will also benefit discussions in sensitive areas such as military cooperation and national security, as well as in attempts to resolve trade disputes. The challenges U.S. agencies must overcome in sharing technical knowledge, engineering, and policy applications with China will also enhance the ability of U.S. federal and state water managers to address domestic water supply, control, conservation, and pollution prevention concerns. This experience will additionally help expand international commercial opportunities for U.S. management and consultant firms, and equipment manufacturers in areas such as irrigation technology, waste water treatment and pollution control, and ecosystem protection and restoration. Perhaps the greatest benefit for the United States from this program will be the positive contribution it will make to strengthening the ecological foundation of China’s economy at a time of rapid growth. Cooperation on water issues will help define specific opportunities and limitations in plans to achieve vague “sustainability” objectives in both countries’ efforts to develop new technical and institutional strategies for water management. China’s economic performance and political stability is closely dependent upon a stable, clean, and well-controlled water regime. U.S.-China cooperation in this area will contribute importantly to achieving these objectives.

Chinese water shortages destabilize world food markets, killing a billion

Brown and Halweil 4 (Lester R., Pres – Worldwatch Institute and Brian – Visiting Researcher, China's Water Shortage Could Shake World Food Security, World Watch, July/Aug, http://www.cambodianonline.net/earth02064.htm)

An unexpectedly abrupt decline in the supply of water for China's farmers poses a rising threat to world food security. China depends on irrigated land to produce 70 percent of the grain for its huge population of 1.2 billion people, but it is drawing more and more of that water to supply the needs of its fast-growing cities and industries. As rivers run dry and aquifers are depleted, the emerging water shortages could sharply raise the country's demand for grain imports, pushing the world's total import needs beyond exportable supplies. Any major threat to China's food self-sufficiency, if not addressed by strong new measures, would likely push up world grain prices, creating social and political instabilities in Third World cities-as previous WORLD WATCH articles have pointed out [(see commentary)](http://www.worldwatch.org/mag/1998/98-4b.html). New information on the deteriorating water situation has confirmed the imminence of this possibility. The challenge now facing the Chinese government is how to meet the soaring water needs of its swelling urban and industrial sectors without undermining both its own agriculture and the world's food security. The decline in China's capacity to irrigate its crops-signs of which include the drying-up of rivers and wells all over the northern region of the country-is coming at a time when depleted world grain stocks are near an all-time low. With its booming economy and huge trade surpluses, China can survive its water shortages by simply importing more of its food, because it can afford to pay more for grain. But low-income countries with growing grain deficits may not be able to pay these higher prices. For the **1.3 billion** of the world's people who live on $1 a day or less, higher grain prices could **quickly become life threatening**. The problem is now so clearly linked to global security that the U.S. National Intelligence Council (NIC) the umbrella over all U.S. intelligence agencies, has begun to monitor the situation with the kind of attention it once focused on Soviet

### Relations Good- Middle East

STRONG US-SINO RELATIONS ARE KEY TO MIDDLE EAST STABILITY

KRONICK AND MOELLER 9. [Scott , President, Ogilvy Public Relations Worldwide, Beijing and Jamie, Managing Director, Global Public, “The Obama Administration & China: What Does the Future Hold?” -- JAN 16 -- http://www.ogilvypr.com/en/expert-view/obama-administration-china-what-does-future-hold]

The Changing Geopolitical Environment North Korea, Iran, Pakistan, Sudan, Zimbabwe; these are just some of the tumultuous regions where the U.S. has a political agenda and where China has influence. The U.S. will continue to need China's leadership in managing North Korea. In addition, look for Obama to solicit China's support in bringing stability to the Middle East, particularly in Pakistan. China and Pakistan have historically celebrated close relations, as Pakistan was the first country to officially recognize the People's Republic.

THE IMPACT IS GLOBAL NUCLEAR WAR.

Steinbach 2 (John, Center for Research on Globalization, 3-3, http://www.globalresearch.ca/articles/STE203A.html)

Meanwhile, the existence of an arsenal of mass destruction in such an unstable region in turn has serious implications for future arms control and disarmament negotiations, and even the threat of nuclear war. Seymour Hersh warns, "Should war break out in the Middle East again,... or should any Arab nation fire missiles against Israel, as the Iraqis did, a nuclear escalation, once unthinkable except as a last resort, would now be a strong probability."(41) and Ezar Weissman, Israel's current President said "The nuclear issue is gaining momentum(and the) next war will not be conventional."(42) Russia and before it the Soviet Union has long been a major(if not the major) target of Israeli nukes. It is widely reported that the principal purpose of Jonathan Pollard's spying for Israel was to furnish satellite images of Soviet targets and other super sensitive data relating to U.S. nuclear targeting strategy. (43) (Since launching its own satellite in 1988, Israel no longer needs U.S. spy secrets.) Israeli nukes aimed at the Russian heartland seriously complicate disarmament and arms control negotiations and, at the very least, the unilateral possession of nuclear weapons by Israel is enormously destabilizing, and dramatically lowers the threshold for their actual use, if not for all out nuclear war. In the words of Mark Gaffney, "... if the familar pattern(Israel refining its weapons of mass destruction with U.S. complicity) is not reversed soon- for whatever reason- the deepening Middle East conflict could trigger a world conflagration." (44)

### Relations Good- Syrian Prolif

US-SINO RELATIONS KEY TO SOLVE SYRIAN PROLIFERATION

Conable and Lampton ’93 (Barber Conable, President Emeritus of the World Bank and Chair of the National Committee on US-China Relations, David Lampton, President of the National Committee, Foreign Affairs, January 1993)

MANY NOW ARGUE that American interests in China are secondary in the wake of the Cold War's end. Although the Soviet threat has largely disappeared (but not the dangers arising from its implosion), the intrinsic importance of the U.S.-China relationship is growing along several other dimensions. American interests can be put into global, regional and bilateral categories. Globally an increasing role will be played by multilateral organizations, with the United Nations most prominent among them. Given China's veto power as a permanent member of the Security Council, Beijing must be part of a consensus for the United Nations to be effective. Therefore U.S. policy must seek common ground where possible with China's leadership, while simultaneously criticizing its behavior in human rights, weapons proliferation and certain trade practices. The United States would not have forged an internationally sanctioned coalition during the Gulf War had China sought to obstruct the Security Council's actions in early 1991, nor would subsequent U.N. actions concerning Libya, the Balkans, Iraq or Cambodia have been feasible. Environmental protection also requires global cooperation. Today China depends on coal for 70 percent of its industrial fuel and power generation and 90 percent of its household energy needs. Most of this coal has a very high sulphur content and is inefficiently burned in the open atmosphere, which leads to tremendous pollution problems. There is little prospect of these percentages being significantly reduced in the next 25 years. With an expected real economic growth rate of about five percent over the next three decades, China's cooperation will be essential to limit global warming and acid rain in Asia. In the world today refugees also are a major concern. The dislocations created by refugees from Cambodia, Vietnam and eastern Europe are small compared to the havoc a major exodus from China would produce. Each one percent of China's population totals almost 12 million persons -- about a quarter of France's population, twice the size of Hong Kong's and more than half that of Taiwan's. It is in the world's interest, not to mention that of the P.R.C.'s immediate neighbors, that a Chinese exodus not be created by political failure (of which severe political repression is one form), natural disasters or widespread economic/agricultural collapse. Finally, China is a major seller of affordable and serviceable weaponry to developing nations, and an actual or alleged source of nuclear and/or missile technology to Pakistan, North Korea, Iran, Syria and Saudi Arabia. The United States and other nations must continue to encourage China to cooperate on limiting proliferation of arms and technology for weapons of mass destruction, as well as better policing Western companies engaged in illicit and unwise technological transfers. China's recent accession to the Nuclear Nonproliferation Treaty -- and its promise to adhere to the guidelines and parameters of the Missile Technology Control Regime -- are testament to the importance of continued engagement and pressure by the United States, Europe and Japan.

### Relations Good- Energy Conflict

U.S.-Chinese Relations key to prevent conflicts over oil

Tanner 4. (Travis, Associate Dir – China Studies, Nixon Center, Asia Times, 6-18)

The third factor to be contemplated when analyzing the likelihood of a future US-Sino oil clash is the dynamic relationship these two powers share. Since dialogue began in the early 1970s, progress on strategic, political, cultural and commercial levels has flourished and resulted in a very strong, mutually beneficial relationship. The large number of shared interests not only provides incentives for avoiding a showdown over a single limited resource, but also provides multiple spheres in which cooperation and diplomatic arrangements can be worked out. In fact, last month the two nations agreed to launch the US-China Energy Policy Dialogue, which will expand energy-related interactions and cooperation between the world's two largest energy consumers. Will growing demand for oil sour the US-China relationship to such a degree that a collision is inevitable? China's newly evolving energy strategy, technological progress in the oil industry and the increasingly robust bilateral relationship make this claim **unlikely**.

Impact is global nuclear war

Srinivasan 2. (Rajeef, Rediff Columnist, July 29th, http://www.rediff.com/news/2002/juI/29rajeev.htm)

One might say this is an internal problem for the Chinese, and outsiders should not worry. This is not so. Especially for India, now that Tibet has been thoroughly dissolved and Han Chinese troops are on the Indian border for the first time in history, there is a growing military threat. Ditto for all of Southeast Asia, wary about Chinese adventurism and ultra-nationalism as already expressed in land-grabs in the Spratlys and Mischief Reef. From near-self-sufficiency in 1993-96, China will need to import 60 per cent of its oil needs by 2020: this explains the urgency of grabbing possibly mineral-rich economic zones around these islands. And, of course, this explains their overtures to Kazakhstan and other Central Asian republics. What better way to distract people's attention from economic folly and an ideologically bankrupt polity than by going to war? I predicted in [The Danger from China](http://www.rediff.com/news/1998/jun/15rajeev.htm) in 1998 that China would attack Taiwan, Russia (in Siberia) and Japan (an electro magnetic pulse in the atmosphere) in the next few years. They are building ballistic-missile-armed nuclear submarines, which they will have by the end of the decade. China has 20 intercontinental ballistic missiles that can hit Los Angeles and San Francisco, so the Americans had better worry too.

### Ext. Relations Solve Renewables

U.S.-Chinese relations are key to Chinese renewable energy development

OIA 00. (Office of International Affairs, Cooperation in the Energy Futures of China and the United States, National Academies Press, http://www.nap.edu/books/0309068878/html/11.html)

Cooperation in the Energy Futures of China and the United States and alternate transport fuels; and environmental protection in a system that reflects real costs Our countries have common energy security concerns and could benefit from collaboration on an analysis of strategic petroleum reserves and macroeconomic impacts of fluctuations in the world petroleum market Governments and industry should establish a dialogue on light transport vehicles and alternatives to petroleum transport fuels and cooperate on both technology development and market creation Consider a broader examination of urban transportation systems in both countries RENEWABLE ENERGY U.S.-Chinese cooperation would be especially important in: setting up a market-oriented policy framework; technology and market assessments; strengthening research and development cooperation and trade and investment; and training of renewable energy practitioners Our governments should consider a long-term research and development public-private partnership Increase collaboration, trade, and investment in specific high-priority areas.

### Relations Good- Food Prices

Strong U.S.-Chinese cooperation is critical to prevent fluctuations in global food prices

McElroy and Nielsen 97 (Michael and Chris, Chair, Department, Earth and Sciences, Harvard, Dir- Environmental China Project, Harvard, Living with China: US-China Relations in the Twenty-First Century, 25)

Another US interest concerns the security of China’s food production and it’s openness to trade in agricultural commodities. To the extent that China will embrace the comparative advantages of world food production, greater bilateral trade in grain and other foodstuffs may arise between the two countries. Even deep uncertainties about China’s agricultural production caused by environmental and other factors, however, could cause wide fluctuations in global grain markets. It is thus important to the United States that China be able to produce enough food that its demand for imports does not unexpectedly destabilize world markets. The United States needs reliable information on food production and food policies so that there are no sudden shocks to international grain markets that might cause hoarding and speculative activity interfering with the smooth flow of food trade. Activities that strengthen US-Chinese cooperation in Chinese agriculture would contribute to these goals.

Food price fluctuations kill a billion

Tampa Tribune 96 (1-20, Lexis)

That's troubling, Pinstrup-Andersen noted, since 13 percent is well below the 17 percent the United Nations considers essential to provide a margin of safety in world food security. During the food crisis of the early 1970s, world grain stocks were at 15 percent. "**Even if** they are **merely blips**, higher international prices can hurt poor countries that import a significant portion of their food," he said. "Rising prices can also quickly put food out of reach of the **1.1 billion** people in the developing world who live on a dollar a day or less." He also said many people in low-income countries already spend more than half of their income on food.

### Relations Good- Heg

Cooperation with China is key to continued U.S. leadership in Asia

Pollack 1. (Jonathon A., US Naval War College, American Perceptions of Chinese Military Power, 1-11 http://www.nwc.navy.mil/apsg/papers/Chinese%20Military%20Power2.htm)

Slowly but inexorably, the Chinese are acquiring the requisite military capabilities that will enable Beijing to assume a more pivotal role in shaping the future security contours of East Asia. These capabilities are not fully realized at present, nor would they automatically translate into a more assertive state intent on intimidating its neighbors. But the emergence of China as a more capable military power is a core component of East Asia’s ineluctable strategic realignment. China seems determined to assume what it sees as its rightful place in the regional political and security order. Its position will be rooted both in its future military capabilities and in the political-economic role it has already begun to assume throughout the region, including with important U.S. allies and security partners. These developments underscore the centrality of future U.S.-Chinese relations to the regional order as a whole. The United States has substantial incentives to seek larger security understandings with Beijing, given that China will ultimately have the capability to challenge or to complicate American strategic primacy in East Asia. American policymakers have yet to achieve closure on how best to ensure long term U.S. interests in a region of genuine strategic import to the United States, but where U.S. strategy cannot reflexively assume (as in Europe) a coalition of the like minded. Nor is there a clear consensus on what the United States deems within the legitimate scope of China’s future military capabilities, or whether both countries will prove able to reconcile their respective security interests over the longer run. The United States hopes to preserve its current strategic advantage, which presumes the absence of a major power adversary (or adversaries) who by intention, action, or capability could put U.S. vital interests at risk. The pivotal policy question, therefore, is how to retain America’s existing advantage without incurring strategy and resource commitments that are neither warranted nor sustainable. This will require a prudent hedging option, but without this option proving self-fulfilling. In essence, the United States seeks fallback without lock in. A benign outcome with China, though clearly preferable, cannot be assumed. But an insurance strategy in relation to China must not render meaningful security collaboration with Beijing impossible. Squaring this circle will remain among the preeminent international challenges the United States will face in the decades to come.

Power projection in Asia is key to prevent escalating great-power wars in regional hotspots

Auer and Lim 1. (James E., Director, Center for U.S.-Japan Studies, and Robyn, Prof IR, Nanzan University, THE MARITIME BASIS OF AMERICAN SECURITY IN EAST ASIA, NWC Review, Winter)

American policy toward East Asia must be based on an understanding of how the region’s strategic geography bears on the interests of the United States as the dominant maritime power. The western Pacific has resumed its role as the focus of world economic growth, but it is not “all economics now.” East Asia is the one part of the world where great-power war remains thinkable. That is because it is the only region where the Cold War left a residue of unresolved great-power strategic tensions. Hanging off the eastern edge of Eurasia, the Korean Peninsula (half-island) continues in its historical role as the focus of great-power rivalry—albeit on the basis of new configurations of interest. Tension between the United States and China is growing in relation to the island of Taiwan, a flourishing democracy located in a key position on the “first island chain,” running down the East Asian littoral. Farther offshore, China and other regional states contest the ownership of the scattered reefs and archipelagoes of the East and South China Seas. These strategic tensions on the East Asian littoral must engage the interests of the dominant maritime power and all those who rely on its protection. The United States has obligations to protect the maritime security of Japan, the world’s second-largest economy. That is a matter of great convenience to both parties, as well as to the wider region, since the U.S.-Japan security treaty provides Japan with maritime protection in ways that do not disturb Japan’s neighbors. Freedom of the seas is also an essential interest of the United States in its strategic capacity as the global offshore balancer. THE UNITED STATES AS GLOBAL OFFSHORE BALANCER . . . In May 1940, with most of Western Europe’s coastline in Hitler’s hands and Britain threatened with invasion, the United States inherited the British role as the global offshore balancer. No longer could America enjoy the “free security” provided for so long, de facto, by the Royal Navy. Since then strategic circumstances have changed, but strategic interests are remarkably enduring. The United States, having become the offshore balancer, must take a close interest in what is happening strategically on the opposite shores of its great ocean moat. Unless America can maintain a balance of power at both ends of Eurasia and ensure freedom of the seas, it cannot wage war much beyond its own southern and northern borders.1 Long before it became the global offshore balancer, America had a vital interest in the balance of power in the western Pacific. The United States became a Pacific power when it acquired Hawaii and the Philippines in 1898. Its need to see a balance of power struck across the Pacific Ocean was understood by President Theodore Roosevelt, who was much influenced by Alfred Thayer Mahan. Roosevelt knew that the Philippines was the nation’s Achilles’ heel: it was too close to Japan and too far from Hawaii. In 1905, he brokered the Treaty of Portsmouth, which concluded the Russo-Japanese War after the parties had fought to exhaustion. The equilibrium struck at Portsmouth did not last, because Japan had continental ambitions that clashed with America’s interest in the “Open Door” to China. Soon, the U.S. Navy was gaming conflict with Japan. The Pacific War was not inevitable, but it had its roots in America’s refusal to grant Japan a free hand in East Asia. Ever since Portsmouth, the balance of power in East Asia has been up for grabs. Throughout last century’s global strategic contests—the two world wars and the Cold War—the East Asian balance remained unsettled. The collapse of Soviet power brought equilibrium to Western Europe but not to the East Asian littoral. For reasons of history, culture, and domestic politics, the United States has been facing the wrong way strategically since it won the Cold War—toward Europe rather than the western Pacific. Still fighting the last war, America risks forgetting to deter the next. The United States, because it is the offshore balancer, cannot tolerate a bid for hegemony over Eurasia or any of its critical parts. China, not Russia, is the current chief aspirant. To concede hegemony to China would mean that the United States would have little influence over what happens in East Asia and would be forced to operate there on terms set by Beijing. History’s lesson is that a maritime power cannot concede dominance over vital seas to any rising power with a continent-sized base on the opposite shore. To do so invites strangulation and ultimately invasion. In its long history as the offshore balancer, the United Kingdom stood at greatest risk of invasion—in 1588 and 1940—when a state dominant on the continent developed sufficient maritime power to threaten the British in their island redoubt. . . . AN OCEAN AWAY FROM THE EAST ASIAN LITTORAL The Pacific is the widest of the world’s oceans, larger than the Indian and Atlantic Oceans combined. Located as it is in the Western Hemisphere, the United States cannot hope to maintain a balance of power across the vast reaches of the Pacific unless it has access to bases on or just off the East Asian littoral. That is why America’s alliance with Japan rests on a congruence of strategic interests: in return for providing the United States with bases—which also provide access for a range of regional contingencies—Japan is afforded maritime and nuclear protection. Japan is an industrialized but resource-poor archipelago barely off the littoral, dependent on long sea routes for vital energy imports from the Persian Gulf. The uncontested exercise of hostile maritime power by any littoral state would rapidly bring Japan to heel, without need for invasion. The United States, in the interests of its own security and that of Japan, cannot grant China a free hand in East Asia. It simply cannot afford to accept that in East Asia its “ability to ensure regional stability through forward presence and the deployment of naval power may be nearing an end.”2 WHY TAIWAN MATTERS Taiwan is the current locus of great-power strategic tension, as Berlin was during the Cold War. The preservation of Berlin’s independence was a strategic interest of the United States, one that justified the risk of war with Moscow. Force-balances matter. By providing military capacity adequate to protect the Western Europeans from Soviet attack, and demonstrating the will to fight if necessary, the United States ensured that it did not have to go to war with the Soviet Union. America’s possession of nuclear weapons played a critical role in deterring Soviet assertions (based on proximity) of hegemony over Eurasia—the 1948 Berlin airlift providing an early test. For similar reasons, preservation of Taiwan’s de facto independence is an American interest that justifies risking war with China. China sees Taiwan as a renegade province that it has the right to bring to heel, by force if necessary. No one in the current leadership in Beijing wants to go down in history as having lost Taiwan, which all see slipping away. But if China were to succeed in taking Taiwan by force or threat, it would be well on the way to hegemony over East Asia. Japan would lose confidence in U.S. protection and might opt to go it alone, developing long-range maritime power and a nuclear capability. That would be likely to destabilize the region, as others became afraid of Japan and started to arm against it. Only by maintaining adequate force levels in the western Pacific, and demonstrating the will to use them if necessary, can the United States deter Chinese assertions of regional hegemony made on the basis of proximity. No doubt, this would have been readily comprehended by the geostrategist Nicholas Spykman, that great Yale Dutchman, who died in 1942. MUDDLED THINKING AND ITS CONSEQUENCES Strategic geography is enjoying an overdue revival in the United States, but the United States has not produced another Spykman. Recent analysts of East Asia’s strategic geography are muddled in their approaches. Zbigniew Brzezinski, for example, is mistaken when he says that America should focus on moving the pieces around the Eurasian chessboard.3 To the contrary, as the offshore balancer the United States must concentrate on controlling the waves on either side of the board. Brzezinski’s flawed logic helped underpin the misguided eastward expansion of Nato. It gave reassurance where none was needed, and on a basis unnecessarily antagonistic to Russia. It also played into the hands of Beijing, by distracting America’s attention from the more pressing strategic problems of East Asia. Brzezinski’s mistaken assumption that America must seek geostrategic consensus with China in order to gain a political foothold on the Asian mainland also helped generate President William Clinton’s bizarre notion of “strategic partnership” with China. That notion received support from the dominant school in American political science, which has fostered concepts of “bipolarity” between the United States and China, leading to supposedly shared interests.4 Because they thought that bipolarity was inherently stable, the “structuralists” thought the Cold War would go on for ever. They did not see that in the late 1970s the Soviets were out to win. Unlike, however, the political scientists and his own predecessors, President Ronald Reagan did correctly perceive Soviet intentions. Reagan also understood the importance of forthrightly confronting the enemy. That goal informed his strategic programs, including the Strategic Defense Initiative. Current imaginings of U.S.-China bipolarity are as misguided as the bipolarity concept was during the Cold War. Their anti-Soviet alliance of convenience having dissolved, the United States and China now represent opposed poles of strategic interest in the western Pacific. True, they have some common interests on the Korean Peninsula—for example, that there should be no war and that neither Korea should acquire nuclear weapons. However, after the Koreas are reunited, China and the United States will have even fewer shared interests in the western Pacific. China already advocates the withdrawal of U.S. forces from the Korean Peninsula, as a first step to seeing them removed from the entire western Pacific. Nor do East Asia’s strategic tensions arise from so-called “security dilemmas”—those analytical dei ex machina—as the arms control fraternity believes.5 The advocates of arms control treat China and Japan as equally likely to cause problems. What they fail to see is that China has strategic ambitions, while Japan has strategic anxieties.6 Japan is already starting to feel Chinese strategic pressure on its energy lifeline from the Gulf. Strategic tensions arise from collisions of interest, not from simple misunderstanding, accident, and so on; they are not amenable to resolution by confidence-building measures, preventative diplomacy, or other arms control panaceas. Deterrence prevents war. Why must these essential lessons of strategic history be constantly relearned? MARITIME POWER AND GEOSTRATEGIC ASYMMETRIES Today’s Sino-U.S. tensions represent the latest round of the historic competition between maritime and continental powers. Currently, China has little ability to project power beyond its frontiers. Still, its strategic geography means that China does not have to become a “peer competitor” of the United States in order to collide with its vital interests. The United States can remain an Asian Pacific power only as long as it can project maritime force across the vast reaches of the Pacific Ocean. It no longer has bases in the Philippines. Because China, in contrast, enjoys the advantages of **proximity**, it does not need to develop maritime power commensurate with that of the United States in order to make the South China Sea a Chinese lake. Uncontested exercise of maritime power in the South China Sea would allow Beijing to plant its foot on Japan’s resource jugular; then, calculating that Japan could feel compelled to comply, China might insist that Japan evict the United States from its bases there.

### Relations Good- Meltdowns

Strong U.S.-Chinese relations are crucial to establish nuclear cooperation which reduces the risk of Chinese nuclear power plant meltdowns

Scowcroft 97. (Brent, Fmr U.S. National Security Advisor, US-China Should Cooperate On Nuclear Power – CSIS Task Force Panel, 11-20 – Note: This is no longer available online – Email Palomo)

As American interests continue to deepen in Asia, U.S. policy toward China has taken on increasing importance. China is an emerging global power, and our broad bilateral agenda includes such issues as regional stability, limiting the spread of weapons of mass destruction, free and fair trading, democracy and human rights, and a host of global issues ranging from terrorism to narcotrafficking to the environment. In a number of these areas, there is a growing mutuality of interest, for example, in preserving a stable and non-nuclear Korean peninsula. In others -- such as human rights – deep differences remain. The task of American policy is to expand the areas of shared interests while narrowing the differences. This task can only be accomplished by engaging with China across the full bilateral agenda. Bilateral peaceful nuclear cooperation is one item on that agenda. Improvements in China's nonproliferation policies over the past decade have brought the prospects for such cooperation closer than ever before. The administration is now negotiating with the Chinese government in an effort to fulfill a number of congressional conditions to permit U.S.-China peaceful nuclear cooperation to proceed. It is important to remember that China has already acquired a number of nuclear power plants and, with or without U.S. cooperation, will doubtless acquire many more. The issue is not whether or not China should have a nuclear power program, but rather whether the United States should be the only country in the world to exclude itself from participating in that program. The report concludes that, if the president can certify that the congressional conditions have been met, it is strongly in the U.S. national interest to participate in the Chinese nuclear power program. Much is at stake. The prospect of peaceful nuclear cooperation helped persuade China in recent years to join the Nuclear Non-Proliferation Treaty, to sign the Comprehensive Test Ban Treaty, and to cooperate with U.S. efforts to halt North Korea's dangerous nuclear program. Continued Chinese cooperation on such sensitive issues will be jeopardized if the United States fails to acknowledge this process. Environmentally, the United States and other nations will benefit as China - in meeting its expanding energy needs - adopts technologies such as nuclear energy that do not increase greenhouse gas emissions. It is also in the national interest to **reduce the risks of nuclear accidents** by allowing China to benefit from the great strides in safety technology that American companies have made in recent years. Economically, selling nuclear power stations and related fuel and services could narrow the growing U.S. trade deficit with China by billions of dollars, while adding tens of thousands of jobs for American workers. In short, engaging with China on nuclear issues and establishing a presence in the country to assure the highest levels of safety, security, and environmental protection, will help promote American interests in the years ahead. The report does not pretend to answer every question. Nor does it deny that deep differences will continue to divide our two countries and that the United States will need to address these differences. It is clear, however, that if China meets the conditions for presidential certification required to commence bilateral nuclear cooperation, failure to proceed will strip the United States of valuable leverage to secure further progress -- or to prevent reversals -- in the pursuit of American nonproliferation objectives with China.

Reactor meltdowns obliterate the planet

Wasserman 2. (Harvey, Senior Editor – Free Press, Earth Island Journal, Spring, www.earthisland.org/eijournal/new\_articles.cfm?articleID=457&journalID=63)

The intense radioactive heat within today's operating reactors is the hottest anywhere on the planet. Because Indian Point has operated so long, its accumulated radioactive burden far exceeds that of Chernobyl. The safety systems are extremely complex and virtually indefensible. One or more could be wiped out with a small aircraft, ground-based weapons, truck bombs or even chemical/biological assaults aimed at the work force. A terrorist assault at Indian Point could yield three infernal fireballs of molten radioactive lava burning through the earth and into the aquifer and the river. Striking water, they would blast gigantic billows of horribly radioactive steam into the atmosphere. Thousands of square miles would be saturated with the most lethal clouds ever created, depositing relentless genetic poisons that would kill forever. Infants and small children would quickly die en masse. Pregnant women would spontaneously abort or give birth to horribly deformed offspring. Ghastly sores, rashes, ulcerations and burns would afflict the skin of millions. Heart attacks, stroke and multiple organ failure would kill thousands on the spot. Emphysema, hair loss, nausea, inability to eat or drink or swallow, diarrhea and incontinence, sterility and impotence, asthma and blindness would afflict hundreds of thousands, if not millions. Then comes the wave of cancers, leukemias, lymphomas, tumors and hellish diseases for which new names will have to be invented. Evacuation would be impossible, but thousands would die trying. Attempts to quench the fires would be futile. More than 800,000 Soviet draftees forced through Chernobyl's seething remains in a futile attempt to clean it up are still dying from their exposure. At Indian Point, the molten cores would burn uncontrolled for days, weeks and years. Who would volunteer for such an American task force? The immediate damage from an Indian Point attack (or a domestic accident) would render all five boroughs of New York City an apocalyptic wasteland. As at Three Mile Island, where thousands of farm and wild animals died in heaps, natural ecosystems would be permanently and irrevocably destroyed. Spiritually, psychologically, financially and ecologically, our nation would never recover. This is what we missed by a mere 40 miles on September 11. Now that we are at war, this is what could be happening as you read this. There are 103 of these potential Bombs of the Apocalypse operating in the US. They generate a mere 8 percent of our total energy. Since its deregulation crisis, California cut its electric consumption by some 15 percent. Within a year, the US could cheaply replace virtually all the reactors with increased efficiency. Yet, as the terror escalates, Congress is fast-tracking the extension of the Price-Anderson Act, a form of legal immunity that protects reactor operators from liability in case of a meltdown or terrorist attack.  Do we take this war seriously? Are we committed to the survival of our nation?  If so, the ticking reactor bombs that could **obliterate the very core of our life and of all future generations** must be shut down.

### Relations Solve- UN

U.S.-Chinese cooperation is critical to make the United Nations effective

Conable and Lampton ’93 (Barber B., President Emeritus – World Bank and David, President – National Committee, China: The Coming Power, Foreign Affairs, Dec/Jan, Lexis)

MANY NOW ARGUE that American interests in China are secondary in the wake of the Cold War's end. Although the Soviet threat has largely disappeared (but not the dangers arising from its implosion), the intrinsic importance of the U.S.-China relationship is growing along several other dimensions. American interests can be put into global, regional and bilateral categories. Globally an increasing role will be played by multilateral organizations, with the United Nations most prominent among them. Given China's veto power as a permanent member of the Security Council, Beijing must be part of a consensus for the United Nations to be effective. Therefore U.S. policy must seek common ground where possible with China's leadership, while simultaneously criticizing its behavior in human rights, weapons proliferation and certain trade practices. The United States would not have forged an internationally sanctioned coalition during the Gulf War had China sought to obstruct the Security Council's actions in early 1991, nor would subsequent U.N. actions concerning Libya, the Balkans, Iraq or Cambodia have been feasible.

Effective UN is critical to prevent extinction

Courier Journal ’96 (4-30, Lexis)

Also, a **nuclear cloud** continues to hover on the horizon. It is therefore imperative that we have a world body with some authority. We have had such a world body for 50 years, but in spite of its very limited authority its significant achievements are many. Most regrettably, however, any seeming failure of the United Nations receives front-page publicity, while the media give its successes limited attention. Of course, the United Nations does things and will continue to do things of which many of us disapprove, just as our national government does things of which many of us disapprove. Nevertheless, just as we all agree that we must have a national government, so in the world of today it is imperative that we have a world body with some authority if we wish to escape world chaps and **possible human extermination**. The United Nations is almost bankrupt due to the failure of many of its members to meet their legal obligations, which they willingly accepted. Our great country is one of the chief transgressors, despite the fact that we are the richest country in the world.. There is no plausible rationale that excuses us from meeting this legal obligation, which is indeed a debt of shame. The United Nations will never be any more effective than its members make it. Of course, there is probably too much waste and corruption in the U. N., just as there usually is in large government structures in our own country. We must continually work harder to get rid of such, but we must refuse to throw the baby out with the bath water. In this precarious, dangerous world into which we have been thrust, making the United Nations succeed is **imperative for human survival**. If there is to be a feasible alternative, what is it?

### T-Bills/Dollar Impact- Econ

#### 1NC MCNALLY EVIDENCE INDICATES LABELLING CHINA A CURRENCY MANIPULATOR ENSURES MASSIVE CHINESE SELL-OFF OF ITS T-BILLS.

(Or if you don’t read McNally in the 1NC)

#### MANIPULATOR LABEL CAUSES CHINA SELL ITS T-BILLS.

PETRAS 5. [James, former Prof of Sociology @ Binghamton, “Statism or Free Markets?: China Bashing and the Loss of US Competitiveness” Oct 22/23 -- http://www.counterpunch.org/petras10222005.html]

US Treasury Secretary John Snow, driven by the protectionist pressures from a Congress responding to backward sectors of the US economy and civilian militarists in the Executive, endlessly seeks to impose diplomatically what the US economically cannot achieve via the market a reduction in the US trade deficit. Behind the veneer of diplomacy, Washington threatens a "trade war" via exorbitant tariffs of 27.5% and a hostile propaganda campaign labeling China a "currency manipulator". A "trade war and demonization" strategy will most likely strengthen the civilian militarists and their campaign of military encirclement and nuclear brinksmanship in the Taiwan Straits. The confrontational strategy will provoke a Chinese defensive response which will lead to major US economic crises as China unloads its US Treasury Bonds and reallocates its trade surpluses from the US to internal, Asian and European options. Washington will also see a loss of Chinese markets, investment opportunities leading to an attack on the profit margins of major US MNCs in China as Beijing increases its economic exchanges with Asia, Russia and the rest of the world.

#### TBILLS SELL OFF COLLAPSES THE DOLLAR.

BOTT 5 [Uwe, President and CEO of Cross-Border Finance, The Globalist, 5-6, http://www.theglobalist.com/StoryId.aspx?StoryId=4539]

Instead of piling up low-yielding U.S. treasury bonds, the Chinese monetary authorities could allocate their capital more efficiently. They might even be tempted to sell some of their existing stocks of dollar-denominated securities. This new trend would be mimicked by China's neighbors faster than you can spell "dumping." For the first time in years, other Asian central banks too would no longer feel compelled to contain the appreciation of their respective and largely floating currencies. They would no longer need to artificially prop up an ailing U.S. dollar in order to stay competitive with the PRC. At that point, the U.S. dollar would likely plummet like a stone — and to levels far below the psychologically important marker of $1.50 to the euro. Even worse, this dollar sell-off could well turn into a global financial panic. Running to the exit As central banks around the globe would see the value of their U.S. dollar reserves fall, they might exit the world's reserve currency at an accelerating pace — only to put further downward pressure on the dollar.

#### THAT COLLAPSES THE GLOBAL ECONOMY.

Washington Post, 11/17/04

Foreign traders and investors sell dollars on foreign exchange markets. The dollar declines in relation to the euro, the yen and other currencies. The dollar's decline means that the value of foreigners' investments in U.S. stocks and bonds -- measured in their own currencies -- is also dropping. So foreigners stop buying U.S. stocks and start selling what they have. The stock market drops sharply. Presto: the makings of a global recession. The stock market slide causes American consumer confidence and spending to weaken. If foreigners also flee the bond market, long-term interest rates on bonds and mortgages might rise. Higher currencies make Europe's and Japan's exports less competitive. Their industries stagnate. The United States, Europe and Japan constitute about half the global economy. Their recessions would hurt the Asian, Latin American and African countries that export to them. Markets interconnect; weakness spreads. It's grim.

#### THE IMPACT IS GLOBAL NUCLEAR WAR.

Mead 9 (Walter Russell Mead, Henry A. Kissinger senior fellow for U.S. foreign policy at the Council on Foreign Relations. The New Republic, “Only Makes You Stronger,” February 4 2009. http://www.tnr.com/politics/story.html?id=571cbbb9-2887-4d81-8542-92e83915f5f8&p=2 AD 6/30/09)

So far, such half-hearted experiments not only have failed to work; they have left the societies that have tried them in a progressively worse position, farther behind the front-runners as time goes by. Argentina has lost ground to Chile; Russian development has fallen farther behind that of the Baltic states and Central Europe. Frequently, the crisis has weakened the power of the merchants, industrialists, financiers, and professionals who want to develop a liberal capitalist society integrated into the world. Crisis can also strengthen the hand of religious extremists, populist radicals, or authoritarian traditionalists who are determined to resist liberal capitalist society for a variety of reasons. Meanwhile, the companies and banks based in these societies are often less established and more vulnerable to the consequences of a financial crisis than more established firms in wealthier societies. As a result, developing countries and countries where capitalism has relatively recent and shallow roots tend to suffer greater economic and political damage when crisis strikes--as, inevitably, it does. And, consequently, financial crises often reinforce rather than challenge the global distribution of power and wealth. This may be happening yet again. None of which means that we can just sit back and enjoy the recession. History may suggest that financial crises actually help capitalist great powers maintain their leads--but it has other, less reassuring messages as well. If financial crises have been a normal part of life during the 300-year rise of the liberal capitalist system under the Anglophone powers, so has war. The wars of the League of Augsburg and the Spanish Succession; the Seven Years War; the American Revolution; the Napoleonic Wars; the two World Wars; the cold war: The list of wars is almost as long as the list of financial crises. Bad economic times can breed wars. Europe was a pretty peaceful place in 1928, but the Depression poisoned German public opinion and helped bring Adolf Hitler to power. If the current crisis turns into a depression, what rough beasts might start slouching toward Moscow, Karachi, Beijing, or New Delhi to be born? The United States may not, yet, decline, but, if we can't get the world economy back on track, we may still have to fight.

### T-Bills/Dollar Impact-Heg

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BOTT 5 [Uwe, President and CEO of Cross-Border Finance, The Globalist, 5-6, http://www.theglobalist.com/StoryId.aspx?StoryId=4539]

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#### COLLAPSE OF THE DOLLAR COLLAPSES HEG.

Looney 3 [Robert, Prof. Nat'l. Sec. Affairs @ Naval Postgraduate, Strategic Insights, "From Petrodollars to Petroeuros: Are the Dollar's Days as an International Reserve Currency Drawing to an End?" Vol. II, Iss. 11, November, http://www.ccc.nps.navy.mil/si/nov03/middleEast.asp]

Political power and prestige. The benefits of "power and prestige" are nebulous. Nevertheless, the loss of key currency status and the loss of international creditor status have sometimes been associated, along with such non-economic factors as the loss of colonies and military power, in discussions of the historical decline of great powers. Causality may well flow from key currency status to power and prestige and in the opposite direction as well.[8] On a broader scale, Niall Ferguson[9] notes that one pillar of American dominance can be found in the way successive U.S. government sought to take advantage of the dollar's role as a key currency. Quoting several noted authorities, he notes that [the role of the dollar] enabled the United States to be "far less restrained…than all other states by normal fiscal and foreign exchange constraints when it came to funding whatever foreign or strategic policies it decided to implement." As Robert Gilpin notes, quoting Charles de Gaulle, such policies led to a 'hegemony of the dollar" that gave the U.S. "extravagant privileges." In David Calleo's words, the U.S. government had access to a "gold mine of paper" and could therefore collect a subsidy form foreigners in the form of seignorage (the profits that flow to those who mint or print a depreciating currency). The web contains many more radical interactions of the dollar's role. Usually something along the following lines: World trade is now a game in which the U.S. produces dollars and the rest of the world produces things that dollars can buy. The world's interlinked economies no longer trade to capture a comparative advantage; they compete in exports to capture needed dollars to service dollar-denominated foreign debts and to accumulate dollar reserves to sustain the exchange value of their domestic currencies…. This phenomenon is known as dollar hegemony, which is created by the geopolitically constructed peculiarity that critical commodities, most notably oil, are denominated in dollars. Everyone accepts dollars because dollars can buy oil. The recycling of petro-dollars is the price the U.S. has extracted from oil-producing countries for U.S. tolerance of the oil-exporting cartel since 1973.[10] America's coercive power in the world is based as much on the dollar's status as the global reserve currency as on U.S. military muscle. Everyone needs oil, and to pay for it, they must have dollars. To secure dollars, they must sell their goods to the U.S., under terms acceptable to the people who rule America. The dollar is way overpriced, but it's the only world currency. Under the current dollars-only arrangement, U.S. money is in effect backed by the oil reserves of every other nation.[11] While it is tempting to dismiss passages of this sort as uninformed rants, they do contain some elements of truth. There are tangible benefits that accrue to the country whose currency is a reserve currency. The real question is: if this situation is so intolerable and unfair, why hasn't the world ganged up on the United States and changed the system? Why haven't countries like Libya and Iran required something like euros or gold dinars in payment for oil? After all, with the collapse of the Bretton Woods system in 1971 the International Monitary Fund's Standard Drawing Rights (unit of account) was certainly an available alternative to the dollar.[12]

#### THE IMPACT IS GLOBAL NUCLEAR WAR.

Khalilzad ‘95 (Zalmay, Senior Analyst at RAND, Washington Quarterly, Spring, Lexis)

Under the third option, the United States would seek to retain global leadership and to preclude the rise of a global rival or a return to multipolarity for the indefinite future. On balance, this is the best long-term guiding principle and vision. Such a vision is desirable not as an end in itself, but because a world in which the United States exercises leadership would have tremendous advantages. First, the global environment would be more open and more receptive to American values -- democracy, free markets, and the rule of law. Second, such a world would have a better chance of dealing cooperatively with the world's major problems, such as nuclear proliferation, threats of regional hegemony by renegade states, and low-level conflicts. Finally, U.S. leadership would help preclude the rise of another hostile global rival, enabling the United States and the world to avoid another global cold or hot war and all the attendant dangers, including a global nuclear exchange. U.S. leadership would therefore be more conducive to global stability than a bipolar or a multipolar balance of power system.

### Impact Booster- T-Bills Snowball

#### SNOWBALL – EVEN SMALL DAMAGE TO DOLLAR CREDIBILITY TRIGGERS A GLOBAL ECONOMIC CHAIN REACTION

Wade 5 (Ibrahim, Prof – Fletcher School Law and Diplomacy, Weak Dollar and Strong Bush, 3-11, http://portland.indymedia.org/en/2005/05/316703.shtml)

To stabilize the value of the dollar at the present level, the US needs a daily currency inflow of $1.8 billion. If credit worthiness is scratched, the dollar is no longer only "a problem for others." The anticipation of future losses can trigger a chain reaction. The interests have a key function. First foreign investors demand higher yields for their readiness to acquire or hold dollars and US bonds. The greater the risk of a loss in value, the higher is the expected bonus in the form of higher interests. However higher interests put pressure on readiness for investment and consumption, above all in the US where much more is bought on credit than in other parts of the world. For example, the real estate market could collapse that profited for a long time from historically unique low interests. Given the intense interconnection of the world economy and currency markets, a recession in the United States would inevitably pass through to the world economic system.

### T-Bill Dump Bad- Modeling

#### MODELING – CHINESE SELL-OFF INCITES ASIA-WIDE DISINVESTMENT

BUSINESS WEEK 4. (12-13, Lexis)

If investors needed a wake-up call about how heavily the global financial system relies on the actions of Asia's central banks, they received a nasty one on Nov. 26. A widely reported remark by People's Bank of China Policy Board member Yu Yongding that Beijing planned to trim its purchase of U.S. Treasuries quickly sent the dollar to four-year lows vs. the euro and the yen. The markets, spooked just a week earlier by statements from Federal Reserve Chairman Alan Greenspan, were filled with speculation that the day of financial reckoning was coming for America and its soaring trade and government budget deficits. If China were to start dumping U.S. assets, the theory goes, other Asian central banks would likely follow to protect the value of their foreign reserves from a dollar crash.

#### ASIA-WIDE DISINVESTMENT CAUSES A DEEP GLOBAL DEPRESSION

BOTT 5 (Uwe, President and CEO of Cross-Border Finance, The Globalist, 5-6, http://www.theglobalist.com/DBWeb/StoryId.aspx?StoryId=4539)

When the bottom drops out Instead of piling up low-yielding U.S. treasury bonds, the Chinese monetary authorities could allocate their capital more efficiently. They might even be tempted to sell some of their existing stocks of dollar-denominated securities. This new trend would be mimicked by China's neighbors faster than you can spell "dumping." For the first time in years, other Asian central banks too would no longer feel compelled to contain the appreciation of their respective and largely floating currencies. They would no longer need to artificially prop up an ailing U.S. dollar in order to stay competitive with the PRC. At that point, the U.S. dollar would likely plummet like a stone — and to levels far below the psychologically important marker of $1.50 to the euro. Even worse, this dollar sell-off could well turn into a global financial panic. Running to the exit As central banks around the globe would see the value of their U.S. dollar reserves fall, they might exit the world's reserve currency at an accelerating pace — only to put further downward pressure on the dollar. Of course, oil prices would sky-rocket beyond $70 a barrel — as oil exporters too would seek to protect the value of their exports. Oil prices are denominated in dollars — and as the value of the dollar falls, so does the purchasing power of oil-producing countries. Tightening the screws Already, some oil producers have suggested that oil prices should be denominated in euros — or a basket of different currencies — because of the recent sustained weakness of the dollar. Suddenly, the Bush Administration would see value in a coordinated G-7 multilateral plan to save the dollar, only to find that globalization of capital markets has rendered agreements such as the 1985 Plaza Accord virtually ineffectual. Therefore, in order to attract enough capital inflows to allow for a timely refinancing of U.S. government debt — and to avoid a debt default — the U.S. Federal Reserve would have no choice but to raise U.S. interest rates. And rather than the quarter-point increases of late, a free-falling dollar could necessitate interest hikes into double-digit levels — even as U.S. growth might slow. The situation could become reminiscent of former Fed Chairman Paul Volcker's desperate and ultimately effective, but very costly monetary policy in the late 1970s. Global aftershocks This confluence of economic shocks would likely trigger a deep recession in the United States. Double-digit U.S. interest rates would also dry up capital flows to emerging markets. Populist governments would be tempted to follow the Argentine example of blanket defaults, tired to ask their peoples for more sacrifices, this time because of U.S. policy failure. Around the world and back After all, Argentina arguably "succeeded" in reneging on its obligations following a series of largely self-inflicted policy missteps. If U.S. pressures to revalue the yuan would lead to a scenario as described above ultimately resulting in double-digit interest rates, emerging markets would find it unaffordable to refinance their own debt obligations. However, considering the cause for such inability to refinance, it would seem politically unpalatable to many emerging markets to impose further sacrifices on their populations to meet the demands of their creditors. Fairly widespread debt defaults might be the consequence. Sluggish growth in Europe and Japan would also be snuffed out and the oversupply of low value-added products from China and other low-cost producers would fail to find a market..

### AT: China Won’t Sell Off

#### WRONG. (Duplicated in 2NC DA Outweighs Aff frontline)

Dorsch 9 (7/7, Gary, holds a Bachelor of Science in Finance from Arizona State University. Worked on the trading floor of the Chicago Mercantile Exchange for nine years as the chief Financial Futures Analyst for three clearing firms, Oppenheimer Rouse Futures Inc, GH Miller and Company, and a commodity fund at the LNS Financial Group, members of the CME and CBOT. Worked on the domestic and foreign equities trading desk for Charles Schwab and Company, the largest discount broker in the United States, for almost eleven years. As a transactional broker for Charles Schwab's Global Investment Services department, he handled thousands of customer trades in 45 stock exchanges around the world, “How Long Can the U.S. Dollar Defy the Law of Gravity?” http://www.marketoracle.co.uk/Article11862.html)

In the midst of the longest and deepest, post World-War II recession, America’s financial position with the rest of the world has deteriorated sharply. Three decades of massive trade deficits have turned the United States from the world’s top lender to the world’s largest debtor, - and dependent upon the whims of the so-called emerging nations, laden with huge foreign currency reserves, to finance the bailout of Wall Street Oligarchs, and President Barack Obama’s social programs. Foreigners own roughly half of the US-government’s publicly traded debt, or $3.47-trillion, representing nearly 25% of the size of the US-economy, the highest level in history. If foreign lenders were to significantly reduce their purchases of US-Treasury notes, without even dumping their current holdings, US long-term interest rates could zoom higher, and the US-dollar could crumble. That would deal a double whammy to the US-economy. Higher yields on Treasury debt could translate into higher mortgage borrowing rates for homebuyers, - weighing on the housing market, while a weaker US-dollar could lift the price of crude oil to above $70 per barrel, inducing an “Oil Shock” to the world economy. This nightmare scenario has been relegated to the den of doomsayers and fear mongrels, yet is starting to become an increasingly realistic proposition.

#### TIMES HAVE CHANGED – BEST STUDIES CONCLUDE SUPPORT FOR THE DOLLAR ISN’T UNCONDITIONAL

WADE 5 (Ibrahim, Prof – Fletcher School Law and Diplomacy, Weak Dollar and Strong Bush, 3-11, http://portland.indymedia.org/en/2005/05/316703.shtml)

This tendency is confirmed by a survey carried out by Central Banking Publications of the 67 central banks. More than two-thirds of the institutes reduced the dollar share in their currency reserves in the last third of 2004. This share at 70 percent was very high though 10 percent less than thirty years ago. Nick Carver, one of the authors of this study, concluded: â€œThe enthusiasm of the central banks for the dollar is obviously cooling. American should no longer rely on their unconditional support.â€ (3) Oil-producing countries that transact a good share of their foreign purchases in the Euro zone are not enthusiastic that the higher price of their raw material is largely shattered by the fall in value of the key currency. Some Arab states fear that their US assets could be frozen one day in the realm of combating terrorism. Monetary policy is an inexact discipline that takes unexpected turns again and again. The advantages with a devaluation course will be consumed by the negative consequences. In view of its powerlessness to break the depreciation of its currency, US leaders are now discovering that the dollar weapon could turn against them.

#### MUTUAL DEPENDENCE IS A MYTH – CHINA HAS ALTERNATIVES TO T-BILLS – PREFER OUR EVIDENCE BECAUSE ITS MOST QUALIFIED

STIGLITZ 5 (Joseph, Fmr World Bank Chief Economist, Financial Times, 7-26)

There is a myth of mutual dependence: China needs to export goods to the US, which needs China¹s money to finance its deficit. But China could easily make up for the loss of exports to America ­ and the wellbeing of its citizens could even be improved ­ if some of the money it lends to the US was diverted to its own development. China has huge investment needs. If its government is going to lend money, why not finance its own development? Why not fund increased consumption at home, rather than that of the richest country in the world, to pay for a tax cut for the richest people in the richest country, or to fight a war which most view as anathema? But the US could not so easily make up for the gap in funding without large increases in interest rates, and these could play havoc with the economy.

### A2: NO ESCALATION

#### Even Small US China Trade Disputes Escalate- China Will Overreact

LA Times, 7/18/05

But Gerald Curtis, an expert on Japan at Columbia University, fears that the rising emotions in Washington and China's relative inexperience in global diplomacy could escalate the trade conflicts.  
"This is brand new stuff for China, and the danger of their **overreacting, misinterpreting or drawing the worst possible conclusions** about American attitudes toward China are very real," he said.

#### Rational Interests Won’t Prevent Trade Conflict Escalation- Both Sides Will Miscalculate

CSM, 6/16/05

Neither side seems to grasp the dangers of such a deterioration in relations.  
"The White House doesn't have a handle on it," says Harald Malmgren, an economic consultant in Washington, D.C. It's an "out-of-control issue."  
Cont…  
Both sides believe the other side has too much to lose to permit a trade fight, says Mr. Malmgren, who helped negotiate the Kennedy Round of world trade liberalization decades ago.  
The US figures China needs access to American consumers for the host of manufactured goods it exports and will make concessions to safeguard that arrangement. On the other side, China sees the US wanting to continue to supply Chinese consumers with its farm products, and to protect its huge corporate investments already in China. But Malmgren figures both Washington and Beijing assessments hinge on **major miscalculations.** Top Chinese officials have **minimal knowledge** of economic issues, he says. They aren't aware of the political dynamics in Washington. Moreover, they are preoccupied with keeping their capitalistic boom going at home and keeping a lid on domestic dissent.

### A2: DOLLAR SWITCH GOOD

#### NO CHANCE OF DOLLAR SWITCH FOR DECADES.

ROACH 9. [Stephen, Chairman, Morgan Stanley Asia “Avoiding a US China Trade Showdown” Council on Foreign Relations -- Oct 22]

Will the dollar be replaced in the long term? The dollar's role as the dominant reserve currency is going to remain intact for several more decades. There will come a time, hopefully gradually, where the world is more advanced down the road of globalization, [when] economic power is spread more evenly around, not just in the supply side of the world but in the demand side of the world. At that point, it would appropriate to think more about a multi-currency reserve system. It could be along the lines of the IMF's Special Drawing Right, but this is going to take I'd say fifteen to twenty years at a minimum.

### A2: OVERHEAT

#### Trade Makes Chinese Economic Growth More Sustainable – Doesn’t Cause Overheat

Lardy 1 (Nicholas, Senior Fellow in Foreign Policy Studies at The Brookings Institution, April 25, 2001, "U.S.-China Economic Relations: Implications for U.S. Policy", http://www.brookings.edu/views/testimony/lardy/200l0425.htm)

China's prospective membership in the World Trade Organization (WTO) is of enormous potential consequence both for China and the international trading system. The commitment of China's leadership to further open its domestic markets for imports, foreign services, and foreign investment will mean increased domestic competition that the leadership expects to leverage into accelerated domestic economic restructuring. The goal is not so much to increase the headline rate of growth, but to improve the quality of growth and insure its sustainability. China wishes to reduce environmental degradation, increase the share of consumption in national income, promote productivity growth, and reduce waste. If this strategy can be implemented successfully China will continue to narrow the still very large gap in per capita income levels between itself and the most advanced industrial economies.

#### US Sino Trade Key to Prevent Hard Landing For Chinese Economy

IHT 4/21/05

For China to make any concessions now is as much a reflection of new economic conditions as a serious change of heart. As Chinese leaders contend with an overheated economy and signs of potentially runaway inflation, they want a sure footing for their relationship with the United States. If its economic bubble bursts, China will need an open U.S. market if it hopes to have a soft landing. "The Chinese understand this is not the time for an argument with the United States," said Nayan Chanda, Asian scholar and director of publications at Yale's Center for the Study of Globalization. "They have been extremely careful, basically lying low and keeping their heads down while they deal with their domestic economy."

### A2: TRADE = SOFTLINE ON TAIWAN

#### Trade With China Doesn’t Cause us to Sell Out Taiwan – We Don’t Make Key Concessions to Appease China

Ross, ’97 (Robert, Prof Columbia, China Expert, National Interest, Fall)

Even if the Taiwan issue is intractable in principle, it can be managed so that U.S.-China conflicts of interest do not disrupt cooperative relations; this has clearly been the U.S. experience from the early 1970s to the early 1990s. U.S. policy has guaranteed Taiwan's security and, as important, has provided an environment in which Taiwan developed a prosperous economy and a flourishing democracy. These successes form the bedrock of Taiwan's diplomatic autonomy, and the **only concession** Washington had to make to help Taiwan achieve them was to refrain from actions that could be interpreted as support for formal Taiwanese independence. Equally important, Washington's multifaceted assistance to Taiwan did not make improved relations with China impossible. Diplomatically, what seemed a zero-sum game between Taiwan and the mainland turned out not to be zero-sum at all for American policy. The main reason for this was China's strong desire to cooperate with the United States against the Soviet Union, but it was not the only reason. Mutually beneficial economic relations and cooperation in maintaining regional stability on a wide range of issues were also important, and they remain so despite the fact that the Soviet Union is no longer there as a common enemy. Indeed, a good deal less has changed than is often assumed. China today no less than before wants to avoid heightened U.S.-China adversarial relations, much less a literal fight with the United States over Taiwan. That being so, Washington can continue to protect Taiwan's most vital interests--security from mainland power and continued economic and political development--and avoid great power conflict and escalation of regional tension by employing more or less the same Taiwan policy that has worked well over the past twenty-five years. The United States can fulfill its moral obligations to Taiwan and assure its "realist" objectives toward both Taiwan and the mainland without having to do either more against the mainland or less in favor of Taiwan.

## Pressure Fails/A2: Revaluation Good

### PRESSURE DOESN’T CAUSE REVALUATION

#### Currency Pressure backfires – it’s the kiss of death

Lardy, 10 (Nicholas, Peterson Institute International Economics, 4/1, http://www.piie.com/publications/interviews/pp20100401lardy.pdf)

Nicholas Lardy: Yes, the new chairman. And he has been very equivocal about whether or not he thought ¶ any of these currency bills would be effective. That’s also a problem for the Treasury ¶ Department even if you believe, as I do, that the currency is significantly undervalued. ¶ You also, to recommend this course of action, have to be prepared to believe that it ¶ increases the chance that the Chinese will actually take appropriate action, and I think ¶ that’s a very hard case to make in the current situation.¶ Steve Weisman: In other words, labeling them might backfire.¶ Nicholas Lardy: It could easily backfire. It’s fairly clear there’s an intense debate underway within Beijing ¶ on this issue, and those that want to move forward and allow the currency to appreciate ¶ again certainly don’t want to be vulnerable to the criticism domestically that they have ¶ caved into foreign pressure. This is the kiss of death for Chinese policymakers. So, if we ¶ play the name-and-shame game I think it’s likely to work against us.

#### Best empirical and statistical analysis prove

Ramirez, 12

(Carlos, Dept Economics @ George Mason, March, http://econ.la.psu.edu/papers/psu-tsinghua/Carlos%20Ramirez%20-%20The%20Political%20Economy%20of%20'Currency%20Manipulation'%20Bashing.pdf)

One of the most frequently debated issues in Congress over the past few years has ¶ been the value of the Chinese renminbi (RMB) relative to the dollar. It is no secret ¶ that congressmen in the U.S. frequently accuse China of being a “currency ¶ manipulator.” This paper has two objectives. First, it investigates the extent to which ¶ PAC contributions from key interest groups as well as constituent interests ¶ influence the frequency with which congressmen criticize China’s exchange rate ¶ policy, controlling for other factors. The results indicate that the odds that a ¶ congressman will call China a “currency manipulator” are 1.35 times higher for ¶ every additional $5,000 in PAC contributions from groups that favor legislation ¶ against China. The odds go up to 1.8 for an additional $10,000 in PAC contributions.¶ In addition, a one percentage point increase in the share of the congressional district ¶ labor force in manufacturing is associated with 19.6 percent increase in the ¶ likelihood that the district’s legislator will label China a “currency manipulator.” ¶ Second, this paper investigates the consequences that “currency manipulation”¶ bashing may have on the rate at which the RMB appreciates against the U.S. dollar.¶ The results for a VAR model indicate that an increase in the incidence of “currency ¶ manipulation” bashing appears to temporarily slow down, rather than accelerate,¶ the rate at which the Renmibi appreciates against the dollar. This result suggests¶ that bashing China may actually be counterproductive.

#### PRESSURING CHINA ENSURES THEY WON’T REVALUATE.

ECONOMIST 10. [3-15 -- “The return of the “get tough” approach to China” -- http://www.economist.com/blogs/freeexchange/2010/03/chinas\_currency]

And Mr Krugman seems entirely uninterested in the domestic political constraints facing China's leaders. He doesn't consider for a second the possibility that a bullying strategy on America's part might make China less likely to do what the administration wants. Why on earth would a nationalistic nation anxious to establish itself as great power want to come off to all observers as a weakling in the face of American bluster? Mr Krugman would paint China into a corner, forcing them to take steps detrimental to all involved. The general tone of his column—focused on toughness, insensitive to the internal politics of foreign nations, blind to potential negative outcomes, reckless and impatient—is familiar. It looks like nothing so much as the argumentation deployed by the Bush adminstration as it rushed to war in Iraq. Mr Krugman was prescient and prudent in fighting back against that misguided policy. He would do well to stop for a moment, take a deep breath, and think again before urging America to "take a stand", damn the consequences. He should respect China enough to know that its leaders understand that RMB appreciation is in their interest. And he should be humble enough to understand that patience and reserve is far more likely to lead to his desired outcome than ill-considered sabre rattling.

#### MORE PRESSURE ENSURES CHINA WONT’ DO ANYTHING.

HALLIGAN 10. [3/14 -- Liam, chief economist at Prosperity Capital Management, “The more American huffs about the yuan, the less China will do about it” Sunday Telegraph -- lexis]

The reality is, though, that Zhou said something similar back in October, referring to the peg as "an unusual method during an unusual time". All America's hectoring does is to ensure that any official Chinese statement suggesting the dollar peg will soon end is met with another saying it won't. In the aftermath of Zhou's speech, Chen Deming, the commerce minister who, naturally, has close ties to China's export sector, insisted any currency appreciation would be "gradual and controlled". Premier Wen Jiabao boomed that the yuan would remain "basically stable" - a phrase he's been using for months. When it comes to China, the West needs to face the truth. The more America calls for China to revalue the longer Beijing will take to do it. Chinese politicians are as unlikely to buckle in the face of Western pressure as their Western counterparts would be given a tongue-lashing from Beijing.

#### PRESSURE WON’T CAUSE REVALUATION – DOMESTIC CONCERNS WILL PREVENT CHINESE ACTION.

WAND AND RABINOVITCH 10. [3/17 -- Aileen and Simon, CTV Reporters, “China unyielding on yuan” CTV News -- http://www.ctv.ca/generic/generated/static/business/article1502957.html]

Ding Zhijie, a professor at the University of International Business and Economics in Beijing, said U.S. pressure on the exchange rate was “totally counter-productive“. “With such heavy pressure from the United States, any move would look like giving in to foreign pressure -- for both the Chinese government and the Chinese public, it would be unacceptable,” said Mr. Ding, who provides advice to the government.

#### WON’T REVAL -- CHINA SEES CURRENCY AS A MATTER OF NATIONAL SOVEREIGNTY.

XINHUA 5. [June 17, 2005, http://www.chinaembassy.org.au/eng/xw/t195922.htm]

Reform of RMB exchange rate system is matter of China's sovereignty and any pressureand speculative exploitation of the issue or any attempt to turn the economic issue into a political one will not be conducive to resolving it, Chinese Premier Wen Jiabao said during his meeting with guests from the US Chamber of Commerce Monday. Wen said as long as conditions are ripe, the Chinese government "will take the initiative to advance the reform of the exchange rate system without any pressure from outside the country." "If conditions are not available, the Chinese government will never hastily take any action, regardless of how great the pressure from outside is," Wen said

#### CHINA’S CENTRAL BANK SAYS NO.

CHINA VIEW 5. [September 4, 2005, http://news.xinhuanet.com/english/2005-05/12/content\_2950216.htm]

China's central bank said it will not bow to external pressures to revalue its currency and blamed the United States for creating a negative environment for any eventual loosening of the yuan peg. The comments by People's Bank of China (PBOC) vice governor Wu Xiaoling came a day after billions of dollars of speculative money was let loose on forex markets worldwide after very confused reports that China would revalue the currency on May 18. "Originally there was a pretty good environment (for reform)," Wu said. "It is not proper to say that the reform direction of the Chinese government is being carried out under pressures from outside." She especially targeted pending legislation in the US Congress which threatens to impose a 27.5 percent tariff across the board on Chinese imports if Beijing does not loosen the peg within six months. This pressure has resulted in rampant speculation that currency reform could come sooner rather than later, prompting a flood of hot money into Chinese assets, especially property, in expectation of a yuan appreciation, she said.

#### PRESSURE FUELS RESISTANCE TO REVALUATION.

MCKIBBIN AND STOECKEL 5. [Warwick, Professor of International Economics at the Australian National University, Andrew, Executive Director of the Centre for International Economics Economic Scenarios Journal, Center for International Economics, Issue 11]

Imposing a tariff on Chinese imports into the United States to force a revaluation is a counterproductive idea. It does nothing for the United States’ overall economic performance except worsen it marginally and provides little change to the current account deficit. The policy is unlikely to cause China to revalue its currency. It could even stiffen China’s resistance to a revaluation and lead to retaliation. Even if China did revalue there is no significant effect on the United States due to offsetting price and income factors. One caveat is that we have not assumed any change by China in their huge holdings of US Treasuries — a change that would have repercussions for US bond prices and interest rates. But that is another scenario and left for a later issue. That a revaluation has little impact on the United States imbalances does not mean that China should not revalue its currency since it would give them far greater control over the management of their domestic economy. It would take the heat out of the Chinese economy and avoid the use of other less efficient methods to cool their economy. It would, for example, give China an alternative to managing a looming housing price bubble. Our earlier report on China’s possible revaluation goes into the pros and cons of a currency change. 7 Note too, that in going from deflation a few years ago to inflation now above that of trading partners, China’s real effective exchange, which is what matters, is already appreciating. Trade tensions and pressures on the Chinese government to appreciate their currency are not productive avenues to solving the global imbalances that are emerging. Our last report showed that the single biggest step the United States could take to remove some of the global imbalances that have emerged is to rein in their large and growing fiscal deficit and to raise their domestic private savings rate.

## Revaluation Bad

### Reval Bad: Econ/T-Bills

#### CURRENCY PRESSURE JACKS THE U.S. ECONOMY – EITHER CHINA REFUSES RESULTING IN ESCALATING TRADE WARS AND TBILL SELL OFF OR THEY REVALUE WHICH WILL DESTROY THEIR ECONOMY AND THE U.S. IMPORT INDUSTRY.

LEGRAIN 3 [Phillipe, former special advisor to the Director-General of the World Trade Organization, The Coming Collapse of Free Trade, New Republic, http://www.philippelegrain.com/Articles/thecomingcollaps.html]

Congress is also in a China-bashing mood. Congress has held committee hearings to consider whether or not China manipulates its currency for commercial advantage. Senator Richard Durbin of Illinois and five other senators are co-sponsoring legislation that would levy a 27.5 percent tariff on imports from China unless it adjusts its exchange rate; similar measures have been proposed in the House. Democratic presidential candidates echo the protectionist noises. "We must reexamine our trade policies," says Howard Dean. "We can't allow some countries to subsidize exports, manipulate their currencies, or erect barriers to imports from the United States." The administration is already swinging into action. President Bush has called for China to adopt a "monetary policy that is fair." On Bush's trip to Asia this week, White House officials announced that Chinese and American experts would study how Beijing could move toward a floating exchange rate. Treasury Secretary John Snow visited Beijing last month to demand that China abandon its dollar peg, let its currency float upward against the dollar, and lift its capital controls. The United States also secured limited support at September's meeting of finance ministers from the G7, the group of leading industrialized nations, for its position of pushing China to revalue. The G7 statement called for "more flexible exchange rates" to reduce global financial imbalances. Such pressure on China could have disastrous consequences. One possibility is that, if China refuses to give in to America's demands, a trade war could erupt. Under the terms of China's entry into the WTO last year, the United States has broad discretion to slap emergency duties on Chinese imports deemed to be causing "market disruption," a clause the administration could invoke if China continues to refuse revaluation. Such protectionism would do the United States more harm than good. Higher duties on Chinese products would be a tax on American consumers and companies that rely on imports. The United States imported $103 billion from China over the past year; 27.5 percent duties would therefore be equivalent to a $28 billion tax hike on these imports. And, since many of these imports are made by the Chinese subsidiaries of U.S. firms, such protectionism would be particularly self-destructive. Moreover, Beijing is unlikely to take any U.S. action lying down. Chinese leaders have reacted angrily to Snow's suggestions. And Beijing could do serious economic damage to the United States. If China, the second-largest buyer of U.S. Treasury bonds, sold off some of its vast holdings, it could force U.S. interest rates up, undermining the U.S. economic recovery. Beijing might also retaliate with sanctions against U.S. exports or by taking away U.S. companies' licenses to operate in the Chinese market, major blows for multinationals that view China as the world's biggest emerging market and export base. As Ronald Reagan's attacks in the 1980s on Japan showed, such commercial conflicts can quickly spiral out of control, seriously impeding trade. Indeed, according to a study by the Cato Institute, by the end of the Reagan years, one-quarter of U.S. imports were affected by trade restrictions. A second scenario is that China caves in to U.S. pressure for a revaluation of its currency peg. This could be even more damaging--for the United States as well as China. A revaluation could harm China's economy, which has been one of the engines of global growth. Contrary to U.S. claims, the yuan is not obviously undervalued. Although China's trade surplus with the United States is huge, its surplus with the world as a whole fell to only $9 billion in the first eight months of the year--and is likely to shrink further as it opens its markets to foreign competition. Also, a revaluation could reduce the rate at which China's central bank accumulates currency reserves, much of which it has been investing in U.S. Treasury bonds. If China buys fewer Treasuries, U.S. interest rates could spike up, denting U.S. economic growth.

#### CHINESE ECONOMIC COLLAPSE CAUSES MASSIVE NUCLEAR CONFLICT

SRINIVASAN 2. [Srinivasan, Researcher at Rediff, 6/29/02 (“China: From mismanagement to collapse” Rediff.com]

One might say this is an internal problem for the Chinese, and outsiders should not worry. This is not so. Especially for India, now that Tibet has been thoroughly dissolved and Han Chinese troops are on the Indian border for the first time in history, there is a growing military threat. Ditto for all of Southeast Asia, wary about Chinese adventurism and ultra-nationalism as already expressed in land-grabs in the Spratlys and Mischief Reef. From near-self-sufficiency in 1993-96, China will need to import 60 per cent of its oil needs by 2020: this explains the urgency of grabbing possibly mineral-rich economic zones around these islands. And, of course, this explains their overtures to Kazakhstan and other Central Asian republics. What better way to distract people's attention from economic folly and an ideologically bankrupt polity than by going to war? I predicted in [The Danger from China](http://www.rediff.com/news/1998/jun/15rajeev.htm) in 1998 that China would attack Taiwan, Russia (in Siberia) and Japan (an electro magnetic pulse in the atmosphere) in the next few years. They are building ballistic-missile-armed nuclear submarines, which they will have by the end of the decade. China has 20 intercontinental ballistic missiles that can hit Los Angeles and San Francisco, so the Americans had better worry too.

### Reval Bad – Dollar

#### Reval tanks the dollar

NYT 4 (New York Times, 11-28, Lexis)

HOW bad has the dollar's decline been? The shorthand these days is to say that the dollar has fallen 37 percent against the euro since the dollar's peak against that currency in July 2001. But another way to calculate the decline is from the values of the euro and the dollar on the day the euro made its debut, Jan. 1, 1999. At the time, the euro was worth $1.1667, and many analysts expected it to strengthen and the dollar to weaken. Since then, the dollar's decline of 12.2 percent is significant, but not severe. From that perspective, the weakness of the dollar may be overstated. Then there's the Japanese yen. From the dollar's high against the euro in July 2001 until Friday, the dollar had fallen just 18.4 percent against the yen, half its decline versus the euro. The Bank of Japan has spent 35.3 trillion yen, about $34.4 billion at current exchange rates, to prop up the dollar and keep the yen from falling further. The Japanese have reported no currency intervention since March. That suggests that the dollar could decline more against the yen than against the euro in coming months, to catch up with its fall against the euro. But analysts are betting that the Bank of Japan may be in the market again soon, slowing the dollar's fall. Finally, consider the broadest measure of the dollar's strength, the trade-weighted dollar index compiled by the Federal Reserve. On that basis, the dollar has dropped just 14 percent since July 2001. That decline has been smaller because China has kept its currency, the yuan, pegged to the dollar, offsetting the impact of other currencies' declines in the Fed's overall dollar index. This means that if and when the Chinese loosen their dollar peg or let the yuan float freely, the dollar could have an enormous fall against the yuan. And that would be enough to bring the dollar to its weakest level since it began trading freely in the early 1970's.

#### The result is U.S. and global economic collapse

LeGrain 3 (Phillipe, former special advisor to the Director-General of the World Trade Organization, The Coming Collapse of Free Trade, New Republic, http://www.philippelegrain.com/Articles/thecomingcollaps.html)

Whatever happens with China, the Bush administration is playing with fire by aggressively seeking a weaker dollar. Already, global financial markets have reacted to the G7 statement on flexible exchange rates by driving the dollar down, causing U.S. interest rates to rise. Worse, the dollar's decline **could turn into a rout** if investors pull out of the United States and lose confidence in the dollar. If the U.S. currency crashed, investors, who have allowed the United States to maintain an enormous current account deficit by purchasing U.S. assets and equities, would require much higher returns to continue buying U.S. assets. U.S. interest rates would shoot up, and stock prices could plummet. Higher interest rates could bankrupt U.S. companies dependent on borrowing and cause others to cut investment. Unemployment would rise. Consumers, who have powered the U.S. economy for the past three years, would have to save more to pay off their debts and thus might spend less, further depressing the economy. U.S. demand for foreign products could collapse, since the weaker dollar would make them prohibitively expensive. Thus a U.S. recession could soon **spread around the world**.

#### Extinction

Torgerson 99 (Douglas, Professor and Chair of the Department of Political Studies – Trent University, Ontario, The Promise of Green Politics: Environmentalism and the Public Sphere, p. 145-146)

By adopting an uncompromising posture, green radicalism serves to high-light the danger that green reforms might well be absorbed and rendered ineffective by the established order. Against reforims, green radicals emphasize the need to thoroughly transform prevailing institutions and ways of viewing the human/nature relationship. In the absence of coherent and plausible programs for radical transformation, however, desperate scenarios of crisis and catastrophe become inviting: “The very best thing for the planet,” one radical green has thus declared, “might be a massive worldwide economic depression”: “Amid the terrible hardships this would create for countless people, at least the machinery would stop for a while, and the Earth could take a breather.”5 Needless to say, this repugnant hope ignores the obvious range of potential consequences arising from such a scenario. Social insecurity and human misery could intensify human conflicts and promote neglect of environmental concerns as people desperately sought to protect themselves, there could also be increased terrorism, even warfare of a **type** and **scale** that would prove enormously destructive to **life on earth**.

### Reval Bad – T-Bills/Opec Switch

#### REVALUATION TRIGGERS GLOBAL DOLLAR BAILOUT-SPARKING RECESSION

BOTT 5 [Uwe, President and CEO of Cross-Border Finance, The Globalist, 5-6, http://www.theglobalist.com/StoryId.aspx?StoryId=4539]

In an effort to keep the yuan stable against the U.S. dollar, PRC authorities have bought huge amounts of U.S. dollars over the last few years. Hedging their bets This action has caused many of China's neighbors to do the same in order to keep their respective currencies from appreciating, which would further weaken their competitive position vis-à-vis China. In 2004 alone, the PRC, Taiwan, Hong Kong, South Korea and Japan added over $300 billion to their reserves, largely in U.S. government securities. Bound by bonds This government-to-government lending — in contrast to private sector-to-private sector lending and equity investments during the 1990s — financed nearly half of the U.S. current account deficit in 2004. It is this imbalance that worries many economists. Foreign investors are no longer flocking to the United States in search of higher yield in U.S equity markets. Instead, Asian governments are desperate to avoid a strengthening of their currencies and hence are financing America's fiscal profligacy. Hundreds of billions worth of U.S. government bonds are stored in the vaults of Asia's central banks for this purpose. It is just like the age-old war on drugs. Who is to blame: The addict — or the supplier? Not surprisingly, it has always been easier to blame the supplier than to look at one's own society of users — and the causes for such self-destructive behavior. Cutting off the tap There is only one way to change this relationship radically and instantly. With a penchant for Greek tragedies, U.S. policymakers — and increasingly European ones — are in fact recommending such a change. If Chinese authorities were to float the yuan and the currency would indeed appreciate significantly, China's thirst for U.S. government securities would be quenched almost immediately. When the bottom drops out Instead of piling up low-yielding U.S. treasury bonds, the Chinese monetary authorities could allocate their capital more efficiently. They might even be tempted to sell some of their existing stocks of dollar-denominated securities. This new trend would be mimicked by China's neighbors faster than you can spell "dumping." For the first time in years, other Asian central banks too would no longer feel compelled to contain the appreciation of their respective and largely floating currencies. They would no longer need to artificially prop up an ailing U.S. dollar in order to stay competitive with the PRC. At that point, the U.S. dollar would likely plummet like a stone — and to levels far below the psychologically important marker of $1.50 to the euro. Even worse, this dollar sell-off could well turn into a global financial panic.

#### DOLLAR COLLAPSE CAUSES OPEC EURO SWITCH.

WALLENWEIN 5. [Alex, JD from South Texas College of Law in 1990“Tariffs, Schmariffs… and then GOLD” Kitco -- April 13 -- http://www.kitco.com/ind/wallenwein/apr132005.html]

And the dollar will inevitably decline against the yuan. But not only against the yuan! With the currency peg gone, China will no longer be needing to buy anywhere near the amount of dollars it must buy now to keep its peg in place. Other Asian exporters will now be more competitive relative to China since the yuan will rise relative to their own currencies, so they can export more to China and need to export less to the US. So, they also will need to buy far less dollars to keep their own currencies low to the buck. That will drop a rock onto the dollar-camel's already strained back. And that means OPEC will get far less value for the dollars it gets paid for selling its oil. They won't like that. So they'll have yet another reason to be thinking about selling oil for euros - and when they decide to do that, the dollar is toast.

#### EURO SWITCH TANKS HEG.

GOKAY 4. [Dr Bulet, Senior Lecturer in Int’l Relations, Director of European Studies Programme, SPIRE, Keele University, “War in Iraq, ‘petro-dollar’ and the challenge by euro” -- June 1 -- http://bilderberg-forum.org/bilderberg/forum/viewtopic.php?f=2&t=124]

The dollar hegemony is key to the future of American global dominance, in many respects as significant if not more so, than the overwhelming military strength. And the Petrodollar has been at the heart of the dollar hegemony since the early 1970s. Almost two-thirds of the world's currency reserves are kept in dollars, because oil importers pay in dollars and oil exporters keep their reserves in the currency they are paid in. The entire global oil trade is conducted in dollars. This means that everyone needs to keep dollars. This effectively provides the American economy with an interest-free loan, as these dollars can be invested back into the U.S.A. with zero currency risk. This money is not inactive; it is invested in dollar securities like US Treasury notes, stocks, mutual funds, and bonds. The US dollar's current strength is supported by OPEC’s requirement that all OPEC oil sales be denominated in dollars. This was secured by an agreement between the US administration and Saudi Arabia, the largest OPEC oil producer. This had been determined in June 1974 by Secretary of State Henry Kissinger, establishing the US-Saudi Arabian Joint Commission on Economic Cooperation. In 1975 OPEC officially agreed to sell its oil only for dollars. America practically borrows today from the entire world without keeping reserves of any other currency. Because the dollar is de facto the global reserve currency, the US currency accounts for approximately two-thirds of all official exchange reserves. America does not have to compete with other currencies in interest rates; even at low interest rates, capital flies to the dollar. The more dollars there are circulating outside the US, the more the rest of the world has had to provide the US with goods and services in exchange for these dollars. The fact that the world uses the currency in this way means that the US is importing vast quantities of goods and services virtually for free. The US has a luxury of having its debts denominated in its own currency. This is the position the US has enjoyed for 30 years. It means that the US has been receiving a huge subsidy from everyone else in the world. The United States economy is therefore intimately tied to the dollar's role as reserve currency. The dominant position of the US dollar in world markets is not only a matter of pure economics, but also “deeply rooted in the geopolitical role of the United States.” Until the advent of the Euro in late 1999 there was no potential challenge to this dollar hegemony in world trade. The coming of the Euro has threatened the dominant role of the US dollar as reserve currency. Some European leaders have even said that the euro's main aim is to put Europe on an equal monetary footing with the United States - ending the dollar's ''hegemony,'' in the word of President Jacques Chirac of France. In just a few years the Euro has emerged as a real alternative to challenge the dollar hegemony in world trade. It has established itself as the second most important currency on the world’s financial markets. Just before the introduction of the euro, the outstanding amount of bonds and notes denominated in the legacy currencies of the euro accounted for barely 28 % of world issues, compared to 45 % for dollar-denominated bonds and notes. By mid-2003, the gap became much smaller: the share of issues in dollars had fallen to 43 %, while the euro’s share had increased to 41 %. And even more spectacular development took place on the money market. At the end of 1998, money market instruments denominated in the euro’s predecessor currencies accounted for just over 17 % of world issues, compared to 58 % for dollar denominated instruments. By mid-2003, the share of issues in dollars had fallen to 30 %, while the share of euro issues had climbed to almost 46 %. The Euro today accounts for one quarter of the global market. Iraq was the first OPEC country, in November 2000, to convert its reserves from dollars to euros. This was the first time an OPEC country dared violate the dollar price rule. Iraq also converted $10 billion of its currency reserves to euros. Since then the value of the Euro has increased, and the dollar has begun to decline. Libya has been urging for some time that oil be priced in euros rather than dollars. Iran, Venezuela and other countries have indicated that they would denominate their petroleum trade in euros. During 2002 the majority of reserve funds in Iran's central bank have been shifted to euros. Some in Saudi Arabia have called for switching to the euro as “a more effective punishment [than an oil embargo] for the United States, Israel’s principal source of financial and political support”. In October 2003, Russian President Vladimir Putin announced that Russia might price its oil in euros as well. Since the oil trade is a central factor underpinning the dollar's hegemony, all these are potentially very significant threats to the strength of US economy in particular, and the US global hegemony in general.

Cont…

It is really surprising how little the topic of reserve currencies has been discussed. As of 30 December, 2003, the euro was worth 25% more than the dollar. With an additional ten member states (from May 2004) the EU represents an oil consumer 33% larger than the US. The fact that following this enlargement 60% of OPEC oil will be imported by the EU, from a purely economic perspective it would make sense for Iraq (and all other OPEC countries) to require payment for oil in euros, not dollars. If OPEC were to decide to accept euros for its oil, then American economic dominance would be practically over.

#### THE IMPACT IS NUCLEAR WAR.

KHALIZAD 95. [Zalmay, RAND, The Washington Quarterly, Spring]

Under the third option, the United States would seek to retain global leadership and to preclude the rise of a global rival or a return to multipolarity for the indefinite future. On balance, this is the best long-term guiding principle and vision. Such a vision is desirable not as an end in itself, but because a world in which the United States exercises leadership would have tremendous advantages. First, the global environment would be more open and more receptive to American values -- democracy, free markets, and the rule of law. Second, such a world would have a better chance of dealing cooperatively with the world's major problems, such as nuclear proliferation, threats of regional hegemony by renegade states, and low-level conflicts. Finally, U.S. leadership would help preclude the rise of another hostile global rival, enabling the United States and the world to avoid another global cold or hot war and all the attendant dangers, including a global nuclear exchange. U.S. leadership would therefore be more conducive to global stability than a bipolar or a multipolar balance of power system.

### Reval Bad: US Econ

#### CHINESE CURRENCY REVALUATION WILL TANK THE U.S. ECONOMY.

HUANG 3. [Wen, Chicago based writer, “Living with backlash” South China Morning Post -- Oct 22 -- lexis]

Is China really responsible for taking lunches from Americans and causing their economic hardships? I am no economist, but recent talks with US-based economists and China experts have convinced me that the Chinese currency debate is over-exaggerated and misguided. There is no doubt among experts that the Chinese currency is undervalued. This fixed exchange rate since 1994 has made Chinese exports cheaper, relatively, and has contributed to China's trade surplus with the US. However, one can also argue that the issue cuts both ways. American consumers have benefited from the affordable Chinese goods. With the huge foreign-exchange reserve derived from its trade with the US, China has purchased dollars and US Treasury bonds, which helps finance the US budget deficit and keep US interest rates low. At the same time, experts point out the decline in the US manufacturing sector is structural. As America moves to the post-industrial phase, growth and jobs are created in the service and hi-tech areas. In other words, revaluating the yuan will not dramatically reduce the US trade deficit and bring back jobs to America. Instead, it could cause instability in China's economy, disrupting the very supply chain for US companies. Moreover, a higher-value yuan that makes Chinese good less competitive would leave the Chinese government with less money to buy US Treasury bonds. This could lead to higher interest rates, thus jeopardising US economic recovery.

#### Chinese currency revaluation causes job loss

Evenett and Francois 10 (Simon J. and Joseph, professor of international trade at the University of St. Gallen, co-director of the CEPR Program in International Trade and Regional Economics AND professor of economics at Johannes Kepler Universitat Linz, research fellow at the CEPR International Trade Program, acting Director of Economics for the US International Trade Commission during the NAFTA negotiations, April 23, 2010, “Will Chinese revaluation create American jobs?,” http://www.voxeu.org/article/will-chinese-revaluation-create-american-jobs)

Taking imported intermediates into account matters – it means that Chinese revaluation against the US dollar would results in US job losses. Just how many jobs would go following a Chinese revaluation of 10% differs across models. We privilege the fourth estimate, a loss of 424,000 American jobs, over the third because only the fourth economic model allows fully for the substitution of trade to and from third countries within sectors and for differences in the composition of trade across sectors.

In the first quarter of this year, US pressure – both from Congress and the administration – on the Chinese government to revalue the renminbi against the dollar intensified. There are a number of reasons for this pressure. Some are linked to global concerns about macro imbalances and stability. Others are linked to more local concerns and a belief that Chinese currency revaluation will create jobs in the US. In a world where only finished goods were sold – where the principal effect of revaluations is on export prices – then it might have been sensible to link revaluation, current account improvements, and job creation. However, this is not the world we live in. With extensive global supply chains and outsourcing, a modest Chinese revaluation will also raise costs for US firms and thus harm US competitiveness everywhere except in the Chinese market. This cost-raising effect mutes the current account improvement and, by our estimates, may result in 424,000 jobs losses in the US. Findings such as these call for a rethink of aggressive foreign trade policy towards China, not just by the US but all those nations that supply and source parts and components to and from China as part of global supply chains.

### Reval Bad – Chinese Economy

#### RMB revaluation crushes the Chinese economy – that’s key to the global econ

Meyer 8 (Claude, PhD in economics, degrees in sociology, philosophy, and Japanese studies, executive in a Japanese bank, teacher at the Groupe d’Economie Mondiale, an independent Parisian research center, April, 2008, “Should China revalue its currency? Lessons from the Japanese experience,” GEM, <http://gem.sciences-po.fr/content/publications/pdf/Meyer_China_Currency042008.pdf>)

First, it would obviously bring about a significant loss of China's competitiveness on foreign markets and would threaten many industrial companies and their sub-contractors, whose margins are often very thin and financial situation rather fragile. It would have also very negative effects on the agricultural sector, which is still very uncompetitive by world standards and would be severely hit by foreign products benefiting from a strong RMB reevaluation; this would jeopardize the present public policies aiming at reducing the gap between rural and urban revenues and could trigger uncontrollable social unrest. Furthermore, a steep revaluation would likely disrupt the financial system, which remains weak and fragile in spite of the huge recapitalizations made over the past years by the State. Not so long ago, major banks were only the financial arm of the public authorities and it is only recently that risk analysis has been introduced in the training and management practices of Chinese banks. Moreover, these banks have not been exposed until very recently to the specific foreign exchange risks involved in a floating rate system and are not yet very familiar with specific techniques of hedging such risks. Last but not least, such RMB revaluation would mean huge losses for China's foreign assets, as more than 70% of its US$ 1500 billion international reserves are invested in the greenback. Thus a steep revaluation of the RMB would probably not solve the problem of the growing trade deficits of the US and Europe, while it could have devastating effects on China's economic growth and stability, and hence on the world's economy. In 2005, Chinese authorities judged that a steep and brutal revaluation would put in danger the country's economy and its very social stability but they were aware that time had come for a reform of the exchange rate regime. If the modest revaluation of 2.1% in July 2005 was no more that a gesture of good will in direction of the US, the de facto end of the peg to the US$ and the switch to a floating rate system in relation to a basket of currencies was an important step: indeed it meant that the exchange policy would not take into account only the rate US$/RMB but also exchange rates with the main trading partners and thus would introduce more flexibility in the management of the currency towards its gradual appreciation, ultimately under market forces. A steep revaluation of the RMB as requested by the US and Europe could be quite dangerous for China's stability and the world economy; furthermore, it would not solve their problems of trade deficits and job destructions, whose solution is to be found in the example of Japan maintaining a balanced trade with China thanks to its technological excellence.

#### Global nuclear war

Plate 3 (Tom, Professor of Communications – UCLA, Straights Times, 6-28, Lexis)

But imagine a China disintegrating - on its own, without neo-conservative or Central Intelligence Agency prompting, much less outright military invasion - because the economy (against all predictions) suddenly collapses. That would knock Asia into chaos. A massive flood of refugees would head for Indonesia and other places with poor border controls, which don't want them and can't handle them; some in Japan might lick their lips at the prospect of World War II Revisited and look to annex a slice of China. That would send Singapore and Malaysia - once occupied by Japan - into nervous breakdowns. Meanwhile, India might make a grab for Tibet, and Pakistan for Kashmir. Then you can say hello to World War III, Asia-style. That's why wise policy encourages Chinese stability, security and economic growth - the very direction the White House now seems to prefer.

### Ext – Kills Chinese Econ

#### Reval collapses Chinese growth

Times 4 (Times, Online, 2-16, http://business.timesonline.co.uk/article/0,,8210-1003187,00.html)

A substantial revaluation could also be hugely damaging for the Chinese economy — especially if it were accompanied by the complete abandonment of exchange rate controls. A freely floating exchange rate may be the right long-term goal for China, but the country’s financial and legal infrastructure is not yet sufficiently mature to cope with the volatility of world markets. But even if China maintained a dollar peg, a sizeable revaluation would hurt export growth and could trigger deflation — with important knock-on consequences elsewhere. China is an increasingly important engine of growth in the global economy. It is the world’s biggest importer of copper, tin, zinc and many other commodities. It is a key market for the rest of Asia, with exports from Korea, Singapore and Malaysia all rising by more than 50 per cent in 2003, according to Standard Chartered. If it is true that, when the US sneezes, Britain catches a cold, then ex-Japan Asia might find itself with a nasty case of economic flu were the Chinese boom to slow. It is not only growth that would be at risk from a substantial yuan revaluation. By exporting cheap goods across the West, China is helping to keep down inflation in the industrialised world. Estimates from Dresdner Kleinwort Wasserstein suggest that cheap goods from China have knocked 0.25 to 0.4 per cent from eurozone inflation. Were Chinese import prices to surge, then this would inevitably put upward pressure on short-term interest rates in the eurozone, the US and the UK. For America, a jump in the Chinese currency would bring with it another set of problems. China, along with Japan, has boosted demand for dollars and pushed down its own currency with heavy purchases of US Treasury bonds. Were Beijing to let the currency rise, then its appetite for US bonds would inevitably diminish, and bond prices would fall as a result. Falling US bond prices mean higher long-term interest rates. This, in turn, could knock the American economic recovery off course. Blaming the undervalued Chinese currency is an easy get-out for the world’s industrialised nations. But those who think that a yuan revaluation would be a cure-all should think again. A surge in the Chinese currency would bring with it a whole new set of economic ills. By comparison, the world’s current financial problems would **look like nothing more than a minor sniffle**.

### Reval Bad: Chinese Ag

#### Revaluation crushes Chinese agricultural profits, causing widespread social instability

Holland 5 (Tom – China Writer – South China Morning Post, 5-7, Lexis)

On the other hand, a 10 per cent revaluation would decrease the yuan cost of imported goods by a full 10 per cent. That would have a devastating impact on China's farmers, who are already struggling to compete with cheap foreign imports of grain, oils and other staples. Significantly raising the value of the yuan at this point could exacerbate rural poverty and unemployment, causing the sort of social disruption in the countryside that China's leaders are desperate to avoid.

#### The result is a CCP lash-out causing a billion deaths

Rexing 5 (Sam, Epoch Times, 8-5, http://english.epochtimes.com/news/5-8-5/30931.html)

Since the Party’s life is “above all else,” it would not be surprising if the CCP resorts to the use of biological, chemical, and nuclear weapons in its attempt to extend its life. The CCP, which disregards human life, would not hesitate to kill two hundred million Americans, along with seven or eight hundred million Chinese, to achieve its ends. These speeches let the public see the CCP for what it really is. With evil filling its every cell the CCP intends to wage a war against humankind in its desperate attempt to cling to life. *That* is the main theme of the speeches. This theme is murderous and utterly evil. In China we have seen beggars who coerced people to give them money by threatening to stab themselves with knives or pierce their throats with long nails. But we have never, until now, seen such a gangster who would use biological, chemical, and nuclear weapons to threaten the world, that all will die together with him. This bloody confession has confirmed the CCP’s nature: that of a monstrous murderer who has killed 80 million Chinese people and who now plans to hold one billion people hostage and gamble with their lives.

### Ext. Kills Ag

#### Appreciation causes a flood of imports, causing a Chinese agricultural crisis and social instability

Business Times ’05 (6-30, Lexis)

Beijing is showing few signs of doing so and what it has going for it in this respect is that China - unlike Japan and South Korea, which are heavily influenced by the US - is 'one of the only independent countries in Asia', said Mr Sakakibara, only half jokingly. By revaluing the yuan substantially now, China could provoke a crisis in its agricultural sector (by making food imports cheaper), and that could have major social repercussions in a country where the bulk of the population still live off the land, he suggested.

#### Revaluation depresses farm prices, causing agricultural unemployment in China

Stokes ’05 (Bruce, Council on Foreign Relations, National Journal, 7-16, Lexis)

At worst, analysts here worry that with Chinese companies already operating on very thin margins, even a small revaluation could lead to layoffs of Chinese workers and politically destabilizing unemployment. Moreover, a strong yuan would boost Chinese agricultural imports, further depressing domestic farm prices. Such a development would lead to an even faster exodus of Chinese farmers from the land at a time when job creation in the cities would be slowing.

#### The link is huge --- revaluation crushes farm jobs in China, doubling overall unemployment

Asian Economic News ’05 (7-25, Lexis)

Revaluing the yuan is expected to increase agricultural imports to China by making foreign-made farm products more competitive. Increased farm imports may cause the number of unemployed people in rural parts of China to increase by 100 million or 150 million from the current 150 million, he said.

### A2: Reval Good – Trade Deficit

#### Chinese currency shifts can’t solve the deficit

Yazdanifard and Ogbodoakum 11 (Rashad and Nmamdi, faculty of management at the Multimedia University in Cyberjaya, Malayasia, AND Center of Post Graduate Studies, Limkokwing University of Creative Technologies, Cyberjaya, 2011, “Free market or Protectionism; Analysis of the Currency Disputes on United State Relations with China and possible Solution,” International Conference on Sociality and Economics Development, http://www.ipedr.com/vol10/99-S10070.pdf)

Economic stability will undoubtedly continue to influence policymakers in Beijing who have realized that precipitous appreciation of its currency will be counterproductive. Also, China’s resolve to stimulate its economy will only be effective through domestic price stability; otherwise potential asset bubbles will have the unintended consequences. United State trade deficit with China in 2005 from available estimate was $201.5 billion. Three years after Beijing introduced crawling peg exchange regime, which resulted in a substantial appreciation of its currency by at least 20%, the trade deficit still rose to a surprising $266.3 billion more than 30% from 2005 levels. The above scenario challenged the assumption that renmimbi appreciation may reduce the US trade deficit.

#### **Chinese currency revaluation can’t solve for the US economy**

Meyer 8 (Claude, PhD in economics, degrees in sociology, philosophy, and Japanese studies, executive in a Japanese bank, teacher at the Groupe d’Economie Mondiale, an independent Parisian research center, April, 2008, “Should China revalue its currency? Lessons from the Japanese experience,” GEM, <http://gem.sciences-po.fr/content/publications/pdf/Meyer_China_Currency042008.pdf>)

Although views diverge also between economists on this question, it is highly probable that a substantial revaluation of the RMB as requested by the US and Europe would not, at least in the short term, meet their expectations of reducing their trade deficit with China and saving the jobs threatened by Chinese competition. On the other hand, such a massive reevaluation would have very detrimental effects on China, and subsequently on the world economy. For the US and Europe, it is unlikely that an immediate and strong RMB revaluation would solve their trade deficits; indeed, the competitiveness of Chinese products are not primarily due to the RMB undervaluation but derive essentially from China's comparative advantage regarding the cost of labor. In the case of the US for example, taking into account the weight of China in the total US trade, even a substantial RMB revaluation by 25% against the US$ would reduce the global trade deficit by less than 5%, and even less than 1% according to some other computations. Furthermore, it is likely that Chinese manufacturers would cut their margins to remain competitive and if not, the US and European consumers would probably replace the less competitive Chinese goods by products coming from other low costs emerging countries; in both cases, there would be no significant effect either on the trade balances of the US and of European countries or on their job markets threatened presently by Chinese competition. On the opposite, such RMB revaluation could have some negative effects on their economies. While presently consumers as well retailers in the US and Europe benefit from Chinese products low prices, substantial price increases would obviously fuel inflation in the US and European economies; at the same time it is highly probable that the RMB revaluation would trigger higher interest rates in the US, as the shrinking of China's trade surplus would reduce its investments in US financial assets, in particular US Treasury Bonds, of which it is a major investor. Although the process will take time and will not solve quickly trade deficits, American and European public authorities as well as companies will have to follow Japan's example, in particular by increasing their R&D expenses. Job destructions are unavoidable in some industrial sectors and have to be set off by job creations at a higher level of technological ladder.

#### Currency Revaluation Won’t Help Trade Deficit and If It Does It Will Kill Economy

Stiglitz 5. [7/27 -- Joseph, Prof @ Columbia, Nobel Prize Winner in Economics, Financial Times]

More fundamentally, the trade deficit equals capital inflows, and capital inflows equal the difference between domestic investment and domestic savings. That is why, normally, when the fiscal deficit goes up (so domestic savings goes down), the trade deficit goes up. Neither President George W. Bush nor John Snow, the US Treasury secretary, has explained how China's revaluation will change these basic equations. Unless domestic investment goes down or domestic savings go up, the trade deficit will persist, unabated. The trade deficit could diminish but if it does, it will not be a pretty picture. Domestic investment, for instance, could go down if we succeed in getting our wish and China's trade surplus disappears; with China no longer using the money from its trade surplus to fund our huge fiscal deficit, medium- and long-term interest rates would rise. The economic downturn, and the decrease in investment, would be compounded if the increase in interest rates pricked the housing bubble.

#### Revaluation merely shifts U.S. trade – won’t reduce the trade deficit or restore manufacturing

Miniweb 5

(7-25, Lexis)

However, Snow said "it would be a mistake to interpret this conclusion as acquiescence with the foreign exchange policies of many of America's trading partners.' On June 23, however, Alan Greenspan, chairman of the Federal Reserve, the US central bank, threw cold water on the huge school of thought insisting that China revalue the renminbi. Greenspan told the committee on finance of the US Senate that he was aware of "**no credible evidence'** that a revaluation of the renminbi would "significantly increase manufacturing activity and jobs' in the US. Referring to pressure to revalue the renminbi, Greenspan said that "any effect of trade with China on US employment is likely to be **very small** relative to the scale of job creation and job loss in our economy.' According to Greenspan's analysis, an increase in the exchange rate of the renminbi, relative to the dollar, would **likely** **redirect** trade within Asia, reversing to some extent the patterns that have emerged during the past half-decade.

#### Even large revaluation won’t make a dent in the trade deficit

MFC 5

(Global Investment Management, June, http://www.jhancockinvestment.com/mfcglobal/pdf/mfc\_glv4.pdf)

While a 10% revaluation would appease U.S. demands, at least in the short term, it will **not have a major impact** on the U.S. current account deficit. First, Chinese domestic value added is relatively small. China imports raw materials and intermediate goods and the price of these will fall in yuan terms by the same 10%. “As imported input costs decline, China should be able to cut prices in yuan terms, thereby **offsetting** some of the dollar based price increase,” says Mark Schmeer, Senior Vice President for North American Equities. Second, the U.S. trade deficit is **structural** and will increase with or without China. One third of China’s exports to the U.S. is by U.S. companies taking advantage of low Chinese input costs. U.S. imports from China may just be replaced by imports from other Asian countries, as they will seek to supplant China in products such as textiles, toys and low-end appliances if prices of Chinese imports do rise. “China can bow to U.S. pressure by revaluing, but U.S. capital will just move to lower cost countries like Indonesia or Vietnam,” says Pauline Dan, MFC Global’s Executive Director of Equities in Hong Kong. The Asian Development Bank (ADB) estimates that a 10% revaluation of the yuan would improve the U.S. trade deficit by only $3.6 billion — an **insignificant rounding error** on a base deficit of $617 billion in 2004. In fact, any drop in Chinese exports to the U.S. would not have much direct impact on the U.S. economy at all. Although the U.S.’s largest trade deficit is with China, China accounted for only 13.4% of total U.S. imports in 2004 or about 1.7% of GDP. In order to have a **meaningful impact** on U.S. GDP, imports from China would have to fall by one third or more, **far more** than what a 10% revaluation would cause.

#### Benefits of appreciation are small and temporary – their evidence is exaggerated

Holtz 3

(Douglas Holtz-Eakin, CBO Testimony, The Chinese Exchange Rate and U.S. Manufacturing Employment, 10-30, http://www.cbo.gov/showdoc.cfm?index=4666&sequence=0)

The ultimate impact of any resulting price increase on the volume of U.S. imports from China depends on how competitive China is compared with other countries. If the countries that previously assembled the products that China now assembles remain close competitors of China, then a price increase of plausible magnitude might be enough to induce a substantial shift in production from China back to those other countries. In effect, the process by which U.S. imports from China grew over time would to some extent be reversed. Imports from China would decline (or grow more slowly), but imports from the other countries would rise. The U.S. multilateral trade balance would increase only slightly, with just a small and temporary positive effect on U.S. manufacturing employment. In practice, China appears to have a substantial competitive margin in many products, and the modest price increases that are likely if the yuan is revalued would probably not be enough to shift the pattern of production and trade for those goods. Neither would they be enough, however, to induce U.S. consumers and businesses to reduce dramatically their demand for those products. Again, the U.S. multilateral trade balance would increase **only slightly, with just a small and temporary positive effect** on U.S. manufacturing employment.

### A2: Reval Good – Dollar

#### Currency appreciation won’t alter fiscal fundamental that ensure dollar decline

Lingle 5 (Christopher, Visiting Prof Economics - Universidad Francisco Marroquin, Japan Times, 1-10, Lexis)

Earth to China-bashers: Beijing should not be blamed for America's trade deficits or for the weakness of the dollar. Those that believe so are confusing symptoms with causes. Other elements of conventional wisdom have it that there is some choice as to whether the exchange value of the dollar will rise or fall. To this end, the Bush administration has been criticized for a devaluation policy that involves "talking" down the value of the dollar. Meanwhile, its penchant for tax cuts is blamed for larger fiscal deficits. But in this case, blame should fall on the U.S. Congress for pork-laden spending that is pushing the government ever deeper into debt. There is good reason to be concerned with the U.S. trade deficit. It is expected to rise to 6 percent of gross domestic product and hit a record Dollars 600 billion this year, up from Dollars 496.5 billion last year and Dollars 421.7 billion in 2002. But America's relentlessly wider current account deficit and the decline of the dollar are the result of the loose monetary policies of the Fed. In this sense, the dollar's decline was set into motion in the recent past and is an inevitable result of interest rates set so low for so long. Over time, relative increases in money supply set the purchasing power of monies that in turn sets the underlying exchange rate. And so it is that choices made by Beijing or Tokyo can only have a short-term impact on the dollar. Chinese actions to favor the euro will inspire corrective actions by buyers and sellers to move the dollar back toward the underlying rate of exchange. Even if China and Japan allow their currencies to appreciate on exchange markets, the dollar's slide will **only be slowed temporarily**. Such moves will **not change the underlying fundamentals** that set the relative valuation of global currencies.

### A2: Reval Good – Manufacturing

#### Currency appreciation won’t restore manufacturing jobs, even if it reduces the trade deficit

Porter 5

(Eduardo, Staff – NYT, International Herald Tribune, 8-9, Lexis)

But on closer inspection, these benefits lose much of their luster. It is doubtful that appreciation of the yuan can have a lasting impact on America's competitive outlook. But even if a stronger yuan somehow performed as advertised and helped to correct the yawning trade deficit, the shift could hurt the United States in many other ways, even reducing jobs in some parts of the economy. Most analysts have already figured out that the yuan's climb so far has been insignificant. But some of the most ardent advocates of yuan revaluation are still hoping for an appreciation of 6 percent to 7 percent a month in the currency, the maximum drift that the Chinese central bank will allow, according to its original announcement. Senators Charles Schumer, Democrat of New York, and Lindsey Graham, Republican of South Carolina, are aiming for a total appreciation of around 27.5 percent. M. Brian O'Shaughnessy, chief executive of Revere Copper Products in Rome, New York, said he needed 40 percent immediately. "Otherwise, it won't have any impact," he said. But even a yuan revaluation of 40 percent would not significantly improve the overall U.S. trade balance. For that to happen, the currencies of other developing countries would have to rise in tandem. If they did not, the loss of competitiveness by Chinese manufacturers would move Americans to buy their products only from low-cost countries like Bangladesh, reallocating, but not reducing, America's external shortfall. "The dollar has to fall not only against China but against the whole trade-weighted basket," said Barry Eichengreen, a professor of economics at the University of California in Berkeley. Still, assuming against all odds that all of this happened, what would the results be for the U.S. economy? Nicholas Lardy, a China expert at the Institute for International Economics who has been calling for the yuan to rise, says some American manufacturing jobs could be saved. He acknowledges that it wouldn't help all industries. Much of the less complex stuff that Americans buy from China is no longer made in the United States. Some of it moved to Japan a long time ago. Then Japan lost that manufacturing to South Korea, and South Korea lost it to China. It's unlikely that the United States will ever recover it, he said. The long downward spiral of U.S. manufacturing employment has not responded much to currency realignments. Over the past 25 years, the dollar has sometimes been stronger and sometimes weaker than it is now. The trade deficit has swollen and contracted, and politicians have railed against unfair competition from Japan, Mexico and elsewhere. But one thing has held **constant**: manufacturing employment has fallen, by about five million jobs in all.

#### Currency revaluation isn’t sufficient to overcome long-term factors that destroy manufacturing

Crook 5

(Clive, Senior Editor – The Economist, National Journal, 7-30, Lexis)

It is true that the deal carries a downside for America. The pressure on American manufacturing is one drawback -- but  
jobs in that part of the economy are under stress in any event, mainly because of labor-saving innovation. Greater demand for American exports in the rest of the world would help a bit, so a well-managed yuan revaluation would be welcome, but this **would not stop** the long-term decline of American manufacturing jobs. And even a big revaluation of the yuan might not spur American exports to China by all that much: Demand in China for imports would rise, all right, but much of that expansion in demand would be met by other countries.

#### Low labor costs ensure China will out-compete U.S. manufacturers regardless of currency values

China Daily 3

(9-2, http://www.china.org.cn/english/BAT/74024.htm)

Will American manufacturers, who cry hardest on the issue, benefit from a revalued yuan? Not likely. The competitiveness of China's manufactured products mainly comes from the country's low labour costs. According to calculations by the World Labour Organization, China's labour costs in manufacturing industry is just 2.2 percent of the US figure. Even if the renminbi appreciates by 100 percent against the US dollar, the Chinese goods' competitiveness relative to their American equivalent is still there. But products from other places in the world, whose labour costs used to be a bit higher than China's, may replace Chinese exports to the United States. So a revalued renminbi really will not do much for the US economy, and may only make many consumer goods in the US market more expensive.

#### Claims That Undervalued Currency Hurts US Manufacturing Sector Wrong – A Ton of Reasons

Hufbauer, ’04 (Gary, Senior Fellow @ Institute International Economics, International Economy Policy Briefs, September, http://www.ciaonet.org/pbei/iie/hug12/hug12.pdf)

The charge that an undervalued Chinese currency has caused US manufacturing job losses is substantially exaggerated. US manufacturing job losses over the past three years primarily reflect a weak economy (until August 2003),37 a strong dollar against all currencies, and a US trade deficit in manufactures with the world, not just China. Moreover, US manufacturing job losses are concentrated in sectors that are export-intensive for the United States but where China plays a small role (Mankiw 2003). Finally, exchange rate relationships are not the key driver for sustained growth in Chinese exports. 38 Chinese exports are growing rapidly on a sustained basis to all major destinations, not just to the dollar area (Ahearne et al. 2003). Between 1995 and 2003, Chinese exports to the world increased from $149 billion to $438 billion, even though, during this period, China’s peg to the dollar meant a nominal effective exchange rate appreciation of 21 percent in the renminbi.

#### REVALUATION DOESN’T SOLVE U.S. MANUFACTURING.

GRISWOLD 5. [Dan, Director of the Center for Trade Policy Studies at CATO, “The Big Threat to American Consumers” June 25 -- http://www.cato.org/research/articles/griswold-050628.html)]

China's fixed currency cannot be blamed for recent troubles in American manufacturing, where output is actually 45 per cent higher than when China first fixed its currency to the US dollar, in 1994. Employment in manufacturing has fallen in the US because workers are more productive. The textile and apparel industries, which compete most directly with Chinese imports, have been shedding jobs for decades.

#### Manufacturing job losses in the US are being replaced by job growth elsewhere

Nishizawa 4 (Takashi, Financial & Economic Research Center,. Nomura Securities, Feb 8, 2004, http://www.brookings.edu/viewsipapers/bosworth/20040209 nishizawa.pdt~)

We think that a major contradiction at the heart of US diplomacy toward China poses risks over the medium term. This major contradiction, in our opinion, stems from the US pressure on China to allow the yuan to appreciate, which threatens to disrupt a source of prosperity for the US economy. This also looks likely to pose major risks for the Japanese economy, and the global economy. We think that the US is finding fault with the value of the vuan and China's currency exchange system because of its widening trade deficit, and because it thinks that imports from China are destroying domestic jobs. However, we do not think that US reasoning is necessarily correct in this respect. Although this may be the case in certain sectors of the textile industry and other areas, an overall link between imports and US employment conditions is not clearly discernible, in our opinion. We have plotted import penetration rates and changes in employment levels for individual sectors in Japan and the US in (Exhibit 17). The result suggests that there is a clear correlation between higher import penetration and employment conditions in Japan, while no such correlation is apparent in the US. The overall number of people employed in manufacturing industries is falling in both Japan and the US. and employment is falling in both manufacturing and the economy as a whole in Japan, as evidenced by the rise in the overall unemployment rate. In the US, by contrast, employment is on the rise in nonmanufacturing industries and the economy as a whole.

### AT: Reval Good- Chinese Ag

\*\*\*Don’t read this if you read the Chinese Ag Impact scenario…

#### REVALUATION WILL HAVE NO EFFECT ON CHINESE AGRICULTURE.

CHINA NEWS 5. [August 3, -- http://english.china.com/zh\_cn/business/finance/11021621/20050803/12538505.html]

China‘s modest appreciation of its currency, the renminbi, will have a mild and marginal impact on agriculture, rural researchers say. The People‘s Bank of China, the country‘s central bank, announced a 2 per cent appreciation of the renminbi two weeks ago, sparking concern among academics about how the shift in policy will affect the economy. "The currency revaluation is good for importing farm produce, but will adversely affect exports," Sun Dongsheng, a researcher with the Chinese Academy of Agricultural Sciences, said yesterday. The appreciation will translate into comparatively lower prices for foreign farm produce for Chinese importers, according to the director of the academy‘s International Agricultural Trade Centre. These products include grain, soybean, sugar, cotton and some animal and aquatic products, Sun said. On the other hand, a stronger renminbi will put Chinese exports under more pressure, off-setting the small profits on some Chinese products, and will make them less competitive in the global market, he said.

### AT: Reval Good- Chinese Econ

#### MAINTAINING A FIXED PEG TO THE DOLLAR IS ESSENTIAL TO MAINTAIN CHINESE ECONOMIC STABILITY. REVALUATION WOULD CAUSE A CURRENCY BUBBLE DESTABILIZING CHINA.

-at: revalue because trade balance - there is no correlation between trade balance and foreign exchange market.

-at: yuan appreciation good – developing countries are not sucessful at turning captial inflow into consumption and appreciation causes deflation.

-at: revalue because growth rates – assumes china is growing above its potential growth rate which it isnt, and if faster growth always leads to currency appreciation then how do poor nations ever catch up with rich ones.

-pegging good – because china is the main global supplier of goods it makes sense for the currency value to be tied to the export price and pegging minimizes risk for domestic chineses suppliers. the absence of this risk is a major factor in the rapid redistribution of global production capctiy to china.

Morgan Stanley 3. [“Revaluation Fallacies”, June 11, 2003, http://www.morganstanley.com/GEFdata/digests/20030611-wed.html]

As the SARS crisis unwinds, markets are once again speculating on the renminbi peg to the dollar. The euro’s sharp appreciation against the dollar appears to have stalled. The theory is that, if the renminbi appreciates against the dollar, it would allow other currencies to appreciate further against the US currency. China’s high growth and rapid accumulation of foreign exchange reserves are cited as grounds for renminbi appreciation. However, I believe that neither stands up to scrutiny with justifiable grounds. China should not re-peg or float its currency until its financial system has been revamped, in my view. First, the state of China’s trade balance does not drive its foreign exchange reserves. There has been no correlation between the country’s trade balance and its foreign exchange reserves. Indeed, China’s foreign exchange reserves have tended to rise faster when its trade balance is not favorable. Combining China with Hong Kong gives us a similar and, in my view, more accurate picture. Between 1993 and 2002, their combined trade balance totalled US$96 billion, while their foreign exchange reserves rose by US$334 billion. Indeed, China could be running persistent trade deficit in the future. We believe its large trade surplus from 1997 to 2002 was probably an anomaly due to its SOE restructuring and its related deflation. The large bilateral surplus against the US should not be considered separately from China’s overall trade balance. Saudi Arabia runs a large trade surplus against the US. Should its currency appreciate against the dollar? Second, capital flows drive China’s foreign exchange reserves. China has received over US$400 billion in foreign direct investment. In addition, overseas Chinese have been pouring money into China to purchase properties and other assets that have also contributed to the buildup of China’s net foreign asset position. Should China appreciate its currency to spend the capital inflows, as America has done? This is neither a reasonable nor a practical answer, in my view. China has a low level of wealth. No developing country that turns capital inflow into consumption has been successful in economic development. Further, the wealth level of Chinese households is below equilibrium level. Their savings are growing faster than GDP. Appreciating the currency may not increase consumption, but, instead, could just turn into deflation. Third, China is growing faster than other world economies. Should that be a cause for China to appreciate its currency? The answer is again no, in my view. Growth rates per se do not justify currency appreciation, although the difference between growth potential and actual growth rates does have an effect. If China is growing above its potential growth rate, its currency should appreciate. On the other hand, if China does not appreciate its currency under such a scenario, it would experience inflation, which would force real currency appreciation. There is no evidence to suggest that China is growing above its potential. On the contrary, there is plenty of evidence to suggest that the economy is growing substantially below its potential. Unemployment is serious and the situation may deteriorate. Starting salaries for college graduates are declining, and overcapacity is widespread. China’s potential growth rate is substantially above 10%, in my view, and the country has not achieved such growth for five years. As a result, we are observing trends in the factor and goods market that are associated with insufficient growth. If faster growth always leads to currency appreciation, how are poor countries ever able to catch up with rich ones? Growth by itself does not justify anything, in my view. Fourth, monetary stability is a much better argument for changing China’s currency policy. China’s domestic credit rose by 38% of GDP last year, sparking off numerous credit scandals, many of which are still unfolding. However, there are ways to smooth out base money growth. Korea, Taiwan, and others have long been trying to smooth out their monetary growth. China’s central bank has declared its intention to develop a market for its short-term instrument, which would act to stabilize monetary growth. Thus, future spurts of capital inflows would be handled in a much more controlled way, in my view. Fifth, a renminbi peg to the dollar makes a lot of sense for China, as the country is the main supplier of goods globally. Thus, it is appropriate that its currency value is tied to its export price. The US market happens to determine global prices for tradable goods. Pegging its currency to the dollar minimizes the risk to suppliers based in China. The absence of currency risk is a major factor in the rapid redistribution of global production capacity to China. Thus, China should stick with the peg until inflation returns. Last, renminbi revaluation at this point could cause a great deal of harm. China is facing a grossly overextended property market due to the rapid increase of credit last year. Currency appreciation could cause massive speculation in this sector and create a quantity bubble that may take years to digest. China just cannot take that risk. In summary, there are no good arguments to support renminbi revaluation, in my view. The peg serves a very good purpose for China, and revaluation could cause a bubble that may destabilize China.

### AT: Reval Good: Chinese Inflation

#### APPRECIATION ISN’T CRITICAL TO PREVENT CHINESE INFLATION

Cheney 4 (Bill, Chief Economist, MFC, Et Al., Don’t Hold Your Breath on Radical Chinese Currency Reform, Dec, http://www.jhancockinvestment.com/mfcglobal/pdf/chinese\_currency\_reform\_dec04.pdf)

Inflation has also begun to ease, although the case for a currency revaluation to address price pressures does not appear to be a very strong one. Recently, the main source of Chinese inflation has been on the supply side in energy and seasonally driven food prices. Raising the exchange rate to cut the cost of energy would only be effective if energy costs did not rise further. And with a bountiful harvest now entering Chinese markets, food prices are also coming down. Overall CPI inflation fell in October to 4.3%, after averaging around 5% since July - a level that was seen as a trigger for higher interest rates (Chart 4).

### A2: Reval Good – Chinese Modernization

#### Chinese Strength key to Asian Stability – we internal link turn all their impacts

Chuong, ’01 (Liow, Journal of the Singapore Armed Services, March)

An economically developed and prosperous China offers economic opportunity to her neighbours and would enhance regional security and stability, while a China under economic and political chaos and distress could be a source of instability for the region. It would upset regional security by sending out large numbers of Chinese refugees or by tempting other powers to invade China. At the same time, an economically strong China with growing military assertiveness will inevitably cast a long shadow over the region.34 In the foreseeable future, China will continue her march towards great power status, enabled primarily through economic growth but increasingly supported by a more capable military. Notwithstanding any open, robustly independent stance from Taiwan, China will take a supportive rather than a confrontational approach to most of her neighbours. Her drive for hegemony is not a strong possibility because a richer China is more likely to democratise, with moderating effects on Chinese foreign policy, and to become more economically interdependent with its neighbours. Ultimately a strong and powerful China will complement the influence of Asia Pacific region, and will contribute to the security status quo in the region rather than to destabilisation.

#### Won’t Stop Modernization – Causes Military Mobilization to distract public

Murray Weidenbaum, Chair of the Study of American Business @ Washington University in St. Louis, “The Future of Sino-American Relations” Orbis, Spring 1999

Economic growth has allowed the People’s Liberation Army (PLA) to procure some sophisticated aircraft, ships, and missiles, expanding its power radius to include India, Japan, and portions of southern Russia. Over the past decade, the PLA has acquired considerable amounts of high-tech equipment, in particular from the cash-strapped countries of the former Soviet Union. These include purchases of Su-27 attack aircraft, MiG-31 fighters, T-72 tanks, and Mi-17 helicopters. And ranked by explosive power, China’s nuclear arsenal is reported to be the world’s third largest, trailing only the United States and Russia. Chinese strategists may be working toward the day when their nuclear and missile forces suffice to deter great power intervention in the Asia/Pacific theater and their conventional forces to cow regional rivals, Such a combination would allow, indeed define, local hegemony. Would an economic slowdown frustrate the PIA’s designs, whatever they be? After all, it is economic growth that enables Beijing to invest in echnological modernization and increase its “power projection” capability.16 Such financing might be curtailed in a weaker economy, both directly from the national treasury and from the earnings of the PLA’s numerous civilian business ventures.17 Yet, rising unemployment might generate such severe social and political pressures on the Beijing regime that it would mobilize the armed forces to maintain internal order or, what is worse, attempt to divert public attention from internal problems through military adventures abroad.

#### Our scenario outweighs – no impact to modernization unless relations collapse

Roy, ’03 (Denny, Orbis, Winter, Senior Research Fellow @ Asia Pacific Center for Security Studies)

Although the dangers are sometimes exaggerated, the contingent hazards represent worrisome uncertainties, and this warrants avoiding an unnecessarily adversarial relationship with China. If relations between China and the United States were friendly, the harm done by a rising China to American international standing would be limited. Washington would have to accept more consultation, compromise, and shared leadership with Beijing and might face tougher competition in some sectors of the global marketplace. Increased Chinese demand for some American products and services and a greater Chinese contribution towards shouldering the burden of maintaining regional security would help offset these disadvantages. By contrast, an adversarial U.S.–China relationship would find Beijing using its growing strength in a purposeful and systematic assault on U.S. interests in Asia and elsewhere, as the PRC would tend to view U.S. interests as barriers to the achievement of Chinese goals. Unlike the first scenario, the second would constitute a serious challenge to U.S. interests, with the potential to develop into a new Cold War.

#### Rising Chinese Power Doesn’t Threaten US Power or Make Conflict Inevitable- Mearsheimer is a Hack

Shambaugh, ’05 (David, Senior Fellow @ Brookings, International Security, Winter)

Some observers in the United States, however, see China’s Asian engagement as an inexorable zero-sum attempt to displace the United States as the primary power in the region.94 Some have even called for preemptively containing China before it can truly challenge U.S. preeminence first in Asia and then globally. This policy prescription, which is rooted in the theory of offensive realism, is most notably advocated by the University of Chicago scholar John Mearsheimer. Both the logic and application of offensive realism in this case are, in my view, unsustainable. It is a classic example of an international relations theorist, who is not well grounded in regional area studies**,** deductively applying a theory to a situation rather than inductively generating theory from evidence. As a China specialist, I do not recognize the China that Mearsheimer describes, and I see no evidence of his “Chinese hegemony” thesis and thus reject his policy prescription of preemptive containment.95 Contemporary international relations involve more than relations among great powers, and even great power interactions are not intrinsically zero-sum Hobbesian struggles. Rather they are complex mixtures of interdependence, cooperation amid competition, and structural adjustments. Just as one nation (China) rises, it does not ipso facto follow that another (the United States) must fall—or even decline relatively. Nor does the rising power necessarily seek hegemonic dominance. It is also not inevitable that rising powers challenge the established power, thus producing structural conflict (as, for example, the power transition theory would predict). Not only do the analogies of previous rising powers fail to fit contemporary China, but they also have no precedents in China’s past. As historian Wang Gungwu points out, this is not the first time in history that China has risen: it is the fourth such instance.96 In the Qin-Han, Sui-Tang, and Ming-Qing dynasties, external pressures on China’s northern and eastern periphery combined with domestic economic, social, and demographic pressures to precipitate dy- nastic decline. Moreover, China does not have a significant history of coercive statecraft.97 China’s “tribute system,” which constituted the regional system in Asia for more than 2,500 years, was characterized by a combination of patronclient ties; economic interdependence; security protection for those closest to China (especially Korea); cultural assimilation into Confucian customs (lai Hua); political ritual (koutou); and benevolent governance (wangdao). The tribute system may have been hegemonic, but it was not based on coercion or territorial expansionism.98 These are essential points to bear in mind when considering China’s new ascendance in Asian affairs.

#### Our Turn Outweighs Their Link- Moderating Chinese Intentions is More Important to Regional Security than Limiting Capabilities

Chuong, ’01 (Liow, Journal of the Singapore Armed Services, March)

Despite the extensive modernisation programme, it is estimated that it will be at least 10 years before China could be successful in a major offensive war with any of her adversaries and much longer before she could challenge the US.21 What appears certain is that over the next decade China will use her new economic power to strengthen her armed forces. However, as Samuel Kim observes, 'What matters most is not so much the growth of Chinese capability as how Beijing uses its new military strength',22 and what kind of great power China intends to be.

#### Won’t Cause Military Modernization and Even if it Does The US Will Always Stay Ahead

Ross, ’97 (Robert, Prof Columbia, China Expert, National Interest, Fall)

The most serious Chinese challenge to the United States is its potential military power. The Chinese economy is growing and Beijing's ability to increase defense spending is growing with it. But advocates of containing China vastly overestimate Chinese power and underestimate our own. A larger Chinese economy will not necessarily lead to greater military power. China can import weaponry, but sustained improvement in military capabilities will require indigenous defense modernization. China still cannot manufacture a reliable 1970s-generation fighter plane, much less anything like a U.S. F-16. The need of the People's Liberation Army to import Russian equipment is telling. Buying from Russia is a quick and relatively inexpensive way for China to equip its forces with materiel far superior to indigenous products. But this should not be particularly upsetting to U.S. planners, whose forte is the destruction of Soviet equipment with remarkable speed and skill. Moreover, China lacks the basic ability to maintain Russian equipment. It now requires extensive Russian assistance to repair many of its recently acquired SU-27s and its Kilo submarines. China has developed a limited number of more modern destroyers, but it is decades away from being able to manufacture and deploy a first-generation, limited capability aircraft carrier. The PLA lacks the ability to conduct sustained military operations more than 100 miles from the Chinese shoreline. China is a formidable land power, but in maritime Southeast Asia, where U.S. interests are most at stake, China is militarily inferior even to such countries as Singapore and Malaysia. In the end, China may succeed in modernizing its military. But it may fail, too--economic and technological modernization is a precarious enterprise. As an export processing zone for the advanced industrial countries, China has succeeded in raising living standards and its GNP, but this is a far cry from developing the economic and technological capabilities to field a twenty-first century military force. U.S. military supremacy is so overwhelming that Washington has the luxury of being able to observe Chinese technology development and weapons production before adopting countervailing policies. As Secretary of Defense William Cohen recently observed, Washington has global superiority in every phase of warfare, and while China is trying to catch up, the United States is not standing still. Not only is the U.S. defense budget greater than the combined defense budgets of the next six largest competitors, but U.S. technology and weapons modernization are advancing so rapidly that, in all probability, with each passing day and despite its strenuous efforts, China's technological and military capabilities are losing ground rather than catching up with those of the United States. Politically, too, the American alliance system in Asia is superior to anything the Chinese can hope to have. Logistically, the U.S. alliance with Japan and its access to basing facilities throughout the region give the United States an enormous advantage. Diplomatically, China is increasingly viewed in the region as a problem to be managed, while the United States is seen as a relatively disinterested power-broker whose aims are compatible with regional peace and prosperity for all. A potential Chinese alliance with Burma can hardly offset the U.S. relationship with Japan, South Korea, Australia, and the maritime states of Southeast Asia (including, still, the Philippines). With such logistical and diplomatic superiority to bring to bear, current U.S. defense spending and weapons acquisitions are already more than sufficient to hedge against China's potential development of advanced military capabilities.

### Ext – China modernization won’t threaten US

#### China Won’t Use Rising Power in Hostile Manner- Will Cooperate with US and Not Rely on Military Aggression – Mearsheimer is Wrong

Lampton, ’03 (David, Director Chinese Studies, Nixon Center, FDCH, 3/18)

These views add up to a perspective on China's rise and its implications that is much different from that of the University of Chicago's John Mearsheimer. In his book The Tragedy of Great Power Politics, Mearsheimer asserts that it doesn't matter whether China becomes democratic or not; the mere fact that it is growing rapidly puts it on a collision course with America (p.4). This is so because the international system is a jungle; in the jungle force is most useful; and all states will convert economic power into growing coercive power to achieve dominance in that jungle. In contrast, I believe that China now defines its security principally in terms of internal economic welfare and social stability, that it is not striving for external dominance (with the important exception of Taiwan), and that if America helps create a moderately benign regional security environment there is no reason China and America cannot cooperate to their mutual advantage for a considerable period. In short, China is rising the "right way", not the wrong way, from the perspective of American interests, with the principal uncertainty being Taiwan. Those who see an inevitable conflict on the horizon propose adopting measures that assure the outcome they profess to wish to avoid. The following issues merit specific consideration in light of China's increasing power and influence

#### Rising Chinese Power Not Directed Against US- Doesn’t Undermine Heg

Shambaugh, ’05 (David, Senior Fellow @ Brookings, International Security, Winter)

China’s rise need not inexorably result in the eclipse of the United States as a regional power. Indeed, Beijing has attempted to assuage Washington’s concerns about the United States’ position in the region and China’s rise. For example, in July 2001 Foreign Minister Tang Jiaxuan told U.S. Secretary of State Colin Powell that China “welcomes the American presence in the Asia-Pacific region as a stabilizing factor.”91 This was an important statement at the time because it contrasted sharply with the prevalent view among many in the new administration that China’s principal strategic goal was to evict the United States from East Asia and extend its hegemony over the region. Prior to assuming the position of President Bush’s national security adviser (now Powell’s successor as secretary of state), Condoleezza Rice evinced this prevalent view among Republican strategists in an article in the policy journal Foreign Affairs. In Rice’s words, “China resents the role of the United States in the Asia-Pacific region. This means that China is not a ‘status-quo’ power, but one that would like to alter Asia’s strategic balance in its own favor.”92 Secretary of State Powell and other senior U.S. officials took Tang’s assurances to mean that China did not oppose U.S. military bases and alliances in the region, although this was not specifically stated. Chinese officials have subsequently offered such assurances privately to U.S. government officials and scholars. In a recent discussion with the author, Ministry of Foreign Affairs Director General for Asian Affairs Cui Tiankai asserted that “we [China] should not try to exclude the United States from our region. The U.S. has a long-standing and huge presence here and should contribute to regional security, stability, and development.”93 In his former position as director of the Foreign Ministry’s policy planning staff, Cui was instrumental in convincing Foreign Minister Tang to issue the initial assurances to Secretary of State Powell in 2001.

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### A2: Reval Good – Japan Economy

#### -- Reval hurts the Japanese economy

LA Times 5 (7-26, Lexis)

China's growth had been lifting Japan's long-sluggish economy. After Beijing's decision to scrap the yuan's decade-old peg to the dollar in favor of an unspecified basket of foreign currencies, Japan's central bank praised the move. But investors in Japan didn't celebrate. Tokyo's stock market fell Friday, although it rebounded Monday. Chi Hung Kwan, a senior fellow at Nomura Institute of Capital Markets Research in Tokyo, said the market reaction was understandable. On the one hand, a rising yuan will help Japan by strengthening the purchasing power of Chinese consumers, boosting domestic demand for Japanese goods. Japanese giants such as Honda, Nissan and Toyota have established manufacturing facilities in China largely to cater to the domestic auto market, which has huge potential for growth. Japanese carmakers and other firms import many components from Japan that are used for production in China, before the final products are shipped back to Japan or elsewhere for consumption. As a result, a higher yuan, relative to the Japanese yen, would make those parts cheaper. At the same time, Kwan noted, more Japanese companies use China as an offshore production base rather than a consumption market. They include firms such as Sony and Uniqlo, a leading retailer of Japanese casual clothes, with more than 600 stores in Japan and a handful in China. **"On the whole**, I think the impact is more negative rather than positive" for Japan, Kwan said of China's revaluation.

#### -- Japanese growth is resilient

Business Times 8 (Singapore, “Three-Minute Digest”, 7-2, Lexis)

BUSINESS sentiment in Japan sank to a five-year low in June, according to the Bank of Japan's latest quarterly 'tankan' survey published yesterday. But the findings are not as gloomy as feared, and added weight to recent data suggesting that Japan is proving **more resilient** to a downturn and **less vulnerable** to financial system shocks than other leading economies.

#### -- Reval increases the value of the Yen

Kozak 5 (Bob, Currency Analyst - Alaron Trading Corp., Market Strategies Futures, 6-1, Lexis)

Japan, the world's second largest economy, fell back into recession in 2004. Lower exports, less consumer spending and higher energy costs have all contributed to the recent slowdown in the expected recovery, which has been delayed to the second half of 2005. Coming to the **economic rescue** may be the long awaited and much anticipated revaluation of the Chinese currency, the yuan, renminbi or RMB; your choice. The yuan has been pegged to the U.S. dollar at 8.3 for the last 10 years and has placed countries looking to compete for a slice of the export pie at an unfair disadvantage. Pressure from the United States and its G-7 partners will prompt the Central Bank of China to eventually float its currency in the open market or expand the 3% trading range to help level the playing field. The eventual 3%-4% increase in the yuan's value should allow Japan and other Asian nations to be more competitive relative to Chinese goods and see their respective currencies appreciate at the expense of a lower U.S. dollar.

#### That melts down the Japanese economy

Miura 99 (Mitsuo, Deputy Business News Editor, Yomiuri Shimbun, 9-22, Lexis)

Japan, the United States and European countries must demonstrate a determination to join forces in stabilizing exchange rates. Otherwise, the sharp rise in the yen's value could **disrupt the global economy** at a time when it is finally getting back on the road to stability. It should be noted that the United States will play a key role in working out a new set of coordinated policies. Upbeat mood fuels trend The recent surge in the yen's value is largely a reflection of the upbeat sentiment among market players about a gradual improvement in the Japanese economy. However, the yen's rapid rise could **deal a blow to the economy** because it may also produce negative effects, such as reducing Japanese exporters' profits. For example, a 1 yen rise against the dollar translates into an exchange loss of more than 10 billion yen on an annual basis for one major Japanese automaker. In addition, the strong yen could leave stock investors bearish, which would naturally cause a drop in stock prices. It would also undermine companies' financial bases and ability to raise funds on the market. **This would create a vicious circle, undercutting the economy** just as it starts showing signs of a modest recovery after bottoming out. Another factor to consider is the foreign exchange losses incurred By institutional investors who have bought U.S. bonds and stocks. In this sense, it is overly optimistic to suggest that the rise in the yen's value reflects fundamentals of the Japanese economy. The sharp appreciation of the yen, and the resulting plunge in Japanese stock prices, would also **adversely affect U.S. and European investors**, who have purchased Japanese shares totaling more than 5 trillion yen since early this year. The yen's excessive surge and the weak dollar could **put the U.S. economy in a precarious position**. As things stand today, the value of the dollar remains stable against the euro and other currencies, leaving the yen the only currency in the market to have appreciated. Under the circumstances, few U.S. market players appear concerned that the dollar's value could dive against other currencies. On the contrary, they apparently hope that the strong yen and the weak dollar will serve to curtail deficits suffered by the United States in its international balance of payments. However, if the dollar continued to fall, it would trigger a flow of money from the U.S. market, while at the same time forcing down the prices of U.S. stocks and bonds. If that happened, the New York Stock Exchange would **inevitably be thrown into great confusion**. This may be all the more probable given that trading on Wall Street has become as heated and speculative as in the late 1980s.The weak dollar would make it more difficult to take monetary measures to ensure that the heated stock trading and growing inflationary trend in the United States do not get out of hand. This is particularly significant in that there are concerns that an inflationary tide may arise from an increase in import prices. An excessive drop in the value of the dollar could prevent the administration of U.S. President Bill Clinton and the Federal Reserve Board from achieving their goals of adjusting stock prices to an appropriate level and engineering a soft landing for the economy.

### A2: Reval Good – Indian Economy

#### -- Reval won’t help the Indian economy

Matthew 5 (Rex, Life after the Yuan Revaluation, 8-2, http://www.domain-b.com/economy/general/2005/20050802\_Yuan.html)

Apart from some low value textile goods which are highly price sensitive, no other segment of the Indian industry is likely to benefit significantly from the marginal appreciation of yuan. Commodity exports like iron ore, finished steel and other metals could theoretically benefit from the lower costs for Chinese importers after the currency appreciation. However, the positive impact would be more than offset by the downward pressure on international prices of these commodities when Chinese growth slows down.

#### -- Indian economy is resilient

Business Line 8 (“Opinion Not Convincing Enough”, 6-26, Lexis)

The RBI has drawn some comfort from the fact that the Indian economy presents some positive features such as a financial market that is **largely insulated** from the turmoil affecting global institutions, adequate foreign exchange reserves, agricultural production that is poised to sustain the momentum achieved last year, and so on. Indeed, the only silver lining, if at all, in a scenario where the inflation rate has breached a 13-year record, is that the Indian economy presents a **far more resilient** look than it did in 1995 when inflation was of the same order. Equally, the economy is not without its share of disturbing features. The inflation is all-pervasive and not confined to petroleum products alone. It is hobbled by supply- side constraints in many key sectors that is aggravating the firm trend in prices caused by global factors. Above all, there is no evidence as yet that the administrative dynamism so essential to unshackling the economy is in place.

#### TOO MANY ALT CAUSES TO INDIA’S ECONOMY -- REVALUATION HAS NO IMPACT.

Business Line, Global News Wire, Financial Times Information, August 25, 2005, lexis

These countries have enjoyed competitiveness relative to India in the recent past on account of lower unit value of exports. The Indian economy is not competitive for several reasons. Such constraints as outdated or inflexible labour laws, reservation for the small-scale sector, high cost of real-estate and business infrastructure, high cost and irregular electricity, high transaction costs, inefficient logistics and of course high cost because of delays, bottlenecks and corruption need to be attended urgently to be more competitive globally. In short, India may not really benefit from the yuan revaluation. This is due to lack of its competitiveness in the international market, domestic policy constrains, and thinner overlapping of export products with China. Importers will perhaps look for other origins such as Indonesia, Korea, the Philippines and Singapore

#### -- Deterrence checks Indo/Pak war

Tellis 2 (Ashley, Foreign Policy Research Institute, Orbis, Winter, p. 24-5)

In the final analysis, this situation is made objectively "meta-stable" by the fact that neither India, Pakistan, nor China has the strategic capabilities to execute those successful damage-limiting first strikes that might justify initiating nuclear attacks either "out of the blue" or during a crisis. Even China, which of the three comes closest to possessing such capabilities (against India under truly hypothetical scenarios), would find it difficult to conclude that the capacity for "splendid first strikes" lay within reach. Moreover, even if it could arrive at such a determination, the political justification for these actions would be substantially lacking given the nature of its current political disputes with India. On balance, therefore, it is reasonable to conclude that a high degree of deterrence stability, at least with respect to wars of unlimited aims, exists within the greater South Asian region.

### AT: Reval Good - Mexican Econ

#### RMB APPRECIATION WON’T INCREASES MEXICAN GROWTH

Main Wire ’05 (7-25, Lexis)

Mexico probably won't feel much impact from China's decision to abandon its dollar peg and revalue the yuan by 2.1% because China still holds an overwhelming advantage in labor costs as the two exporters compete for shares of the U.S. market, analysts say. "Even if China does allow its currency to rise further, their labor costs are so much lower that even a 10% or 15% rise in value still won't make much difference," said Jonathan Heath, chief economist in Mexico for HSBC. China displaced Mexico in 2003 as the United States' No. 2 trading partner, and economists say Mexico must reform its fiscal, energy and labor laws if it is to become more competitive.

### A2: Reval Good – Russian Economy

#### Revaluation will have no net effect on Russian exports – cooling of Chinese growth will offset competitiveness gains

Prime Tass 5

(English Language Business Newswire, 8-1, Lexis)

'A 2% revaluation would not affect any official statistics seriously, but it would affect our shadow market,' Yevgeny Nadorshin, chief economist at Trust Investment Bank, said. A larger revaluation would certainly have a more significant impact on Russia, but most analysts expect China to be extremely guarded about allowing further changes in the near future. Further moves would prompt speculative investors to bet strongly on even more drastic revaluations, resulting in even more pressure on China to revalue further, analysts said. Some of the world's top economists, including Nobel Laureate Edward Stiglitz, have strongly opposed a further revaluation, arguing that it does nothing to solve the real U.S. trade imbalance problems. 'In the near future, there will be no more moves. For China, it has already solved its main political problem,' Pantyushin said. In the longer term, however, China will likely be forced to allow the yuan to appreciate further, some analysts said. Peter Westin, chief economist at Aton Capital, speculated that China will allow for an addition 8% revaluation in the coming 12 months, which would roughly translate into a 4% depreciation of the ruble against the yuan. But while a total 10% revaluation is much more significant than the current 2.1%, the net impact of the change is still likely to be negligible for Russia, analysts said. On the positive side, the revaluation would make Russian exports cheaper and thus more attractive in China. A serious revaluation of 10% would also serve to cool down the fast-rising Chinese economy, however, **essentially negating** the additional demand created by the yuan's appreciation, analysts said. 'The ruble's depreciation against the yuan will benefit Russian exports,' Westin said. 'In terms of exports, wood and paper, chemical, and machinery and equipment exporters should benefit. At the same time, a slight cooling off of the Chinese economy could **counter this effect**.'

# Health Care Reform Repeal

## Shells

### Health Care Repeal Bad Module

#### GOP would repeal Obamacare

Kellman 11 [Laurie Kellman is a writer for the Associated Press “ GOP: Health Care Repeal Defeat Is Step Toward Victory In 2012” 02/03/11 http://www.huffingtonpost.com/2011/02/03/gop-health-care-repeal-de\_n\_817986.html]

To hear Senate Republicans tell it, the defeat of their attempt to repeal the Democrats' health care overhaul was really a victory of sorts on the long march to the 2012 congressional and presidential elections. The repeal effort sank Wednesday along party lines, 51-47, as expected. But in the process, Republicans forced Democrats on the record in favor of President Barack Obama's signature overhaul and launched what they described as a two-year effort to discredit it in the lead-up to a bid for a second term. "These are the first steps in a long road that will culminate in 2012, whereby we will expose the flaws and the weaknesses in this legislation," said Texas Sen. John Cornyn, the party's campaign chief. "We think this is just the beginning," said Republican leader Mitch McConnell. "This issue is still ahead of us." What's certain is that Wednesday's vote changed nothing about the debate that consumed Congress for two years, dominated the midterm elections and has now moved to the courts. Two federal judges have ruled the law is unconstitutional, partially or in its entirety, citing a requirement for individuals to purchase coverage and pay a penalty in taxes if they fail to do so. Two other judges have upheld the law. The controversy is all but certain to be settled by the Supreme Court. Sen. Bill Nelson, D-Fla., announced he would file legislation urging the justices to act quickly. In spite of the maneuvering and the side-taking, senators overwhelmingly voted to cancel the law's requirement that businesses, charities and state and local governments file income tax forms for every vendor that sells them more than $600 in goods. That repeal was approved 81-17 after Republicans pointed out it had originally been their idea. Obama said he would accept the change. Acutely aware that they'll be defending 23 seats in the next election, Democrats sought to shrug off the GOP's efforts. Senate Majority Leader Harry Reid, who said earlier in the week he hoped the vote would help Republicans get it out of their systems, called on them to "set aside the battles of the past." But even as Reid dismissed the repeal effort, he used stark terms to describe how canceling the overhaul would affect millions of Americans. It would, Reid warned, "kick kids off their parents' health care" and "take away seniors' rights to a free wellness check." The maneuvering reflected the depth of the controversy that still surrounds one of the most ambitious policy overhauls in recent years. At its core, the law requires most Americans to purchase insurance, a so-called individual mandate that has become one of the principal points of opposition among Republicans and the tea party activists who propelled them to gains last fall. The bill's critics argue the law gave government too large a role in the health care system, will harm Medicare and burden the economy by raising taxes and fees. At the heart of the debate is a dispute over how the overhaul would affect the federal deficit. The Congressional Budget Office reported that the law, once it takes effect, would cut federal budget deficits. But Republicans dispute that, arguing that the forecasts rest on spending cuts to Medicare and other programs that will not materialize. Democrats tried to argue that the policy debate is largely over. Sen. Barbara Mikulski, D-Md., called the Republican repeal effort "one more hollow, symbolic, pander-to-the-masses amendment." "I want to hear their ideas for replacement," she said. Republicans made clear they have plenty of ideas for replacement – of Democratic senators, if not the health care reform. "Yes, we were unsuccessful today, but we do know where everybody stands," said Sen. Orrin Hatch, R-Utah. "We've made some headway," said Sen. John Thune of South Dakota.

#### Universal Health Care key to bioterror readiness and response.

Sklar 02. [Holly, Coauthor of “Raise the Floor”, Knight Ridder/Tribune News Service, “Rolling the Dice on Our Nations’ Health”, December 19, <http://www.commondreams.org/views02/1219-07.htm>]

Imagine if the first people infected in a smallpox attack had no health insurance and delayed seeking care for their flu-like symptoms. The odds are high. Pick a number from one to six. Would you bet your life on a roll of the dice? Would you play Russian Roulette with one bullet in a six-chamber gun? One in six Americans under age 65 has no health insurance. The uninsured are more likely to delay seeking medical care, go to work sick for fear of losing their jobs, seek care at overcrowded emergency rooms and clinics, and be poorly diagnosed and treated. The longer smallpox--or another contagious disease--goes undiagnosed, the more it will spread, with the insured and uninsured infecting each other. Healthcare is literally a matter of life and death. Yet, more than 41 million Americans have no health insurance of any kind, public or private. The uninsured rate was 14.6 percent in 2001--up 13 percent since 1987. The rate is on the rise with increased healthcare costs, unemployment and cutbacks in Medicaid and the State Children's Health Insurance Program (SCHIP). One in four people with household incomes less than $25,000 is uninsured. One in six full-time workers is uninsured, including half the full-time workers with incomes below the official poverty line. The share of workers covered by employment health plans drops from 81 percent in the top fifth of wage earners to 68 percent in the middle fifth to 33 percent in the lowest fifth, according to the Economic Policy Institute. As reports by the American College of Physicians, Kaiser Family Foundation and many others have shown, lack of health insurance is associated with lack of preventive care and substandard treatment inside and outside the hospital. The uninsured are at much higher risk for chronic disease and disability, and have a 25 percent greater chance of dying (adjusting for physical, economic and behavioral factors).

To make matters worse, a health crisis is often an economic crisis. "Medical bills are a factor in nearly half of all personal bankruptcy filings," reports the National Academy of Sciences Institute of Medicine.

The U.S. is No. 1 in healthcare spending per capita, but No. 34--tied with Malaysia--when it comes to child mortality rates under age five.

The U.S. is No. 1 in healthcare spending, but the only major industrialized nation not to provide some form of universal coverage. We squander billions of dollars in the red tape of myriad healthcare eligibility regulations, forms and procedures, and second-guessing of doctors by insurance gatekeepers trained in cost cutting, not medicine. Americans go to Canada for cheaper prices on prescription drugs made by U.S. pharmaceutical companies with U.S. taxpayer subsidies. While millions go without healthcare, top health company executives rake in the dough. A report by Families USA found that the highest-paid health plan executives in ten companies received average compensation of $11.7 million in 2000, not counting unexercised stock options worth tens of millions more. The saying, "An ounce of prevention is worth a pound of cure," couldn't be truer when it comes to healthcare. Yet, we provide universal coverage for seniors through Medicare, but not for children. We have economic disincentives for timely diagnosis and treatment of diseases. Universal healthcare is a humane and cost-effective solution to the growing healthcare crisis. Universal coverage won't come easy, but neither did Social Security or Medicare, which now serves one in seven Americans. Many proposals for universal healthcare build on the foundation of "Medicare for All," albeit an improved Medicare adequately serving seniors and younger people alike.

Healthcare is as essential to equal opportunity as public education and as essential to public safety as police and fire protection. If your neighbor's house were burning, would you want 911 operators to ask for their fire insurance card number before sending--or not sending--fire trucks? Healthcare ranked second behind terrorism and national security as the most critical issue for the nation in the 2002 Health Confidence Survey released by the Employee Benefit Research Institute. The government thinks the smallpox threat is serious enough to start inoculating military and medical personnel with a highly risky vaccine. It's time to stop delaying universal healthcare, which will save lives everyday while boosting our readiness for any bioterror attack.

#### Bioterror attack causes extinction.

Steinbruner 98 [John; Senior Fellow – Brookings Institute “Biological Weapons: A plague upon all houses” Foreign Policy Winter]

Although human pathogens are often lumped with nuclear explosives and lethal chemicals as potential weapons of mass destruction, there is an obvious, fundamentally important difference: Pathogens are alive, weapons are not. Nuclear and chemical weapons do not reproduce themselves and do not independently engage in adaptive behavior; pathogens do both of these things. That deceptively simple observation has immense implications. The use of a manufactured weapon is a singular event. Most of the damage occurs immediately. The aftereffects, whatever they may be, decay rapidly over time and distance in a reasonably predictable manner. Even before a nuclear warhead is detonated, for instance, it is possible to estimate the extent of the subsequent damage and the likely level of radioactive fallout. Such predictability is an essential component for tactical military planning. The use of a pathogen, by contrast, is an extended process whose scope and timing cannot be precisely controlled. For most potential biological agents, the predominant drawback is that they would not act swiftly or decisively enough to be an effective weapon. But for a few pathogens - ones most likely to have a decisive effect and therefore the ones most likely to be contemplated for deliberately hostile use - the risk runs in the other direction. A lethal pathogen that could efficiently spread from one victim to another would be capable of initiating an intensifying cascade of disease that might ultimately threaten the entire world population. The 1918 influenza epidemic demonstrated the potential for a global contagion of this sort but not necessarily its outer limit.

### Health Care Repeal Good Module

#### GOP would repeal Obamacare

Kellman 11 [Laurie Kellman is a writer for the Associated Press “ GOP: Health Care Repeal Defeat Is Step Toward Victory In 2012” 02/03/11 http://www.huffingtonpost.com/2011/02/03/gop-health-care-repeal-de\_n\_817986.html]

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#### Tanks the economy

Allen, 11 (George, 12/14/11, The Washington Times, “Obamacare stalls American economic engine;   
Kaine's backing of government medicine a nonstarter”, Lexis)

Obamacare has been in place for a little more than 20 months, and the picture is finally becoming clear. What we now know is thatObamacare is destroying jobs and opportunity. At the time it was being debated, Mr. Kaine said this government-run health care legislation is "good news for the health of our economy," but since its passage we have seen 20 months of unemployment topping 8 percent. The reasons can be found in Obamacare's thousands of pages of legislation and regulations. For example, Obamacare imposes a $2,000 per worker penalty on any company with 50 or more workers that, in the opinion of some government bureaucrat, isn't providing "adequate" health insurance for its employees. This provision means companies either have to provide government-approved insurance or pay a steep fine. It also discourages entrepreneurs from growing their small businesses into mid-sized ones because the Obamacare mandate kicks in when the 50th employee is hired. That's right - a company with 49 employees faces no penalty, but must fork over $40,000 once the 50-employee threshold is reached. And the penalty goes up still further for every additional employee the company hires. Not surprisingly, seven out of 10 small-business owners reported in a recent survey that they have put new hiring on hold. Small business has always been the engine that has driven America's economy. Under Obamacare, however, that engine has now been stalled.

#### extinction

**Auslin 9** (Michael, Resident Scholar – American Enterprise Institute, and Desmond Lachman – Resident Fellow – American Enterprise Institute, “The Global Economy Unravels”, Forbes, 3-6, http://www.aei.org/article/100187)

What do these trends mean in the short and medium term? The Great Depression showed how social and global chaos followed hard on economic collapse. The mere fact that parliaments across the globe, from America to Japan, are unable to make responsible, economically sound recovery plans suggests that they do not know what to do and are simply hoping for the least disruption. Equally worrisome is the adoption of more statist economic programs around the globe, and the concurrent decline of trust in free-market systems. The threat of instability is a pressing concern. China, until last year the world's fastest growing economy, just reported that 20 million migrant laborers lost their jobs. Even in the flush times of recent years, China faced upward of 70,000 labor uprisings a year. A sustained downturn poses grave and possibly immediate threats to Chinese internal stability. The regime in Beijing may be faced with a choice of repressing its own people or diverting their energies outward, leading to conflict with China's neighbors. Russia, an oil state completely dependent on energy sales, has had to put down riots in its Far East as well as in downtown Moscow. Vladimir Putin's rule has been predicated on squeezing civil liberties while providing economic largesse. If that devil's bargain falls apart, then wide-scale repression inside Russia, along with a continuing threatening posture toward Russia's neighbors, is likely. Even apparently stable societies face increasing risk and the threat of internal or possibly external conflict. As Japan's exports have plummeted by nearly 50%, one-third of the country's prefectures have passed emergency economic stabilization plans. Hundreds of thousands of temporary employees hired during the first part of this decade are being laid off. Spain's unemployment rate is expected to climb to nearly 20% by the end of 2010; Spanish unions are already protesting the lack of jobs, and the specter of violence, as occurred in the 1980s, is haunting the country. Meanwhile, in Greece, workers have already taken to the streets. Europe as a whole will face dangerously increasing tensions between native citizens and immigrants, largely from poorer Muslim nations, who have increased the labor pool in the past several decades. Spain has absorbed five million immigrants since 1999, while nearly 9% of Germany's residents have foreign citizenship, including almost 2 million Turks. The xenophobic labor strikes in the U.K. do not bode well for the rest of Europe. A prolonged global downturn, let alone a collapse, would dramatically raise tensions inside these countries. Couple that with possible protectionist legislation in the United States, unresolved ethnic and territorial disputes in all regions of the globe and a loss of confidence that world leaders actually know what they are doing. The result may be a series of small explosions that coalesce into a big bang.

## Internals

### GOP Will Repeal HC

#### Republicans promise to take down healthcare

UPI 7/10 (United Press International, a leading provider of critical information to media outlets, businesses, governments and researchers worldwide and a global operation with offices in Beirut, Hong Kong, London, Santiago, Seoul and Tokyo. “Republicans Target Healthcare Bill…Again”, Jul 10th. http://www.upi.com/Top\_News/US/2012/07/10/Republicans-target-healthcare-bill-again/UPI-75451341952705/Lexis)

The vote was 240-182, with four Democrats joining all voting Republicans to approve the debate, which sets up a vote on the Republican "Repeal of Obamacare Act" Wednesday, The Hill newspaper reported.¶ Democrats questioned whether a debate was needed at all.¶ "Never in the history of this Congress ... has anybody voted this many times on a single issue," The Hill quoted Rep. Louise Slaughter, D-N.Y., as saying on the House floor. "And why? Because we don't have anything else to do. We're not trying to make law here, we're making political points."¶ But Republicans argued the repeal bill is necessary, contending employees are losing their company-sponsored health plans as companies react to the 2010 Affordable Care Act, approved by the U.S. Supreme Court in a 5-4 vote last month.¶ While the act was previously approved by Congress before it was signed by President Obama, Rep. Phil Gingrey, R-Ga., likened the federal healthcare law to Boss Hogg, the crooked county commissioner in the 1970s TV series "The Dukes of Hazzard," the newspaper said.¶ "The only healthcare that citizens of this country can access are those approved by the boss," The Hill quoted Gingrey as saying. "If you like what you currently have, you can't keep it, according to the boss. The boss and his henchmen, who help fund this tyranny, they include the biggest permanent tax increase on Americans, borne in large part by middle-class families and the employers who give the jobs."¶ Republicans have tried more than two dozen times to derail, defund or replace the signature legislation of Obama's time in office, this time with a blitz of interviews and testimony in debate before the Wednesday vote.¶ "If you give us more elected representatives to fix this problem, we will fix this problem in 2013," House Budget Committee Chairman Paul Ryan of Wisconsin told CNBC.¶ Republicans say the act will lead to rising healthcare costs while leaving millions of Americans uninsured, and they want to start over, CNN said. Democrats say the GOP offers no real healthcare alternative.¶ The president has made it clear he will veto any measure to repeal healthcare reform if it gets through Congress, which is highly unlikely with Democrats in control of Senate.¶ Holder vows to uphold U.S. voting rights.

#### Democrats will lose the Senate – Obama’s radical political stance means inevitable relation degredation

Morrissey 10 (Ed Morrissey. Ed Morrissey is an American conservative blogger, columnist, motivational speaker, and talk show host. He wrote his original blog, "Captain's Quarters", from October 2003 to February 2008. He now works full-time as a blogger for Hot Air] and writes a column for The Week. His opinion articles have appeared in the New York Sun, the New York Post, and the Daily Standard. Nov 1.“GOP will win Senate, gubernatorial races in PA”. <http://hotair.com/archives/2010/11/01/ppp-gop-will-win-senate-gubernatorial-races-in-pa/>)

So much for the Democratic awakening in Pennsylvania. PPP, one of the pollsters that argued that Keystone State Democrats had re-engaged and could pull an upset, now says Pat Toomey has a five point lead over Joe Sestak, and Tom Corbett will beat Dan Onorato by seven on Tuesday. Democrats did re-engage, as it turns out, but not for Democratic candidates:¶ ¶ Pennsylvania flirted a little bit with Democrats in the final weeks of this year’s election, making them think they might be able to pull off an upset in the Senate and/or Gubernatorial contests that had looked good as gone for most of the year. It looks like the GOP will in the end sweep those races though, if by smaller margins than they had shown in polling throughout much of 2010.¶ ¶ In the Senate race Pat Toomey leads Joe Sestak 51-46 and in the race for Governor Tom Corbett is up 52-45 on Dan Onorato. The story here is an inordinate number of Democrats unhappy with Barack Obama- and voting Republican because of it. The President’s approval rating within his own party is only 73% in Pennsylvania, with 21% of Democrats disapproving of him. Those Democrats unhappy with Obama are leaning strongly Republican, planning to vote for Toomey by a 68-23 margin and for Corbett by a 69-25 spread.¶ ¶ What that leads to overall is 15-19% of Democrats voting Republican in these two races. Meanwhile GOP voters are extremely unified, giving each of their nominees 88%. Independents are splitting pretty evenly so it is that party unity advantage that has the GOP candidates in a position to win here.¶ ¶ Pennsylvania independents are going to split evenly? Rasmussen shows independents breaking hard for Corbett in the gubernatorial race, 51/32 with leaners, in their poll released yesterday. In their last Senate poll, Toomey had a 16-point lead with independents. In the Marist poll from this weekend, Toomey had a seven point lead among likely voters, and a 51/40 lead among independents.¶ ¶ I suspect that PPP may be understating the momentum for both Toomey and Sestak a little. If so, then Democratic House incumbents like Kathy Dahlkemper may have even bigger problems than thought before now, especially if PPP really sees Democrats breaking towards the GOP. After all, the same issues are in play for the House as they are in the Senate race. Keep an eye on Pennsylvania’s House races tomorrow night.

### GOP Won’t Repeal HC

#### Getting the necessary seats is not likely for Republicans, under any scenario, they will have many challenges

Cilliza ’12 (Chris writes “The Fix”, a politics blog for the Washington Post. He also covers the White House for the newspaper and website. Chris has appeared as a guest on NBC, CBS, ABC, MSNBC, Fox News Channel and CNN to talk politics. 7/9/12. Retrieved from http://www.washingtonpost.com/blogs/the-fix/post/mitch-mcconnell-and-the-battle-for-senate-control/2012/07/09/gJQANRdsXW\_blog.html. Accessed 7/12/12.MM)

But in late February 2012, the Senate playing field pivoted when Republican Maine Sen. Olympia Snowe, a shoo-in for re-election, announced she would retire, and former Gov. Angus King, an independent expected to caucus with Democrats, decided to run. Suddenly, with King a near-certain pickup, the path to retaining the majority didn’t look so impossibly high for Democrats. Assuming King wins and picks the Democrats, Republicans would need four seats to take over the majority if former Massachusetts governor Mitt Romney wins and five seats if President Obama is re-elected. (The vice president serves as President of the Senate and casts tie-breaking votes when necessary.) So, how do Republicans get to four (or five)? Nebraska is an almost certain pickup, with polls showing state Sen. Deb Fischer (R) with a comfortable lead. North Dakota’s open seat is far more competitive than most people expected (including us) but it’s still a state that should go solidly for Romney in November, which will help Rep. Rick Berg (R). The Republican field in Missouri is mediocre, but Sen. Claire McCaskill (D) isn’t likely to be able to get enough distance from Obama to save herself. Win all three of those — and that’s an easy scenario to imagine — and Republicans need either one (with the White House) or two (without it) to win the majority. That means winning one (or two) of Montana, Virginia and Wisconsin. The first two states will almost certainly be one- or two-point affairs, while the Wisconsin Republican primary will shape the party’s chances at a pickup. New Mexico and Hawaii are races where Republicans have recruited their best possible candidate to run in Democratic open seats, but the demographics of both states work against them. In Florida, Michigan and Ohio, the Republican challengers against solid-if-not-spectacular Democratic incumbents are either untested or unimpressive (or both), but are running swing states at the presidential level. Republicans also need to worry about their own incumbents in Massachusetts and Nevada. If Democrats win both of those seats — possible if not likely — then the magic number to the majority for Republicans goes up to six (with the White House) or seven (without it). Given the number of seats where Republicans are playing offense, a six- or seven-seat pickup is possible, but it’s far less likely than a three- or four-seat pickup. No matter what happens, it’s a near-certainty that it will be a thin majority for either side in 2013 — a point McConnell made to Crowley. “I think at the end of the day we’re going to have a very narrow Senate, one way or the other,” the Kentucky Republican said. He’s right. Romney raised $106.1 million in June: Breaking news this morning, with Mitt Romney’s campaign announcing its June fundraising total: $106.1 million. The sum is the biggest of the campaign so far. Romney now has $160 million cash on hand between his campaign and the Republican National Committee. Obama hasn’t announced his totals yet. For more, see our write-up. Swing state poll shows tight battle: Obama leads Romney 47 percent to 45 percent in a poll of 12 key states conducted for USA Today by Gallup. The poll tested Colorado, Florida, Iowa, Michigan, Nevada, New Hampshire, New Mexico, North Carolina, Ohio, Pennsylvania, Virginia and Wisconsin.

#### Even if they get a slight majority, they can’t fully repeal healthcare laws

Politico ’12 (“The Republican Recipe for Repeal”, 6/29/12, Retrieved from http://www.politico.com/news/stories/0612/78002.html. Accessed 7/13/12.MM)

“I’ve already heard discussions that it can be done through 51 votes in the Senate, which is an easier threshold,” said Washington Rep. Cathy McMorris Rodgers, a member of House GOP leadership and a key Romney adviser.¶ “With a 50-vote majority in the Senate, Republicans could do the same thing Democrats did with 50 votes on Obamacare — and that is to use the reconciliation process — to reverse the more onerous provisions of Obamacare and replace them with what Republicans have been talking about,” Senate Minority Whip Jon Kyl (R-Ariz.) said.¶ Of course, a lot has to go right for Republicans between now and then.¶ Obama would have to lose the White House, Republicans would have to pick up three Senate seats — and hold the House — and the GOP would have to show 100 percent unity if it was serious about repealing a law that has been found constitutional by the Supreme Court.¶ On top of that, some budget experts believe not every part of the health care law could be repealed using the simple-majority rules of reconciliation — only the parts that have a direct budget impact. Still, major portions, including the individual mandate, could be targeted by reconciliation.¶

### Healthcare Won’t Be Repealed

#### Won’t get repealed

Cantwell ’12 (Maria Cantwell, Senator of Washington, [Cantwell Statement on Supreme Court Decision to Uphold Healthcare Law, 6/28, http://www.cantwell.senate.gov/public/index.cfm/press-releases?ContentRecord\_id=216493a6-85f2-42ae-97e7-021bd93f6a6f )](file:///C:\Users\Dave\Documents\Cantwell%20Statement%20on%20Supreme%20Court%20Decision%20to%20Uphold%20Healthcare%20Law,%206\28,%20http:\www.cantwell.senate.gov\public\index.cfm\press-releases%3fContentRecord_id=216493a6-85f2-42ae-97e7-021bd93f6a6f%20))

"This is an important step in upholding a law that will help drive down the cost of health care and increase access to those who don't have coverage. Many important provisions will help reward the state of Washington for its cost-effective, outcome-based delivery system. “It means people can’t be denied insurance for preexisting conditions. It means small businesses will get tax breaks for providing health insurance. It means cheaper prescription drugs for seniors and it means young adults will be able to stay on their parents health insurance. It ends unfair penalties on Washington providers who deliver quality health care at a lower cost than other regions around America and it ensures Washington state's Basic Health Plan will continue to serve as a national model for expanding access to care using bulk purchasing power. And it helps to build Washington state’s future health care workforce. "Following today's decision, I will continue to strongly advocate for the principles of increasing access to quality health care, controlling health care costs, and improving the efficiency of our medical delivery system. As a member of the Small Business Committee, I will continue to work with Washington state small businesses to reduce the costs of health care and support small business job growth. “Moving forward, Congress needs to work in a bipartisan manner to provide greater economic certainty, support job creation and bolster the middle class.”

#### Obama care will remain stable

Sherman ‘12 (MARK SHERMAN, Reporter at the Associated Press, Health Care Reform Individual Mandate Upheld By Supreme Court, 6/28, <http://www.huffingtonpost.com/2012/06/28/health-care-reform-supreme-court_n_1585168.html>)

WASHINGTON -- The Supreme Court on Thursday upheld the [individual insurance](http://www.huffingtonpost.com/2012/06/28/health-care-reform-supreme-court_n_1585168.html) requirement at the heart of President Barack Obama's historic health care overhaul. The decision means the huge overhaul, still only partly in effect, will proceed and pick up momentum over the next several years, affecting the way that countless Americans receive and pay for their personal medical care. The ruling also hands Obama a campaign-season victory in rejecting arguments that Congress went too far in requiring most Americans to have [health insurance](http://www.huffingtonpost.com/2012/06/28/health-care-reform-supreme-court_n_1585168.html) or pay a penalty. Breaking with the court's other conservative justices, Chief Justice John Roberts announced the judgment that allows the law to go forward with its aim of covering more than 30 million uninsured Americans. The justices rejected two of the administration's three arguments in support of the insurance requirement. But the court said the mandate can be construed as a tax. "Because the Constitution permits such a tax, it is not our role to forbid it, or to pass upon its wisdom or fairness," Roberts said. The court found problems with the law's expansion of Medicaid, but even there said the expansion could proceed as long as the federal government does not threaten to withhold states' entire Medicaid allotment if they don't take part in the law's extension.

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#### Romney will repeal Obamacare

NPR 7/12 (National Public Radio is a respected talk radio organization, July 12, 2012, Transcript of Romney’s speech to the NAACP, “NAACP Boos Romney's Pledge To Repeal Obamacare”, <http://www.npr.org/2012/07/12/156648669/naacp-boos-romneys-pledge-to-repeal-obamacare>)

RENEE MONTAGNE, HOST:¶ This is MORNING EDITION from NPR News. Good morning, I'm Renee Montagne.¶ STEVE INSKEEP, HOST:¶ And I'm Steve Inskeep.¶ Nobody can accuse the audience at the NAACP convention of sitting quietly yesterday. Republican Mitt Romney attended that conference.¶ MONTAGNE: He said he's willing to come back next to address the civil rights group, which a past Republican president, George W. Bush, often declined to do. Romney also promised to repeal President Obama's Affordable Care Act.¶ INSKEEP: Romney's performance drew boos and some cheers, and a little music, as we're going to hear.¶ NPR national political correspondent Don Gonyea spoke with audience members before and after the speech.¶ DON GONYEA, BYLINE: In advance of Romney's speech yesterday, organ music filled the hall as the audience filed in. These are veterans of the Civil Rights Movement; most are middle aged and older. Convention delegates said they were pleased Romney accepted the invitation to speak.¶ Joe Brown heads an NAACP chapter in Pasadena.¶ JOE BROWN: I'll listen as intently as I would any other potential presidential candidate. I'm not saying that's going to change my vote, however. But at least I want to hear what he has to say.¶ GONYEA: Last election President Obama won 95 percent of the African-American vote. Given that, 64-year-old Woodie Rucker Hughes, from Riverside, California, gave credit to Romney for coming, calling it brave.¶ WOODIE RUCKER HUGHES: I was referring to the fact that he doesn't step out of his comfort zone. So this probably has a little bit of trepidation on his part. He doesn't know how we're going to receive him.¶ GONYEA: Hughes said she especially wanted Romney to address the GOP push for Voter ID laws, which many here see as a way to suppress the black vote.¶ HUGHES: I need for him to speak up and say I don't agree with that.¶ GONYEA: Romney took the stage. The reception was polite. As he spoke, there was occasional mild applause. He talked about himself as the candidate who can help the economy and bring more robust job growth. There was some laughter mixed with boos when he made this claim.¶ MITT ROMNEY: If you want a president who will make things better in the African-American community, you are looking at him.¶ (LAUGHTER)¶ ROMNEY: You take a look.¶ GONYEA: Then there was this line about the President's health care law. Romney started by talking about the need to cut government spending.¶ ROMNEY: If our goal is jobs, we must, we have to stop spending over a trillion dollars more than we take in every year.¶ (APPLAUSE)¶ ROMNEY: And so, to do that, I'm going to eliminate expensive non-essential programs I can find. That includes ObamaCare. And I going to work to reform and save...¶ (SOUNDBITE OF BOOS)¶ GONYEA: The booing went on for a full 17 seconds.¶ Woodie Rucker Hughes was not impressed by the speech. Remember, she's the one who called Romney brave for coming. She didn't like that he completely ignored the issue of Voter ID laws. And...¶ HUGHES: He misread us in regards to ObamaCare. And I wish that he could be more in tune. But I guess he can't be. I mean, he's so far removed.¶ GONYEA: If people had expected Romney to soften positions where he's been at odds with black voters, they were wrong; prompting discussion here that his real plan was to be seen talking tough to this audience, as a way to appeal to conservative voters in battleground states.¶ At this point, energizing the GOP base is probably far more important to Romney than trying to win votes from African-Americans. But the appearance also allows him to say his campaign is reaching out to diverse groups. And if the speech itself led to some awkward moments inside the convention hall, Romney, speaking on Fox News last night, seemed very pleased. He said he expected to get booed.¶ ROMNEY: But, you know, I'm going to give the same message to the NAACP that I give across the country; which is that ObamaCare is killing jobs. And if jobs is the priority, then we're going to have to replace ObamaCare with something that actually holds down health care costs.¶ GONYEA: The NAACP convention concludes today when the delegates get a much different take on the health care law. And no doubt some strong reaction to Romney's remarks, in a speech from Vice President Joe Biden.¶ Don Gonyea, NPR News, Houston.

#### Romney promises to repeal healthcare

Johnson 7/28 (Ron Johnson is a Senator from Wisconsin, June 28, 2012, “Mitt Romney Will Repeal Obamacare And Replace It With A Real Healthcare Solution”, <http://www.mittromney.com/blogs/mitts-view/2012/06/mitt-romney-will-repeal-obamacare-and-replace-it-real-healthcare-solution>)

[Today’s Supreme Court decision](http://www.mittromney.com/blogs/mitts-view/2012/06/romney-i-will-repeal-obamacare) to uphold President Obama’s disastrous healthcare law means a future of higher costs, fewer choices, and less control over our healthcare decisions for citizens of Wisconsin.¶ It means a future where Americans pay more for a lesser quality of healthcare. And it means a future of greater debt for the children of Wisconsin.¶ As Governor Romney has said many times, no matter what happens in Court, we must dedicate ourselves to repealing this law, and he has promised to do just that, starting on day one of his administration.¶ With Governor Romney’s leadership, we can replace Obamacare with healthcare solutions that provide exceptional medical care without bankrupting future generations.

#### Romney will repeal Obamacare day one if elected

MittRomney.com 11 (MittRomney.com is the official representative of the policies and beliefs of Romney, May 11, 2011, “Health Care”, <http://www.mittromney.com/issues/health-care>)

Health care is more than just one-sixth of the American economy. It is an essential source of well-being for individuals and families.¶ Our health care system is blessed with many extraordinary strengths. It produces and attracts the best and the brightest across all fields of medicine, and provides unparalleled innovation, choice, and quality of care. But it also faces significant challenges: high cost, inefficiency, inconsistency, and tens of millions of Americans lacking insurance coverage. We can fix these problems.¶ OBAMA'S FAILURE¶ Unfortunately, the transformation in American health care set in motion by Obamacare will take us in precisely the wrong direction. The bill, itself more than 2,400 pages long, relies on a dense web of regulations, fees, subsidies, excise taxes, exchanges, and rule-setting boards to give the federal government extraordinary control over every corner of the health care system. The costs are commensurate: Obamacare added a trillion dollars in new health care spending. To pay for it, the law raised taxes by $500 billion on everyone from middle-class families to innovative medical device makers, and then slashed $500 billion from Medicare.¶ Obamacare was unpopular when passed, and remains unpopular today, because the American people recognize that a government takeover is the wrong approach. While Obamacare may create a new health insurance entitlement, it will only worsen the system’s existing problems. When was the last time a massive government program lowered cost, improved efficiency, or raised the consistency of service? Obamacare will violate that crucial first principle of medicine: “do no harm.” It will make America a less attractive place to practice medicine, discourage innovators from investing in life-saving technology, and restrict consumer choice.¶ In short, President Obama’s trillion dollar federal takeover of the U.S. health care system is a disaster for the federal budget, a disaster for the constitutional principles of federalism, and a disaster for the American people.¶ MITT'S PLAN¶ On his first day in office, Mitt Romney will issue an executive order that paves the way for the federal government to issue Obamacare waivers to all fifty states. He will then work with Congress to repeal the full legislation as quickly as possible.¶ In place of Obamacare, Mitt will pursue policies that give each state the power to craft a health care reform plan that is best for its own citizens. The federal government’s role will be to help markets work by creating a level playing field for competition. ¶ Restore State Leadership and Flexibility¶ Mitt will begin by returning states to their proper place in charge of regulating local insurance markets and caring for the poor, uninsured, and chronically ill. States will have both the incentive and the flexibility to experiment, learn from one another, and craft the approaches best suited to their own citizens.

## Repeal Bad

### Ext. Re-Election Key

#### GOP will try and repeal in 2012

CBN News 11 [ “GOP: Health Law Repeal Defeat Helps 2012 Victory” February 3rd, 2011 http://www.cbn.com/cbnnews/politics/2011/February/Senate-Defeats-Health-Law-Repeal-by-Four-Votes/]

"It would kick kids off their parents' health insurance," Reid said. "It would take away seniors' rights to a free wellness check." Meanwhile, GOP lawmakers remained optimistic, saying the defeat will actually turn out to be a victory for them in 2012. They said Wednesday's health care vote puts Democrats on the record once again in favor of the unpopular law. They vowed they will highlight everything that's wrong with the legislation in the lead-up to the next congressional and presidential elections. "There's a narrative I've seen and read out there that this was somehow a futile act because Republicans didn't have the votes to repeal Obamacare," Sen. John Cornyn, R-Texas, said at a news conference held by GOP leaders following Wednesday's vote. "But I have to tell you, these are the first steps in a long road that will culminate in 2012 whereby we will expose the flaws and the weaknesses in this legislation," he concluded. Two federal judges have already ruled that health overhaul is unconstitutional. The debate over the law's constitutionality is expected to ultimately be settled by the U.S. Supreme Court..

#### Even if outright repeal impossible the GOP win will gut it

Kevin Drum, Blogger, Mother Jones,1-17-2012 <http://motherjones.com/kevin-drum/2012/01/president-romney-vs-president-obama-cage-match>

Karl Smith doesn't care if Mitt Romney is a liar, a cad, or a prick. He just wants to know what concrete things would be different under a Romney presidency compared to an Obama Presidency. My list is so conventional that I'm afraid it's pretty boring, but here goes. All of this is based on the assumption that if the electorate is pro-Republican enough to elect Romney, it will also be pro-Republican enough to give Republicans control of the Senate. Obamacare gets repealed via reconciliation. And even if that turns out not to be possible, it will be gutted enough to make it all but dead in practice. The judicial system gets packed with a lot more conservative, business-friendly judges. The Bush tax cuts are made permanent. Corporate tax rates are cut substantially. There's a slim chance that this would be done via a 1986-style tax reform bill that's a net positive, but since Republicans wouldn't need any Democratic help to pass it, probably not. The estate tax might very well be eliminated. Overall, for reasons of basic arithmetic, spending cuts will be much smaller than Romney and the GOP are promising, and the deficit will be substantially higher than it would be under Obama. We might stay in Afghanistan significantly longer than we would otherwise — though I'm not sure about this. Tightening of environmental regs would come to a halt. (Though it's unclear how much of the existing regulatory infrastructure would get rolled back. Probably not that much.) If another financial crisis hits, Romney would be very constrained in how he could deal with it. (So would Obama, but probably somewhat less so.) Although congressional Republicans will be less successful than they'd like at slashing social welfare programs, they'll still make some cuts. Life will get tougher for the poor. The NLRB would become toothless once again.

#### More ev

Michael Cohen, a fellow at the Century Foundation 3-19-2012 <http://www.politico.com/news/stories/0312/74188_Page2.html>

But if Republicans were to win the White House, hold the House and take back the Senate (a reasonable possibility if Obama is defeated for reelection), the country would experience a very different sort of change. Conservatives have long sought to shrink the welfare state. But never before have they outlined proposals to shrink it so significantly. More important, rarely before has there been such broad consensus within the GOP to do so. To understand how a Republican-dominated Washington might transform the country, consider the budget passed by the House last spring — the so-called Ryan budget. Every congressional Republican supported it and Mitt Romney has endorsed it. But what would it mean in policy terms? First are the tax implications. The Ryan plan would reduce the top marginal tax rate from 35 percent to 25 percent. It would also end income tax on capital gains, dividends and interest and get rid of corporate and estate taxes. These moves would go beyond the two separate tax cuts passed under President George W. Bush in 2001 and 2003, and are in line with Romney’s current tax proposals. These cuts would not only increase the deficit, they would make it nearly impossible to maintain the federal government’s current spending responsibilities. Indeed, it is on the spending side where the American people would feel the greatest impact. Passage of a budget like this would lead to the end of Medicare, in its current form, for those under age 55; the block granting of Medicaid to the states; an end to the Children’s Health Insurance Program; and privatization of key elements of Social Security. What about Obama’s signature achievement, the Affordable Care Act? It is hard to find a prominent Republican who hasn’t called for its repeal. While it would be difficult for the GOP to erase the program, key elements could be gutted so as to make it largely unworkable. Much of this could be done through the reconciliation process — meaning Senate Republicans might need only a bare majority along with a presidential signature to upend almost 50 years of social policy geared toward providing guaranteed health care access for potentially tens, if not hundreds of millions of Americans.

### Competitiveness Module

#### Health care repeal trashes our competitiveness – reform key.

CARPENTER -08. [ELIZABETH, Assoc. Policy Director, Health Policy Program, New America Foundation “New Report shows impact of employer health care costs on global competition and US jobs” May 7 -- <http://www.newamerica.net/pressroom/2008/new_report_shows_impact_employer_health_care_costs_global_competition_and_u_s_jobs>]

Washington, DC -- Rising health care costs undermine the ability of U.S. firms to compete internationally and threaten good American jobs, according to a report released today by the New America Foundation. The New America report, "Employer Health Costs in a Global Economy: A Competitive Disadvantage for U.S. Firms," found that U.S. manufacturers spend more than twice as much for health benefits than their foreign trading partners. "At a time when our nation is thinking seriously about how to stabilize its fiscal future and fix our broken health system, it is important to consider the negative impact of rising health care costs on America's ability to compete in a 21st century global marketplace. This research shows that a more sustainable health system is linked to a more prosperous U.S. economy," said Len Nichols, PhD, an economist who directs the Health Policy Program at the New America Foundation, and is the lead author on the report. "Our current system is economically unsustainable for both employers and workers. Many have argued that health reform is a moral obligation. I argue it is both a moral imperative and an economic necessity," Nichols continued. "Employer Health Costs in a Global Economy: A Competitive Disadvantage for U.S. Firms" Health care costs cannot be fully shifted into wages in the short run. Economists generally believe that it is workers-rather than employers-who pay for health care through lower wages. Although this proposition may hold true in the long run, employers face a variety of constraints that may make it difficult for them to fully shift health costs in the short run. Health care costs threaten international competitiveness. U.S. manufacturers spend more than twice as much for health benefits than their foreign trading partners. Health care costs are an economy-wide problem. In a 21st century global economy, U.S. industries must compete internationally. Health care costs would not burden firms if they could be shifted to consumers through higher prices. But with globalization and increased competition in international markets, this is not feasible. Therefore, health care impacts the profitability of U.S. businesses and the stability of American jobs. Workers are spending more for health care. The average worker contribution for family health insurance coverage has increased by 102 percent since 2000. Transition to a more citizen-based health system. A new model for health care that reforms the current insurance marketplace, provides income-based subsidies, and is individual, rather than employer-based, would enable us to finance our 21st-century health system in a more sustainable and competitive way.

#### Competitiveness key to hege.

SEGAL 04. [ADAM, Senior Fellow in China Studies at the Council on Foreign Relations, Foreign Affairs, “Is America Losing Its Edge?” November / December 2004, http://www.foreignaffairs.org/20041101facomment83601/adam-segal/is-america-losing-its-edge.html]

The United States' global primacy depends in large part on its ability to develop new technologies and industries faster than anyone else. For the last five decades, U.S. scientific innovation and technological entrepreneurship have ensured the country's economic prosperity and military power. It was Americans who invented and commercialized the semiconductor, the personal computer, and the Internet; other countries merely followed the U.S. lead. Today, however, this technological edge-so long taken for granted-may be slipping, and the most serious challenge is coming from Asia. Through competitive tax policies, increased investment in research and development (R&D), and preferential policies for science and technology (S&T) personnel, Asian governments are improving the quality of their science and ensuring the exploitation of future innovations. The percentage of patents issued to and science journal articles published by scientists in China, Singapore, South Korea, and Taiwan is rising. Indian companies are quickly becoming the second-largest producers of application services in the world, developing, supplying, and managing database and other types of software for clients around the world. South Korea has rapidly eaten away at the U.S. advantage in the manufacture of computer chips and telecommunications software. And even China has made impressive gains in advanced technologies such as lasers, biotechnology, and advanced materials used in semiconductors, aerospace, and many other types of manufacturing. Although the United States' technical dominance remains solid, the globalization of research and development is exerting considerable pressures on the American system. Indeed, as the United States is learning, globalization cuts both ways: it is both a potent catalyst of U.S. technological innovation and a significant threat to it. The United States will never be able to prevent rivals from developing new technologies; it can remain dominant only by continuing to innovate faster than everyone else. But this won't be easy; to keep its privileged position in the world, the United States must get better at fostering technological entrepreneurship at home.

#### Global Nuclear War.

KHALILZAD 95. [ZALMAY, Zalmay, Rand Corporation, The Washington Quarterly]

Under the third option, the United States would seek to retain global leadership and to preclude the rise of a global rival or a return to multipolarity for the indefinite future. On balance, this is the best long-term guiding principle and vision. Such a vision is desirable not as an end in itself, but because a world in which the United States exercises leadership would have tremendous advantages. First, the global environment would be more open and more receptive to American values -- democracy, free markets, and the rule of law. Second, such a world would have a better chance of dealing cooperatively with the world's major problems, such as nuclear proliferation, threats of regional hegemony by renegade states, and low-level conflicts. Finally, U.S. leadership would help preclude the rise of another hostile global rival, enabling the United States and the world to avoid another global cold or hot war and all the attendant dangers, including a global nuclear exchange. U.S. leadership would therefore be more conducive to global stability than a bipolar or a multipolar balance of power system.

### Ext. Econ

#### Maintaining the individual mandate key to the US economy

Kurt Manwaring, ksl.com Contributor, 1/16 2012, “What happens if the Supreme Court upholds health care law?,” http://www.ksl.com/index.php?nid=757&sid=18589543

SALT LAKE CITY -- The Supreme Court will hear arguments relative to the legal merits of the Patient Protection and Affordable Care Act in March 2012 — roughly two years after the legislation was signed into law by President Barack Obama. The far-reaching consequences of the court’s ruling will likely impact both the cost of health care and the outcome of the 2012 elections. While there are a variety of ways in which the court could rule, this article will briefly examine some of the consequences if the court rules that the legislation is constitutional. Cost of health care If the Supreme Court rules that ACA is constitutional, health care costs will likely continue to rise — although at a slower rate than if the law were determined to be unconstitutional. Health care costs currently make up approximately 18 percent of gross domestic product. If expenditures continue on their current trajectory, “the share of GDP devoted to health care in the United States is projected to reach 34 percent by 2040.” In more intimate terms, the Department of Health and Human Services demonstrates individuals paid approximately $1,000 per year in health care costs in 1960, more than $7,000 per year in 2007, and are projected to pay more than $13,000 per year by 2018. Simply put, this kind of a rise in health care costs is unsustainable — and these kinds of projections are part of the reason ACA was created in the first place.

#### Healthcare costs have the largest impact on the economy – long term benefits of the bill will outweigh short term costs

Huffington Post 11(“Health Care Costs To Account For One-Fifth Of U.S. Economy By 2020: Report,” July 28, http://www.huffingtonpost.com/2011/07/28/health-care-costs-economy-us\_n\_911917.html)

The nation's health care tab is on track to hit $4.6 trillion in 2020, accounting for about $1 of every $5 in the economy, government number crunchers estimate in a report released Thursday. How much is that? Including government and private money, health care spending in 2020 will average $13,710 for every man, woman and child, says Medicare's Office of the Actuary. Compare it to this year, when U.S. health care spending is projected to top $2.7 trillion, about $8,650 per capita, or roughly $1 of $6 in the economy. Most of those dollars go to provide care for the sickest people. Along with rising costs, the report found that the share of the health care tab paid by the government keeps growing, approaching half the total. The update from Medicare economists and statisticians is an annual barometer of a trend that many experts say is unsustainable, but doesn't seem to be slowing. A political compromise over the nation's debt and deficits might succeed in tapping the brakes on health care, but polarized lawmakers have been unable to deliver a deal. The analysis found that President Barack Obama's health care overhaul would only be a modest contributor to growing costs, even though an additional 30 million otherwise uninsured people stand to gain coverage. Instead, health care spending keeps growing faster than the economy because of high cost of medical innovations and an aging society that consumes increasing levels of service. Many of the newly insured people under the health care law will be younger and healthier, so they cost less. Over a million young adults under age 26 have already gained coverage through their parents' insurance. Millions more will get insurance when the law's big coverage expansion kicks off in 2014. That year, health care spending will jump by 8 percent. But over the 2010-2020 period covered by the estimate, the average yearly growth in spending will be only 0.1 percentage point higher than without Obama's overhaul. Most of the newly insured are not expected to require much pricey hospital care, generally needing only doctor visits and prescription drugs. Another reason for the optimistic prognosis is that cuts and cost controls in the health care law start to bite down late in the decade. However, the same nonpartisan Medicare experts who produced Thursday's estimate have previously questioned whether that austerity will be politically sustainable. If hospitals and other providers start going out of business, Congress may reverse the cuts. The report found that health care spending in 2010 grew at a historically low rate of 3.9 percent, partly because of the sluggish economy. That will change as the economy shakes off the lingering effects of the recession. Government, already the dominant player because of Medicare and Medicaid, will become even more important. By 2020, federal, state and local government health care spending will account for just under half the total tab, up from 45 percent currently. As the health care law's coverage expansion takes effect, "health care financing is anticipated to further shift toward governments," the report said. Estimates from previous years had projected that the government share would already be at the 50 percent mark, but the actuary's office changed its method for making the complex calculations. Under the previous approach, some private payments such as worker's compensation insurance had been counted in the government column. Technical accuracy – not political pressure – was behind that change, said one of the experts who works on the estimates. "This was an internal decision that was not influenced by any outside party," said Stephen Heffler. Separately, another new report finds that the United States continues to spend far more on health care than other economically developed countries. The study by the Commonwealth Fund found that U.S. health care spending per person in 2008 was more than double the median – or midpoint\_ for other leading economies. Although survival rates for some cancers were higher in the U.S., the report found that quality of care overall was not markedly better. The Medicare actuary's report on health care spending is published in the journal Health Affairs. The actuary's office is responsible for long-range cost estimates.

#### Health care key to the economy

Gruber 8 [Jonathan, professor of economics at the Massachusetts Institute of Technology, New York Times, December 4, http://www.nytimes.com/2008/12/04/opinion/04gruber.html?ref=opinion)

Given the present need to address the economic crisis, many people say the government cannot afford a big investment in health care, that these plans are going nowhere fast. But this represents a false choice, because health care reform is good for our economy. As the country slips into what is possibly the worst downturn since the Depression, nearly all experts agree that Washington should stimulate demand with new spending. And one of the most effective ways to spend would be to give states money to enroll more people in Medicaid and the State Children’s Health Insurance Plan. This would free up state money for rebuilding roads and bridges and other public works projects — spending that could create jobs. Health care reform can be an engine of job growth in other ways, too. Most proposals call for investments in health information technology, including the computerization of patient medical records. During the campaign, for example, Mr. Obama proposed spending $50 billion on such technology. The hope is that computerized recordkeeping, and the improved sharing of information among doctors that it would enable, would improve the quality of patient care and perhaps also lower medical costs. More immediately, it would create jobs in the technology sector. After all, somebody would need to develop the computer systems and operate them for thousands of American health care providers. Expanded insurance coverage would also drive demand for high-paying, rewarding jobs in health services. Most reform proposals emphasize primary care, much of which can be provided by nurse practitioners, registered nurses and physician’s assistants. These jobs could provide a landing spot for workers who have lost jobs in other sectors of the economy. Fundamental health care reform would also stimulate more consumer spending, as previously uninsured families would no longer need to save every extra penny to cover a medical emergency. When the federal government expanded Medicaid in the 1990s, my own research has shown, the newly insured significantly increased their spending on consumer goods. Universal health insurance coverage would also address economic problems that existed before this downturn began — and that are likely to linger after growth resumes. In our current system, people who leave or lose their jobs often must go without insurance for months or years, and this discourages people from moving to positions where they could be more productive. Most reform proposals call for the creation of pools of insurance coverage that would guarantee access to high-quality, affordable care for people who are self-employed or out of work, increasing their mobility. If this coverage focuses on disease prevention and wellness, it could also improve the health, and thereby the productivity, of the workforce. In the long term, the greatest fiscal threat facing this nation is the growth in the costs of health care. These costs have more than tripled as a share of our economy since 1950, and show no signs of abating. The Congressional Budget Office recently projected that the share of the economy devoted to health care will double by 2050. Experts have yet to figure out how to restrain cost increases without sacrificing the quality of care that Americans demand. Yet cost control would be easier in an environment of universal coverage. Nations like the Netherlands and Switzerland, which have achieved universal coverage within a private insurance structure, control costs better than we do. And in my home state, Massachusetts, an ambitious plan to cover all residents has focused the attention of all stakeholders on the importance of controlling costs as a means of ensuring the plan’s success in the long run. These are challenging times. The economic crisis of 2008 has left politicians of all stripes in shock and unsure where to move next. But rather than sit back and lick our wounds, we must move toward healing them. Fundamental health care reform that features universal insurance coverage is an important place to start.

EXPANDED ACCESS TO HEALTH CARE KEY TO BOOST THE ECONOMY --

#### CONSUMPER SPENDING.

Gruber -09 (Jonathan, professor of economics at the Massachusetts Institute of Technology, New England Journal of Medicine, January 29, http://content.nejm.org/cgi/content/full/360/5/437)

This argument presents a false choice. Indeed, I would counter that now is exactly the right time for universal coverage, because it can play such an important role in growing our economy, while also enabling us to shift the focus of health policy discussions to approaches for addressing our largest long-term fiscal challenge: escalating health care costs. The first step toward universal coverage would be to send resources to the states for maintaining and expanding their public insurance programs. For example, the recent legislation reauthorizing the State Children's Health Insurance Program (SCHIP), which was vetoed by President George W. Bush, included large incentive payments to states for enrolling children who were already eligible for, but were not yet enrolled in, state public insurance programs. These bonus payments would have offset much of the cost that states would have incurred for the newly insured children, providing a major source of federal funds to cash-strapped states. More generally, broad subsidies that make affordable health insurance available to lower-income families would improve not only the health of these families but also the health of our economy, by freeing up funds that the families could spend on other consumer goods. Indeed, this dynamic is exactly what we saw when Medicaid was expanded to cover additional low-income children and pregnant women in the late 1980s and early 1990s. My colleague Aaron Yelowitz and I found that the families that gained insurance coverage through these expansions substantially increased their spending on other consumer goods1 — by an average of about $800 per year in today's dollars. This sizable effect could go a long way toward offsetting the decline in consumer spending that is marring the current economic landscape.

#### LABOR MARKET

Gruber 09 (Jonathan, professor of economics at the Massachusetts Institute of Technology, New England Journal of Medicine, January 29, http://content.nejm.org/cgi/content/full/360/5/437)

Another major benefit of universal coverage would accrue to the labor market. A fundamental problem with our employment-based health insurance system is that Americans are afraid to leave jobs that come with health insurance for those that do not. Colleagues and I have documented the empirical importance of such "job lock," estimating that this fear reduces job-to-job mobility among the employer-insured by as much as 25%.2 If workers are afraid to leave their jobs, they will not move to the most productive positions, and economic growth will suffer. Universal coverage that moves beyond the restrictions of the employer-sponsored system would end job lock and increase the productivity of our labor force. If it were part of a comprehensive reform package, universal health insurance coverage could also be a source of growth for high-quality jobs. A key aspect of most reform plans is major new investments in information technology that is necessary to bring our health care system into the 21st century. For example, during his campaign, President Barack Obama called for investing $10 billion per year over 5 years to move the country toward the use of electronic health records. Such investments are central to the delivery of coordinated care that can improve the quality of health care and reveal opportunities for system wide savings. But the economy would benefit as well, since this plan would require the creation and implementation of a vast new computer infrastructure for collecting and sharing medical information — which would, in turn, mean filling a large number of well-paid high-technology positions. Moreover, making coverage universal will necessitate expanding the medical sector to meet the needs of a larger population. If this expansion were done right, it could be a huge jobs program. For example, the white paper issued by Senator Baucus in November focuses on the need for dramatic investment in the delivery of primary and preventive care.3 His plan calls for improved payments to primary care providers and community health centers, for instance, and increased reliance on "patient-centered medical homes." Such an approach would shift the focus of the health care system from specialists to preventive care practitioners with much lower barriers to entry, such as those for nurse practitioners and registered nurses. Such rewarding, high-paying jobs could provide a landing spot for workers displaced from other sectors of our economy.

#### DEFICITS

Gruber -09 (Jonathan, professor of economics at the Massachusetts Institute of Technology, New England Journal of Medicine, January 29, http://content.nejm.org/cgi/content/full/360/5/437)

Finally, providing universal coverage represents an important prerequisite to addressing the most important fiscal issue facing the U.S. government: the enormous future promises made through our public insurance programs, Medicare and Medicaid. Recent estimates suggest that the future obligations of the U.S. government for the Medicare program alone, minus any Medicare payroll taxes collected, will be more than $70 trillion — an amount that is seven times that of our national debt. Closing this gap, along with the $15 trillion gap in the Social Security program, would require roughly a tripling of the existing payroll tax on firms and workers4 — clearly an unsustainable fiscal burden for the country and its taxpayers. The primary driver of this burden is not the aging of our society or the specifics of eligibility for these entitlements, but rather the uncontained underlying growth in health care costs. These costs have more than tripled as a share of our economy since 1950, and their escalation shows no signs of abating. The Congressional Budget Office recently projected that the share of the economy devoted to health care will double by 2050.5 Thus, the sustainability of our public insurance programs depends on reining in health care costs.

#### BANKRUPCY

Kaiser Health News 9 [6/21 -- Blue Dog Ross's Conundrum: Should He Battle Health Bill That Could Benefit His Depressed Town? http://www.kaiserhealthnews.org/Stories/2009/July/21/ross.aspx]

Many people in and around this economically depressed town can’t afford insurance, even as **the battered economy has made it harder for employers to provide coverage for workers. They're looking to Washington for** help, and Ross, a conservative Democrat with a strong voice in the debate over health care legislation, says he’s on their side. Yet Ross stands ready to try to block passage of a House bill that, its supporters say, would provide exactly what Arkansas needs: **guaranteed insurance and a wider choice of coverage at competitive prices**. Ross’ position reflects the conundrum confronting many lawmakers, including many he helps lead as head of the fiscally conservative Blue Dog Coalition's health task force. Even if large numbers of constituents might benefit, many of the Blue Dogs generally oppose the $1 trillion bill because they say it’s too costly and doesn’t solve other health care problems in the their mostly rural districts.   "What we’re talking about is **containing the cost, slowing the rate of growth of health care down where it can grow at the rate of inflation**,” Ross said in an interview, “because **if we don’t, it’s going to bankrupt this country.”**

### Ext. Competiveness

#### Current Health Care Costs Tank Competitiveness.

Teslik and Johnson 09. [Lee Hudson, Associate Editor, Toni, staff writer – both @ Council on Foreign Relations, “Healthcare costs and U.S. Competitiveness” council on foreign relations March 4th -- http://www.cfr.org/publication/13325/]

Competitive Disadvantage

The United States spent 16 percent of its GDP in 2007 on health care, higher than any other developed nation. The nonpartisan Congressional Budget Office (CBO) estimates that number will rise to 25 percent by 2025 without changes to federal law (PDF). Employer-funded coverage is the structural mainstay of the U.S. health insurance system. According the U.S. Bureau of Labor Statistics, about 71 percent of private employees in the United States had access to employer-sponsored health plans in 2006. A November 2008 Kaiser Foundation report notes that access to employer-sponsored health insurance has been on the decline (PDF) among low-income workers, and health premiums for workers have risen 114 percent in the last decade. Small businesses are less likely than large employers to be able to provide health insurance as a benefit. At 12 percent, health care is the most expensive benefit paid by U.S. employers, according to the U.S. Chamber of Commerce. These ballooning dollar figures place a heavy burden on companies doing business in the United States and can put them at a substantial competitive disadvantage in the international marketplace. For large multinational corporations, footing healthcare costs presents an enormous expense. General Motors, for instance, covers more than 1.1 million employees and former employees, and the company says it spent roughly $5.6 billion on healthcare expenses in 2006. GM says healthcare costs add between $1,500 and $2,000 to the sticker price of every automobile it makes. Health benefits for unionized auto workers became a central issue derailing the 2008 congressional push to provide a financial bailout to GM and its ailing Detroit rival, Chrysler.

It is difficult to quantify the precise effect high healthcare costs have had so far on the overall U.S. job market. Health care is one of several factors--entrenched union contracts are another--that make doing business in the United States expensive, and it's difficult to parse the effects of each factor. Moreover, economists disagree on the number of U.S. jobs that have been lost to offshoring--the transfer of business operations across national boundaries to friendlier operating environments. The Princeton economist Alan S. Blinder, in a 2006 Foreign Affairs article, says that judging by data compiled from "fragmentary studies," it is apparent that "under a million service-sector jobs in the United States have been lost to offshoring to date." Blinder goes on to predict that somewhere between 28 million and 42 million U.S. jobs are "susceptible" to offshoring in a future where technology allows the more efficient transfer of jobs. Many other economists, however, have shied away from making such estimates, and some have criticized Blinder's approach.

It is clear, however, that healthcare expenses affect every level of U.S. industry. For large corporations they mean the massive "legacy costs" associated with insuring retired employees. For small business owners they can be even more devastating. "In many places, you have small businesses that simply cannot afford to offer coverage," Sarbanes says. Often, he says, healthcare expenses make it impossible for small business owners to hire candidates they would otherwise desire.

#### Health Care Costs jack competitiveness.

Grassley -08. [11/19 Senator Chuck, SEN. MAX BAUCUS HOLDS A HEARING ON HEALTH CARE REFORM, CQ Transcriptions, lexis)

Increasing access for the uninsured is not going to come cheap and it's clear to me that our economy cannot stand much further deficit spending. We also must acknowledge the problem that spiraling increases in health care spending create for an economy; because it is having the impact that the chairman has spoken about and is the relationship is very definitely there. Rising health care costs affect family budgets because costs of that care is rising much faster. Rising health care costs affect jobs when employers struggle to cope with the cost of providing health coverage to workers. And those costs affect their competitiveness internationally when health costs, here, make products produced in the U.S. more costly produced, making us uncompetitive with foreign competition. The rising cost of health care is also a threat to state budgets, as we're hearing now from governors. More and more state budgets are going toward health care, and just for their current obligations, not new obligations. In fact, when it comes to the states, very soon states are going to reach a point where paying for increased health care costs maintaining infrastructure and providing post-secondary education, simply, cannot all be done by most of the states.

#### Costs key to the econ and competitiveness.

Carpenter -08 (Elizabeth Carpenter is a Senior Program Associate with the Health Policy Program at the New America Foundation. HEALTH POLICY PROGRAM ISSUE BRIEF – March -- http://www.newamerica.net/files/What\_Hill\_Staff\_should\_Know\_about\_Health\_Care.pdf)

Why do we need to control health care cost growth?

No health reform proposal will be sustainable over time without serious efforts to control health care cost growth. Rising health care costs are the most pressing economic challenge facing our nation and have left many Americans simply unable to afford health insurance. In addition, the cost of health care threatens the competitiveness of U.S. businesses and the solvency of the Medicare program. Americans Can No Longer Afford Health Care In 1987, the average health insurance premium accounted for 7.3% of the median family income in the U.S. In 2006, that had risen to 17%.

The Business Case

Health care costs threaten the competitiveness and profitability of many U.S. businesses. In 2005, employers spent $440 billion on health care, which represents 24% of all national health expenditures. The average U.S. employer spends 9.9% of payroll on health care compared to 4.9% for major competitors. Employer health costs put U.S. firms at a competitive disadvantage compared to foreign firms and result in more and more “good jobs” being lost overseas.

#### Health Care key to US Competitiveness.

CHUA -06. [Kao-King, AMSA Jack Rutledge Fellow 2005-2006 “The Case for Universal Health Care” AMSA -- P 6]

In a landmark six-part series on the uninsured, the Institute of Medicine compiled an extensive report on the “hidden” costs of uninsurance. 8 • Fewer years of participation in the workforce: The annual cost of diminished health and shorter life spans of Americans without insurance is $65-$130 billion. People who do not live as long do not work and contribute to the economy as long. • Developmental losses for children: children who are uninsured are more likely to suffer delays in development because of poor health, thus affecting their future earning capacity. • Cost to public programs: Medicare, Social Security Disability Insurance (SSDI), and the criminal justice system have higher costs than they would if there were universal coverage. For Medicare, the reason is that people who are uninsured have poorer health, and this poorer health translates into higher expenses once they become enrolled in Medicare. A similar effect exists for SSDI and the criminal justice system, although to a smaller degree because most people do not end up using these programs whereas the vast majority ultimately enroll in Medicare at age 65. The Institute of Medicine also studied the cost of high rates of uninsurance to communities. 10 • Lower health care delivery capacity: Communities with high levels of uninsurance tend to have a lower health care delivery capacity, as providers burdened by the costs of uncompensated care reduce staff, relocate, or close. • Impaired access to emergency departments: Access to ER’s is impaired for both uninsured and insured individuals in communities with high rates of uninsurance. The reason is twofold: emergency departments burdened by uncompensated care costs close down or reduce capacity, and uninsured individuals who have nowhere else to turn to for primary care overcrowd ER’s. • Weakened local economy: A high rate of uninsurance and the corresponding burden of uncompensated care costs weakens a community’s health infrastructure (e.g. closing or downsizing of local hospitals). Since health care is an important part of a community’s economic base, communities suffer economically. • Adverse effects on public health: Communities with high rates of uninsurance have less effective control of communicable disease (e.g. less vaccinations, less surveillance of TB) and an overall greater disease burden in general. Furthermore, public health agencies may have budgetary problems if the local government has to siphon dollars away to pay for safety net services for the uninsured. In addition to the costs delineated by the Institute of Medicine, there are several other areas of economic inefficiency because of the lack of universal health care in America: • Unnecessary use of the ER: the ER is an expensive place to receive care. An average visit to an emergency room costs $383, 11 whereas the average physician’s office visit costs $60. 12 It is estimated that 10.7% of ER visits in 2000 were for non-emergencies, costing the system billions of dollars. Lack of preventive care and adequate care of chronic diseases: Because the uninsured do not get the preventive and chronic disease care they need, they are more likely to develop complications and advanced stage disease, both of which are expensive to treat. The magnitude of this cost is difficult to estimate, but it is significant. • “Job lock”: Job lock refers to the idea that people stay with their jobs when they would rather work elsewhere because their current job offers health insurance. For example, many individuals opt to stay with their job instead of starting their own business because they are unsure of whether they can get health insurance on the individual market, which has higher premiums and often denies people with pre- existing conditions. Although the number of people who would be self-employed if there were universal health care is controversial, one study from 2001 put the number at 3.8 million Americans. 14 This loss of entrepreneurship is a real economic cost in a society that is relying on start-ups to offset the loss of jobs that are moving offshore. The above are the costs of not achieving universal health care in America by any solution. There is a specific subset of costs that would remain if the solution chosen to achieve universal health care builds on the current system of employer-based insurance (e.g. if the solution is not a comprehensive reform that moves to a centralized insurance scheme, like single payer or social insurance). • Strain on businesses: The employer-based insurance system in America constitutes a tremendous drain on businesses, as skyrocketing health insurance premiums dig further into profit margins and undermine the ability of businesses to invest in expansion. Health insurance premiums in 2005 grew approximately 2-3 times the rate of overall inflation (3.5%) and wage increases (2.7%). 1 • Loss of global competitiveness: Health insurance costs are built into the prices of American products. Because businesses in other industrialized countries are not responsible for shouldering most of the costs of employee health insurance, American companies are at a competitive disadvantage globally. General Motors reports that every car it makes is $1,500 more expensive because of health care costs, far more than what Japanese and German automakers have to pay.

#### Health costs are the vital internal link for competitiveness

Walker 08 (David M. Walker, Comptroller General of the United States and head of the U.S. Government Accountability Office (GAO). Fiscal Wake-Up Tour, Jan 14th http://www.gao.gov/special.pubs/longterm/tourqa.html.

Ultimately, we are going to have to reform our entire health care system in installments over many years. Health care costs are the number one fiscal challenge for the federal and state governments and the number one competitiveness challenge for American business. Our current system is badly broken and in need of major surgery. This will be difficult and controversial, but we must start to operate soon. After all, if there is one thing that could bankrupt America , it’s health care costs.

#### Costs key to competitiveness.

Rosenbaum 08 (Jason Rosenbaum of Solutions that Work – Health Care for America Now -- September 19th -- of http://blog.healthcareforamericanow.org/2008/09/19/save-health-care-save-business/.)

Larry Burton, Executive Director, Business Roundtable: “For Business Roundtable CEOs, health care costs are the number one cost pressure they face. High health care costs are affecting job creation, hurting our ability to compete in global markets, and straining the household incomes of many Americans – forcing them to go without health coverage all together.”

Stephen Burd, CEO, Safeway Incorporated: “The reason business is getting engaged is that costs are rising and it’s affecting global competitiveness… While we must always be competitive, I’m now advocating, along with union leaders, that we fundamentally change the rules of the game. That will not only drive health-care costs down and get everyone covered, but it will also improve the competitive landscape.”

### HC Good- AutoIndustry

#### High Health Care Costs jack US auto competitiveness.

Carnrike -08 (Tammy Carnrike is COO of the Detroit Regional Chamber -- Publication: Detroiter -- January 1st http://www.allbusiness.com/automotive/automotive-overview/11498123-1.html.)

The cost of health care is a topic no one can avoid, especially the American automotive companies, it is an issue at the heart of the industry's struggle to remain competitive in an increasingly global marketplace filled with aggressive rivals. Globalization has changed everything, and no other sector of the American economy has been more affected than auto manufacturers. Health care costs, among other factors, are a major driving force behind the competitive disadvantages confronting this important part of the national economy. The American antomotive companies find themselves in a health care vortex of rising costs and falling production. As health care costs increase, the health care cost per vehicle naturally increases, which forces up the selling price for American vehicles. This upward pressure on vehicle prices exacerbates the competitive disadvantage being experienced by American automotive companies. To make matters worse, the auto companies are cutting production to remain competitive against foreign competitors. Falling production is spreading the rising costs of health care over fewer and fewer vehicles. The health care costs per vehicle then increases, again pushing the selling price of American vehicles even higher. Rising health care costs, coupled with falling production, creates a vicious cycle that threatens to perpetuate the competitive disadvantage the auto industry finds itself in.

#### Auto decline causes outsourcing of the machine tool sector – jacking conventional readiness

Gallagher -06 (Paul -- an economic analyst and editor for Executive Intelligence Review -- EIR – June 9th -- http://www.larouchepub.com/eirtoc/2006/eirtoc\_3325.html)

Auto production plants which are being idled in the United States this year and next—a total of nearly 80 million square feet of capacity full of very diverse and capable machine tools—are also being rapidly sold off at auctions, and their unmatched machine-tool capabilities lost to the national economy. Rather than simply being "idled" with the possibility of workforces returning and work resuming, these plants are disappearing under auctioneers' hammers almost as fast as they are shut down. A list of 65 major auto plants shutting down, and their capacities which may be lost, was featured in EIR, May 12, 2006 and in the LaRouche PAC pamphlet, Economic Recovery Act of 2006. The pattern of auctions, of which two examples are shown here, makes clear that the automakers and major auto supply producers, seeing at least 65-70 of their plants as unutilized capacity, do not plan or expect that capacity to come back into use for production of automobiles; rather, underutilization will continue to grow by outsourcing under conditions of rampant globalization. The pattern also presents a challenge to Congress to act fast to save this huge unutilized chunk of the auto sectors' machine-tool design and production capability, and use it for missions more urgent to the nation's economy than producing cars and light trucks to fill the ranks of lengthening traffic jams across the country. Lyndon LaRouche has proposed, and his LaRouche PAC is mobilized to get through Congress, a Federal Public Corporation to adopt the capacity the automakers are discarding, and use it to help build a new national infrastructure from high-speed rail lines to electric power. `No Longer Required' EIR's investigation shows that three major auto plants, closed within six months or less, were auctioned off in their entirety in the second half of May; and a fourth auction, in late April, sold off machinery for production of electrical systems from four different plants of Delphi Corporation: in Rochester, New York; Athens, Alabama; and Dayton and Moraine, Ohio. The complete plant contents auctioned were the General Motors transmission plant in Muncie, Indiana, hammered away in a three-day sale May 16-18; the metal stamping and machining plant known as "Chrysler machine," sold off in Toledo, Ohio on May 24-25; and the Delphi electrical systems plant in Irvine, California, auctioned on May 23. The Toledo plant's auction sale notice is shown in the illustration, marked "no longer required" by Chrysler. The featured machines in the sale included some of the largest and most capable metal presses used in the auto industry. The case of Muncie Manual Transmissions LLC, "one of the largest gear manufacturers in North America," is shown here in the auction company's brochure. Its illustrations make clear that most of the machines in this plant are quite new, built and bought since 1995. Virtually all of its machinery was auctioned off from May 16-18. "The building will be empty now," said one person present, and GM's plan is to demolish it immediately. That plant has some 600,000 square feet of production space, and had 300 remaining production workers before being closed. The workforce had recently used about 500 major machine tools in the plant; many had a replacement value of $500,000-1,000,000 each. All sold, according to the auction brochure, and the entire plant full of machinery apparently brought about $30 million. So a rough estimate might be that the machine tools were sold for 15 cents on the dollar of their replacement value for production. It is no secret that the purchasers at these auctions include other U.S. firms, scrap outfits, and foreign firms employing machine tools, including for production for export to the United States. People in the business indicate that the pace of these sales has been brisk for more than a decade; but the size of the auctions has definitely grown in the past two years or so, with large plants like this going under the hammer. "We also see a lot of aerospace tools" from Boeing and other companies, said one. As for the city of Muncie, it has been told to hope that the GM jobs that were lost, will be matched by new jobs gained—from a Sallie Mae "center for debt management"! Machine tools and productive skills will be "no longer required" there. Dissipation of Bankrupt's Assets In Delphi's case, a full 25 out of its 33 auto parts and supply plants in the country are on the management's list to close down or sell; in addition, others, like the Irvine electrical systems plant, have been closed in recent months. The management under CEO Steve Miller, who was brought in last year to declare the company bankrupt, are flouting the principles of bankruptcy by hiding the accounts of the company's outsourced foreign operations (already 75% of its total work!) while bankrupting and trying to liquidate only the U.S. capacity. On May 28, calls to the lawyers for parties contesting Delphi's filing in New York Federal bankruptcy court, found that with the exception of the UAW's lawyer, none of those attorneys was aware that the productive assets of the "bankrupt" company were being auctioned off. Sources say that the UAW has attempted to protest and stop the auctions of Delphi's plant and equipment in the court, but has been unable to do so. The attorney representing Delphi's shareholders said that the actions would not be permitted unless Delphi had sought and received permission from Judge Robert Drain to sell the machines. None of the attorneys knew whether Delphi had gotten Drain's approval, nor could this be learned from the judge's clerk. In any case, it is clear that the intention of Delphi's management is "globalization by bankruptcy," and that critical productive machinery of the "bankrupt" company is being dissipated—a violation of at least the spirit of the law—through auctions to other firms, other divisions, and other countries, because it does not intend to emerge from bankruptcy to produce again in the United States. And vital high-technology productive machine tools and other capacity of the U.S. national economy, essential for producing the infrastructure of productivity, are being lost. Had Congress already acted along the legislative lines LaRouche is calling for, this capacity could have been purchased by a Federal Public Corporation and saved for use in the critical purposes of building a new national economic infrastructure, and creating skilled, semi-skilled, and unskilled employment. Another month's set of U.S. auto sales reports came in on June 2 and showed the urgent need to diversify the "product" of the auto industrial sector in this way, as it will not come back to building more autos for sale. Ford's U.S. sales through May are 3.3% below a year ago; Daimler-Chrysler's, 4.1% down; Ford-Volvo's 6.3% down; GM's, 4.6% down; Nissan's, 8.4% down. Toyota, Hyundai, and Mazda's sales are still up for the year, but the overall national trend is down. Total sales of cars and light trucks fell from a 16.7 million annual rate last May, to a 16.3 million rate this May, and the annual sales rate for January-May 2006 as a whole, is only 16.4 million units, compared to 16.9 million for all of 2005, and 17.1 million in 2004. Use It or Lose It International Association of Machinists president Thomas Buffenbarger charged in a Washington, D.C. speech May 15, "We have lost the ability to manufacture the means of our prosperity," and now Congress has given away "the ability of this country to defend itself" by outsourcing its machine-tool production in aerospace-defense and auto. Every week that Congress delays emergency legislation to save this remaining industrial power, more of it is lost, irretrievably. Auto skilled trades workers, machinists, and others among America's dwindling base of industrial production workers, realize that the loss of machine-tool and other skilled engineering employment in the United States, could end technological progress in our economy, and ruin our national security. In LaRouche PAC's one-hour documentary DVD on retooling and saving the auto industry, "Auto and World Economic Recovery," the auto unionists and Midwest elected officials interviewed all stressed the potential threat: The United States could find itself in a war, needing new munitions and related industrial production, with effectively all of our machine-tool design and production capability exported to other nations. These nations may not be allies, in part because of their exploitation by the very same low-wage outsourcing which made them the repositories of the machine tools now being auctioned off from Rochester, Toledo, and Irvine.

#### Conventional Readiness checks nuclear conflict with China and other potential rivals

Record -95 (JEFFREY RECORD is a professor in the Department of Strategy and International Security at the U.S. Air Force’s Air War College -- Parameters, Autumn 1995, pp. 20-30. http://www.carlisle.army.mil/USAWC/parameters/1995/record.htm)

In terms of training, sustainability, and weaponry, it is always better to be ready and modern than unready and obsolete. What Congress does not look at, because it is constitutionally incapable of doing so in a coherent fashion, is the broader and far more critical question: Ready for what? What exactly should we expect our military to do? Against whom do we modernize? Have we correctly identified future threats to our security and the proper forces for dealing with those threats? Are we breathlessly and blindly pursuing modernization for its own sake, or are we tying it in with the quality and pace of hostile competition? These are the questions I would like to address. Informed line-item judgments on readiness and modernization hinge on informed judgments at the level of strategy, whose formulation is the responsibility of the Executive Branch. Our present strategy portends an excessive readiness for the familiar and comfortable at the expense of preparation for the more likely and less pleasant. Introducing Realism Into Our Assessments The basis of present strategy is the Administration's Bottom-Up Review, a 1993 assessment of US force requirements in the post-Soviet-threat world. The assessment concluded, among other things, that the United States should maintain ground, sea, and air forces sufficient to prevail in two nearly simultaneous major regional contingencies. For planning purposes the assessment postulated another Iraqi invasion of Kuwait (and Saudi Arabia's eastern province) and another North Korean invasion of South Korea--two large and thoroughly conventional wars fought on familiar territory against familiar Soviet-model armies. Congressional and other critics rightly point to disparities between stated requirements for waging two major wars concurrently and the existing and planned forces that would actually be available. Shortfalls are especially pronounced in airlift, sealift, and long-range aerial bombardment. Critics also note that the Bottom-Up Review more or less ignores the impact of Haiti- and Somalia-like operations on our capacity to fight another Korean and another Persian Gulf war at the same time. Few in Congress or elsewhere, however, have questioned the realism of the scenario. How likely is it that we would be drawn into two major wars at the same time? What are the opportunity costs of preparing for such a prospect? The prospect of twin wars has been a bugaboo of US force planners since the eve of World War II--the only conflict in which the US military was in fact called upon to wage simultaneously what amounted to two separate wars. Chances for another world war, however, disappeared with the Soviet Union's demise. Moreover, two points should be kept in mind with respect to World War II. First, the two-front dilemma came about only because of Hitler's utterly gratuitous declaration of war on the United States just after Pearl Harbor--a move that has to go down as one of the most strategically stupid decisions ever undertaken by a head of state. Had Hitler instead declared that Germany had no quarrel with the United States, and therefore would remain at peace with it, President Roosevelt would have been hard put to obtain a congressional declaration of war on Germany, or, with one, to pursue a Germany-first strategy. Second, during World War II the United States was compelled to pursue a win-hold-win strategy against Germany and Japan, respectively, even though we spent 40 percent of the GNP on defense, placed 12 million Americans under arms, and had powerful allies (unlike Germany or Japan). We sought to--and did--defeat Germany first, while initially remaining on the strategic defense in the Pacific. In the decades since 1945, US planners persisted in postulating scenarios involving at least two concurrent conflicts, even though we have never had the resources to wage two big wars at the same time. Recall that the Vietnam conflict was a "half-war" in contemporary US force planning nomenclature. More to the point, our enemies have without exception refused to take advantage of our involvement in one war to start another one with us; not during the three years of the Korean War, the ten years of the Vietnam War, or the eight months of the Persian Gulf crisis of 1990-91. States almost always go to war for specific reasons independent of whether an adversary is already at war with another country. This is especially true for states contemplating potentially war-provoking acts against the world's sole remaining superpower. In none of the three major wars we have fought since 1945 did our enemies, when contemplating aggression, believe that their aggressive acts would prompt war with the United States. If prospects for being drawn into two large-scale conventional conflicts at the same time are remote, prudence dictates maintenance of sufficient military power to deal quickly and effectively with such conflicts one at a time. And for this we are well prepared. Our force structure remains optimized for interstate conventional combat, and it proved devastating in our last conventional war, against Saddam Hussein's large--albeit incompetently led--Soviet-model forces. Though most national military establishments in the Third World, which today includes much of the former Soviet Union, are incapable of waging large-scale conventional warfare, the few that are or have the potential to do so are all authoritarian states with ambitions hostile to US security interests. Among those states are Iran, Iraq, Syria, a radicalized Egypt, and China. Russia can be excluded for probably at least the next decade. Russia's conventional military forces have deteriorated to the point where they have great difficulty suppressing even small insurrections inside Russia's own borders. The humiliating performance of the Russian forces in Chechnya reveals the extent to which draft avoidance, demoralization, disobedience, desertion, political tension, professional incompetence, and the virtual collapse of combat support and combat service support capabilities have wrecked what just a decade ago was an army that awed many NATO force planners. China is included not just as a potential regional threat but as a potential global threat. We need to be wary of today's commonplace notion that the United States is the last superpower, that we will never again face the kind of global and robust threat to our vital security interests once posed by the Soviet Union, and before that, the Axis Powers. The present planning focus on regional conflict should not blind us to the probable emergence over the next decade or two of at least one regional superpower capable of delivering significant numbers of nuclear weapons over intercontinental distances and of projecting conventional forces well beyond their national frontiers. China comes first to mind. China's vast and talented population and spectacular economic performance could provide the foundation for a military challenge in Asia of a magnitude similar to that posed by the growth of Japanese military power in the 1930s. Our capacity for large-scale interstate conventional combat is indispensable to our security. It served us well in Korea and the Persian Gulf, where we continue to have vital interests threatened by adversaries who have amassed or are seeking to amass significant, and in the case of North Korea, vast amounts of conventional military power.

#### That causes extinction

Straits Times -2K 6-25-00.

Conflict on such a scale would embroil other countries far and near and -- horror of horrors -- raise the possibility of a nuclear war. Beijing has already told the US and Japan privately that it considers any country providing bases and logistics support to any US forces attacking China as belligerent parties open to its retaliation. In the region, this means South Korea, Japan, the Philippines and, to a lesser extent, Singapore. If China were to retaliate, east Asia will be set on fire. And the conflagration may not end there as opportunistic powers elsewhere may try to overturn the existing world order. With the US distracted, Russia may seek to redefine Europe's political landscape. The balance of power in the Middle East may be similarly upset by the likes of Iraq. In south Asia, hostilities between India and Pakistan, each armed with its own nuclear arsenal, could enter a new and dangerous phase. Will a full-scale Sino-US war lead to a nuclear war? According to General Matthew Ridgeway, commander of the US Eighth Army which fought against the Chinese in the Korean War, the US had at the time thought of using nuclear weapons against China to save the US from military defeat. In his book The Korean War, a personal account of the military and political aspects of the conflict and its implications on future US foreign policy, Gen Ridgeway said that US was confronted with two choices in Korea -- truce or a broadened war, which could have led to the use of nuclear weapons. If the US had to resort to nuclear weaponry to defeat China long before the latter acquired a similar capability, there is little hope of winning a war against China 50 years later, short of using nuclear weapons. The US estimates that China possesses about 20 nuclear warheads that can destroy major American cities. Beijing also seems prepared to go for the nuclear option. A Chinese military officer disclosed recently that Beijing was considering a review of its "non first use" principle regarding nuclear weapons. Major-General Pan Zhangqiang, president of the military-funded Institute for Strategic Studies, told a gathering at the Woodrow Wilson International Centre for Scholars in Washington that although the government still abided by that principle, there were strong pressures from the military to drop it. He said military leaders considered the use of nuclear weapons mandatory if the country risked dismemberment as a result of foreign intervention. Gen Ridgeway said that should that come to pass, we would see the destruction of civilisation.

### Ext. HC Solve Bioterrorism

#### The Best Defense against a bioterror attack is universal health care.

GREEN -04. [Shane,PhD, American Medical Association Journal of Ethics, May, Vol. 6, No. 5 http://virtualmentor.ama-assn.org/2004/05/pfor2-0405.html]

Using infectious diseases as weapons, bioterrorism threatens to weaken the civilian workforce and, hence, a nation's ability to go about its daily business. Moreover, in the case of diseases that are transmissible person to person, each infected individual becomes a human weapon, infecting others, who then infect others, and so on, tying up medical responders and overwhelming medical resources.

A nation's greatest defense against bioterrorism, both in preparation for and in response to an attack, is a population in which an introduced biological agent cannot get a foothold, ie, healthy people with easy access to health care. Yet, in spite of spending significantly more per capita on health care than any other developed nation, the US is peppered with communities in which many people have little or no access to health care. This may be due to a lack of adequate health insurance—a fact of life for over 43 million demographically diverse Americans—or to cultural barriers that inhibit proper utilization of available services, or to inadequate distribution of health professionals and services. These communities are more vulnerable to infectious diseases [4] and therefore might be considered the nation's Achilles' heal in a bioterrorism attack.

Take, for example, vaccination. A lack of access to health care among US citizens, particularly immigrant populations and those living in poverty, is associated with a failure to be vaccinated. This can have a serious impact on the spread of contagion, as evidenced by a rubella outbreak in 1997 in Westchester County, New York, in which a readily containable virus managed to infect a community composed largely of immigrants who had not been immunized [5].

#### UNIVERSAL HEALTH CARE KEY TO MINIMIZE THE IMPACT OF HEALTH CARE.

People's Weekly World 2 [National Edition: Lack of health access 'risk to nation's health' -- June 8, lexis]

The fact that more than 40 million U.S. citizens have no health insurance increases our country's vulnerability to a bioterror attack, two public health experts have charged.  Furthermore, they say, the 1996 Welfare Reform Act, which prohibits federally funded clinics from providing most services to undocumented immigrants, discourages immigrants from seeking diagnosis and care for what may be highly contagious illnesses.  Experts put the blame squarely on the health care crisis, not those who are the victims of it. Lack of insurance or fear of requesting health care "must now ... be recognized as a risk to the nation's health," Dr. Matthew Wynia, director of the Institute for Ethics, American Medical Association, and Lawrence Goslin, professor of health law at Georgetown University, wrote in the May 31 issue of Science magazine.  "An effective national defense against bioterrorism requires that all potentially infected patients can be at least evaluated without fear of deportation or other significant social or economic loss," they wrote.  Although the Welfare Reform Act includes exceptions that allow undocumented immigrants to obtain emergency treatment, the act is widely misinterpreted, Wynia and Goslin said. The Texas attorney general, for example, stated last year that public hospitals and clinics cannot provide most services to undocumented immigrants, even though Texas public hospitals argued that early diagnosis and treatment is cost effective and necessary to protect the public's health.  California's Proposition 187, which required health professionals to report undocumented immigrants to the authorities, also "undoubtedly contributed to mistrust of the medical-care system among immigrants," the authors said.  Tom Schaefer, spokesman for the Illinois Department of Public Health, told the World that to his knowledge people are not denied access to health care in Illinois because of their immigration status. But he said he did not have information as to whether immigrants or the uninsured avoid seeking treatment.  Early detection of infectious disease followed by appropriate treatment is essential to preventing epidemics. Any delay in obtaining care poses a public health risk, Wynia and Goslin wrote.  "We are spending billions and billions on homeland defense. We need a program to ensure that all U.S. residents can be seen by a doctor and evaluated for potentially contagious disease," Wynia, who is also Clinical Associate in Infectious Diseases at the University of Chicago Hospitals, told the World. If a "designer virus or designer bacteria" were engineered to ensure easy spread, many people could be infected, he said. "The last thing we need is for an `index case' - the first person to catch an infectious disease - to avoid medical care for reasons we could have addressed." If a person who has an infectious disease simply stays home, he or she can infect family and neighbors, who then go to work and spread the disease to others."Many of us would like to have a universal health care system," Wynia told the World. But even without that, he said, it makes sense to ensure that everyone has access to evaluation and appropriate treatment to prevent the spread of infectious disease. A program to provide such access would help prevent potential epidemics from diseases like tuberculosis or smallpox, whether bioterror -related or not.

#### HEALTH CARE KEY TO PROTECT VULNERABLE SECTORS OF THE POPULATION.

WYNIA AND GOSTIN 4. [Matthew K , Institute for Ethics, AMA, Lawrence O -- JD, July, American Journal of Public Health. http://www.ajph.org/cgi/content/full/94/7/1096]

In the area of patient access to health care, more challenging dilemmas arise. Strong ethical reasons have long been recognized as supporting universal access to a decent minimal set of health care services,19 yet our nation has been unable or unwilling to accomplish this.20 Perhaps if policymakers understand that inadequate access to care poses a threat to national security, progress can be made.21,22 In the United States, more than 40 million Americans lack health insurance, and this number is rising.23,24 Although some uninsured individuals use emergency rooms to obtain care when they are acutely ill, many of the uninsured and underinsured avoid the health care system for as long as possible.20 Some have argued that bioterror-related illnesses are so severe that anyone affected would surely seek care.25 But uninsured patients discriminate poorly between appropriate and inappropriate care and tend to avoid both equally.26Numerous studies demonstrate that the uninsured are more likely to present in an advanced stage of illness, and many die without ever being evaluated.27–29  Terrorists undoubtedly recognize that even a small-scale release of an infectious agent into a community with a high rate of uninsurance might be devastatingly effective. Because most of the uninsured are employed and working throughout cities, suburbs, and rural areas, starting an outbreak in such a community—using a low-tech approach, such as an infected "martyr"—would reduce the likelihood of early detection and raise the odds of broad spread of the disease.30 Unfortunately, this scenario is not mere speculation: "natural experiments" that simulate such an attack have demonstrated the vulnerability of poor, especially uninsured immigrant, populations and their ability to spread disease throughout the population.31,32 Many naturally occurring infectious diseases, including tuberculosis, food-borne illnesses, and HIV/AIDS, disproportionately burden the uninsured and subsequently spread to the community at large.33

### HC Good- Democracy

#### Health care reform key to democracy

Marx -09 (Larry, executive director of the Donor Collaborative of Wisconsin. He served as co-executive director of Citizen Action of Wisconsin and as a program officer for the Proteus Fund, REVITALIZING DEMOCRACY; A Broader Definition of Democracy, America Prospect, lexis)

In well-intended efforts to position pro-democracy reforms as nonpartisan, reformers often strip these process reforms of any hint that they would affect the outcomes we actually care about--for example, public decisions around jobs and the economy, health care, energy and the environment, war and peace. Consequently, reform efforts are often hobbled by a lack of troops, too easily ignored by elected officials, and too conditioned by a small number of reform professionals demanding more democracy for "the people" (other people). As Obama adviser and George Washington University law professor Spencer Overton told me in an April 2007 interview, "Ultimately, we need a much more 'small d' democratic, much less 'expert based' decision-making paradigm. Common Cause and other organizations have gotten less and less participatory with the grass roots and more and more reliant on experts and inside strategies." It is difficult to find and sustain a political base for pro-democracy efforts without fusing the procedural issues people rarely care about with the tangible issues that matter intensely to our daily lives--such as how campaign-finance reform is connected to who pays and who avoids taxes. This works both ways: Data shows that increasing inequality of wealth, education, and access to health care reduces democratic participation and in turn leads us to feel that we have no power to influence the decisions affecting our quality of life. To get large numbers of people demanding a pro-democratic reform agenda, bills and coalitions on process must be coupled with improvements in substantive issues. That coupling advantages both ends of the democratic equation, process and outcomes. Even though there are no silver bullets for the problems plaguing our democracy, some leverage points are more effective than others at catalyzing system-wide change. Tweaking various processes is an inherently weaker approach than attempting to transform the system holistically, although such a broad approach raises the legislative challenge. The greatest leverage point is working to shift the underlying assumptions out of which the system arises. If the Obama administration begins to govern with transformational, pro-democratic reforms, it can begin to shift the paradigmatic principle of politics in the past three decades: To use a phrase first popularized by the economist Jared Bernstein, it's the shift from the "you're on your own" society to "we're all in it together."

#### Effective US democracy key to global democracy.

Soudriette -01 (Richard, president of the International Foundation for Election Systems (IFES), Journal of Democracy, Vol 12, No 2, Project Muse)

These events demonstrated that even long-established democracies must constantly strive to improve their election systems in order to guarantee credibility and transparency. Since the days of the Reagan administration, democracy promotion has been a pillar of U.S. foreign policy. Yet in the wake of the 2000 election, the United States has received a great deal of criticism from abroad. Russian parliamentarian Alexei Mitrofanov, for example, commented, "America has been lecturing us for eight years on democracy. Now it's our turn to lecture you." If the United States has a flawed election system at home, how can it maintain its credibility in promoting democracy abroad? It must lead by example by making the necessary improvements to bring the country's election system into the twenty-first century. The United States played a key role in helping to expand the number of electoral democracies in the world from 39 in 1974 to 120 in 2000. The U.S. Agency for International Development has provided election assistance (often through IFES) in more than 100 countries. The time has come for the United States to apply at home what it has long been teaching abroad.

#### Democracy is key to solve extinction.

Diamond, Senior Fellow at the Hoover Institution, -95 (Larry, Promoting Democracy in the 1990s, December, http://wwics.si.edu/subsites/ccpdc/pubs/di/1.htm)

This hardly exhausts the lists of threats to our security and well-being in the coming years and decades. In the former Yugoslavia nationalist aggression tears at the stability of Europe and could easily spread. The flow of illegal drugs intensifies through increasingly powerful international crime syndicates that have made common cause with authoritarian regimes and have utterly corrupted the institutions of tenuous, democratic ones. Nuclear, chemical, and biological weapons continue to proliferate. The very source of life on Earth, the global ecosystem, appears increasingly endangered. Most of these new and unconventional threats to security are associated with or aggravated by the weakness or absence of democracy, with its provisions for legality, accountability, popular sovereignty, and openness. LESSONS OF THE TWENTIETH CENTURY The experience of this century offers important lessons. Countries that govern themselves in a truly democratic fashion do not go to war with one another. They do not aggress against their neighbors to aggrandize themselves or glorify their leaders. Democratic governments do not ethnically "cleanse" their own populations, and they are much less likely to face ethnic insurgency. Democracies do not sponsor terrorism against one another. They do not build weapons of mass destruction to use on or to threaten one another. Democratic countries form more reliable, open, and enduring trading partnerships. In the long run they offer better and more stable climates for investment. They are more environmentally responsible because they must answer to their own citizens, who organize to protest the destruction of their environments. They are better bets to honor international treaties since they value legal obligations and because their openness makes it much more difficult to breach agreements in secret. Precisely because, within their own borders, they respect competition, civil liberties, property rights, and the rule of law, democracies are the only reliable foundation on which a new world order of international security and prosperity can be built.

### HC Good- Disease

#### Healthcare reform is critical to prevent an epidemic breakout

MASON 08. [Vanessa, health care specialist, 8/16/2008, Universal Health Care Series: The National Security Argument, http://vanessamason.wordpress.com/2008/08/16/universal-health-care-series-the-national-security-argument/ ]

The flu epidemic of 1918 killed one-fifth of the world’s population in about two years, resulting in more deaths from the epidemic than World War I. Our interconnected society makes epidemics more likely to occur with the ease of mobility within countries and in between them. A recent epidemic scare happened in 2007 when Andrew Speaker, after receiving a diagnosis of drug-resistant tuberculosis, proceeded to travel overseas and back on commercial flights for his wedding and honeymoon. Speaker was already out of the country when before authorities realized that he was infected with multi-drug resistant tuberculosis, which is the most difficult strain to treat. Fortunately, no one was infected; also fortunately, Speaker was diagnosed and authorities were informed that he was infected. Imagine what could have happened if Speaker could not have seen a doctor. MRSA and other “superbugs” are becoming increasingly frequent. Avian flu and pandemic flu are also looming biological dangers. Imagine a situation where a patient has a bacterial infection but never goes to see a doctor because they can not afford the visit. The patient would continue to pass through the general population, infecting others. Public health officials would have greater difficulty finding the source of the infection because there would be so many more cases. Imagine a situation where a patient actually sees a doctor, but in a crowded emergency room. The doctor, overwhelmed with cases, quickly diagnoses the bacterial infection and prescribes penicillin. The patient takes the medication, but the bacteria becomes resistant to penicillin. His condition worsens and he can spread a drug-resistant strain to others. Imagine a situation caused that as a byproduct of his socioeconomic status, the patient lives in conditions that are ripe for the spread of infections: close quarters and poor ventilation. Poverty also compromises the strength of one’s immune system, leaving the body open to infections and once infected, the body can not fight infections well. 1) Universal health care provides a greater likelihood of early detection to curb infections before they grow too quickly. Early detection is a key advantage in controlling epidemics and preventing deaths. Earlier detection also helps to reduce the likelihood that drug-resistant strains develop in the general population. 2) Increasing access to health care allows health care professionals to identify patients at risk and intervene to offer ways to reduce the risk of infection. 3) Universal health care enables consistent access to proper treatment. Treating infections with the wrong medication or with an insufficient dosage can cause the pathogen to mutate, creating drug-resistant strains. Preventing epidemics should be a priority of paramount concern if the government actually wants to ensure national security. Implementing universal health care is an important step in the right direction.

#### Epidemics cause extinction.

South China Morning Post 96 (1-4 Avi, quoting Dr. Ben-Abraham, called "one of the 100 greatest minds in history" by Mensa "Leading the way to a cure for AIDS," P. Lexis)

Two decades of intensive study and research in the field of virology have convinced him of one thing: in place of natural and man-made disasters or nuclear warfare, humanity could face extinction because of a single virus, deadlier than HIV.

"An airborne virus is a lively, complex and dangerous organism," he said. "It can come from a rare animal or from anywhere and can mutate constantly. If there is no cure, it affects one person and then there is a chain reaction and it is unstoppable. It is a tragedy waiting to happen."

That may sound like a far-fetched plot for a Hollywood film, but Dr Ben -Abraham said history has already proven his theory. Fifteen years ago, few could have predicted the impact of AIDS on the world. Ebola has had sporadic outbreaks over the past 20 years and the only way the deadly virus - which turns internal organs into liquid - could be contained was because it was killed before it had a chance to spread. Imagine, he says, if it was closer to home: an outbreak of that scale in London, New York or Hong Kong. It could happen anytime in the next 20 years - theoretically, it could happen tomorrow.

The shock of the AIDS epidemic has prompted virus experts to admit "that something new is indeed happening and that the threat of a deadly viral outbreak is imminent", said Joshua Lederberg of the Rockefeller University in New York, at a recent conference. He added that the problem was "very serious and is getting worse".

Dr Ben-Abraham said: "Nature isn't benign. The survival of the human species is not a preordained evolutionary programme. Abundant sources of genetic variation exist for viruses to learn how to mutate and evade the immune system."

He cites the 1968 Hong Kong flu outbreak as an example of how viruses have outsmarted human intelligence. And as new "mega-cities" are being developed in the Third World and rainforests are destroyed, disease-carrying animals and insects are forced into areas of human habitation. "This raises the very real possibility that lethal, mysterious viruses would, for the first time, infect humanity at a large scale and imperil the survival of the human race," he said.

### HC Good- Nano

#### Health care reform is key to spurring nano

Joseph 9 (Damian, Innovation and Design Writer for BusinessWeek, “Innovations of the Future,” February 25, http://www.businessweek.com/innovate/content/feb2009/id20090225\_287985.htm?chan=innovation\_innovation+%2B+design\_top+stories, AD: 7-31-09)

In health care, self-diagnostic technologies that can be used at home will replace costly doctor visits. Heavy, unwieldy medical equipment that until now has been laboriously wheeled around hospital floors is being transformed into portable machinery that can be used at home or in a remote village. New nanotech and biotech drugs will cure decimating diseases. And the health-care system itself will be overhauled, with digitization of patient records cutting costs and increasing transparency and reliability of care. Glen Hiemstra, author and founder of Futurist.com, wants to see universal coverage, while allowing folks to purchase insurance privately. "Health care is at the center of almost all business-labor issues. Moving away from employer-provided health care will free us like almost nothing else I can think of," he says.

#### Extinction

Richard Terra, Media Watch 43, December 30, 2000, http://www.foresight.org/Updates/Update43/Update43.5.html, accessed 3/19/03

A lengthy article in The Washington Monthly ("Downsizing," by N. Thompson, October 2000) makes an interesting case for government involvement and even regulation of nanotechnology development: "Deep government involvement in nanotechnology is more than a practical obligation from a research and national defense persepective. It's close to becoming a moral imperative." After a brief overview of the potential benefits and dangers of nanotechnology, and discussing Bill Joy's call for relinquishment, the article asserts: "There's a gaping hole in Joy's proposed strategy however: It's impossible." Thompson goes on to suggest that the "logical solution is controlled development. The United States needs to push the science forward but we also need . . . to make sure that, as much as possible, the main research bases for this technology develop either on our own soil or with close allies, and we need to support much of the early research so it can be closely tied into government regulation. The most obvious danger would come if the United States falls behind the rest of the world and finds itself unable to control the technology." The article concludes by quoting Ralph Merkle of Zyvex: "If you've relinquished it, then you're hosed." The London, UK-based ***The Ecologist*** Magazine ran an interesting piece ("Discomfort and Joy," by Z. Goldsmith, October 2000). The article opens with this outrageous question: "What do you get if you cross Bill Gates with Theodore Kaczynski . . . the Unabomber?", then moves on to outline Bill Joy's thesis as presented in his now-famous *Wired* article. After attempting, rather unsuccessfully, to ask Joy to be more specific about his suggested course of action, the article concludes: "Whatever Bill Joy decides to do, there is no doubt he will play a vital role in the coming debate. Though perhaps he has not fully thought out the true implications or the logical conclusions to his 'tune,' his intentions are clear, and unlike others in his field, he is willing to rethink some very basic assumptions." The issue of relinquishment was also raised in a brief but interesting article in the ***Pittsburgh Post-Gazette*** ("Future technology sure to be fantastic, but will it improve life?," by B. Spice, 20 October 2000), reporting on comments by Ray Kurzweil at a symposium held at Carnegie Mellon University on 19 October. (Taped comments by Bill Joy were also presented.) According to the article, Kurzweil acknowledged that any technology has inherent dangers. But Joy's "call for relinquishment of whole areas of technology ... is unrealistic." To prevent the potential apocalypse Joy fears, "you'd basically have to stop all technological development," he said, and that would likely require militaristic state control. Kurzweil presents his views at greater length in an elegant and articulate essay in ***Interactive Week*** ("Promise and Peril," 23 October 2000). The article cogently summarizes Kurzweil's thesis on the "accelerating pace of innovation" and its likely consequences, as well as his response to Joy's arguments. "Although I am often cast as the technology optimist who counters Joy's pessimism," Kurzweil writes, "I do share his concerns regarding self-replicating technologies . . . Even so, I do find fault with Joy's prescription — halting the advance of technology and the pursuit of knowledge in broad fields such as nanotechnology." While acknowledging the validity of Joy's concerns about GNR technologies, Kurzweil continues: "Nevertheless, I reject Joy's call for relinquishing broad areas of technology . . . Most people, I believe, would agree that such broad-based relinquishment of research and development is not the answer." Kurzweil instead presents his thoughts, which have appeared elsewhere, on the idea of fine-scale relinquishment: "I do think that relinquishment at the right level needs to be part of our ethical response to the dangers of 21st century technologies. One salient example of this is the proposed ethical guideline by the Foresight Institute, founded by nanotechnology pioneer Eric Drexler . . . As responsible technologists, our ethics should include such 'fine-grained' relinquishment . . ." Kurzweil concludes on a cautiously optimistic note: "Technology will remain a double-edged sword, and the story of the 21st century has not yet been written. So, while we must acknowledge and deal with the dangers, we must also recognize that technology represents vast power to be used for all humankind's purposes. We have no choice but to work hard to apply these quickening technologies to advance our human values, despite what often appears to be a lack of consensus on what those values should be." This point of view was echoed in an article in the ***International Herald Tribune*** ("Technology's Little-Heeded Prophet," by M. Martin, 23 October 2000). Again, after presenting the issues raised by Joy in his Wired piece, Martin concludes: "But if the best solution is to put some kind of governmental authority in charge of deciding what science is good and what is not, then we would do better to hope that the invisible hand of Adam Smith's marketplace provides a solution. Which it might: A possible solution to gray goo is blue goo: tiny self-replicating police robots that keep the other ones from misbehaving."

## Repeal Good

### Romney’s Plan Better

#### Romney’s plan preferable

AP, 12 (STEVE PEOPLES, June 12, “Romneycare 2.0: Mitt Romney outlines health care vision, but it's short on detail”, [**http://www.masslive.com/politics/index.ssf/2012/06/romneycare\_20\_mitt\_romney\_**](http://www.masslive.com/politics/index.ssf/2012/06/romneycare_20_mitt_romney_)Outl.html)

As president, Romney's plan to cover the nation's uninsured involves sending federal Medicaid dollars directly to states, allowing each state government to address the situation in its own way. "Let states care for their own people in the way they think best. That in my view is the best way to care for the uninsured," Romney said. The Romney campaign said states would receive Medicaid funding increases "every single year," but would not detail the extent of the increases, which are unlikely to cover the additional cost of providing insurance subsidies to millions of Americans as Obama's plan would. Cash-strapped states often look to cut health care programs for the poor or low-income to help balance their budgets. The Romney campaign said states would benefit from billions of dollars saved by streamlining the Medicaid process and eliminating fraud.

### Afghanistan

#### Healthcare jacks recruitment

NYT, 8 (Floyd Norris, May 30, 2008, “Health’s Gain May Be Army’s Loss”, http://www.nytimes.com/2008/05/30/business/30norris.html?ex=1369886400&en=48a84acfacec6f7c&ei=5124&partner=permalink&exprod=permalink)

Call it the law of unintended consequences. When you fix one thing, it messes up other things. If the Democrats win the election this year, and are able to enact a health care plan that extends adequate coverage to all Americans, the loser could be the Army. Getting enough people to enlist could become a major problem for the next president. Senator [John McCain](http://topics.nytimes.com/top/reference/timestopics/people/m/john_mccain/index.html?inline=nyt-per), the presumptive Republican candidate, has already pointed out that Senator [Barack Obama](http://topics.nytimes.com/top/reference/timestopics/people/o/barack_obama/index.html?inline=nyt-per), the likely Democratic candidate, never served in the military. It remains to be seen how potent that will be as an issue, given the fact that the last four presidential elections have been won by the candidate with the less impressive military resume. But there is something else that distinguishes Mr. Obama from all recent candidates for the presidency. He would be the first presidential nominee to come of age after the draft was abolished in the administration of [Richard M. Nixon](http://topics.nytimes.com/top/reference/timestopics/people/n/richard_milhous_nixon/index.html?inline=nyt-per). He never had to decide how to deal with the draft, and legally was under no more pressure to enlist than he was to go to medical school or become a bus driver. Joining the military was a career option like any other. And that has made it harder to put the Army together. Government polls [show](http://www.marinecorpstimes.com/news/2008/04/marine_recruiting_041208w/) that the proportion of young people who think they might enlist is roughly half what it was in the late 1980s. The military has responded with more recruiters and higher cash enlistment bonuses, and has met its goals. A significant factor for many recruits, it turns out, is the military’s generous health benefits for dependants. Michael Massing, writing in the April 3 issue of The New York Review of Books, [tells](http://www.nybooks.com/articles/21201) the story of one part-time college student from Brooklyn, who was holding down two jobs but still going into debt. “Meanwhile, he got married, his wife got pregnant, and he had no health care. From a brother in the military, he had learned of the Army’s many benefits, and, visiting a recruiter, he heard about Tricare, the military’s generous health plan.” He enlisted. It seems a bit perverse that the incentives for a young person with children to join are greater than the incentives for his childless friend. But that is the way it is. All that could change if the push for some kind of national health insurance program were to be successful. It is true, of course, that Democrats have been talking about such things for generations. The failure of health care legislation during [Bill Clinton](http://topics.nytimes.com/top/reference/timestopics/people/c/bill_clinton/index.html?inline=nyt-per)’s first two years in office left some viewing the issue as political dynamite — good for a campaign but fatal to anyone who tries to pass a specific program. It is quite unclear how the government would pay for a comprehensive program, and no candidates seem eager to discuss ways to hold down health care spending.

#### Recruitment key to fighting in Afghanistan—causes instability

Watt and Temko, 7 (Nicholas and Ned, The Observer, July 14, “Failure in Afghanistan risks rise in terror, say generals”, http://www.guardian.co.uk/uk/2007/jul/15/world.afghanistan)

Britain's most senior generals have issued a blunt warning to Downing Street that the military campaign in Afghanistan is facing a catastrophic failure, a development that could lead to an Islamist government seizing power in neighbouring Pakistan. Amid fears that London and Washington are taking their eye off Afghanistan as they grapple with Iraq, the generals have told Number 10 that the collapse of the government in Afghanistan, headed by Hamid Karzai, would present a grave threat to the security of Britain. Lord Inge, the former chief of the defence staff, highlighted their fears in public last week when he warned of a 'strategic failure' in Afghanistan. The Observer understands that Inge was speaking with the direct authority of the general staff when he made an intervention in a House of Lords debate. 'The situation in Afghanistan is much worse than many people recognise,' Inge told peers. 'We need to face up to that issue, the consequence of strategic failure in Afghanistan and what that would mean for Nato... We need to recognise that the situation - in my view, and I have recently been in Afghanistan - is much, much more serious than people want to recognise.' Inge's remarks reflect the fears of serving generals that the government is so overwhelmed by Iraq that it is in danger of losing sight of the threat of failure in Afghanistan. One source, who is familiar with the fears of the senior officers, told The Observer: 'If you talk privately to the generals they are very very worried. You heard it in Inge's speech. Inge said we are failing and remember Inge speaks for the generals.' Inge made a point in the Lords of endorsing a speech by Lord Ashdown, the former Liberal Democrat leader, who painted a bleak picture during the debate. Ashdown told The Observer that Afghanistan presented a graver threat than Iraq.

#### Global nuclear war

Morgan 7 (Stephen J., Political Writer and Former Member of the British Labour Party Executive Committee, “Better another Taliban Afghanistan, than a Taliban NUCLEAR Pakistan!?”, 9-23, http://www.freearticlesarchive .com/article/\_Better\_another\_Taliban\_Afghanistan\_\_than\_a\_Taliban\_NUCLEAR\_Pakistan\_\_\_/99961/0/)

However events may prove him sorely wrong. Indeed, his policy could completely backfire upon him. As the war intensifies, he has no guarantees that the current autonomy may yet burgeon into a separatist movement. Appetite comes with eating, as they say. Moreover, should the Taliban fail to re-conquer al of Afghanistan, as looks likely, but captures at least half of the country, then a Taliban Pashtun caliphate could be established which would act as a magnet to separatist Pashtuns in Pakistan. Then, the likely break up of Afghanistan along ethnic lines, could, indeed, lead the way to the break up of Pakistan, as well. Strong centrifugal forces have always bedevilled the stability and unity of Pakistan, and, in the context of the new world situation, the country could be faced with civil wars and popular fundamentalist uprisings, probably including a military-fundamentalist coup d’état. Fundamentalism is deeply rooted in Pakistan society. The fact that in the year following 9/11, the most popular name given to male children born that year was “Osama” (not a Pakistani name) is a small indication of the mood. Given the weakening base of the traditional, secular opposition parties, conditions would be ripe for a coup d’état by the fundamentalist wing of the Army and ISI, leaning on the radicalised masses to take power. Some form of radical, military Islamic regime, where legal powers would shift to Islamic courts and forms of shira law would be likely. Although, even then, this might not take place outside of a protracted crisis of upheaval and civil war conditions, mixing fundamentalist movements with nationalist uprisings and sectarian violence between the Sunni and minority Shia populations. The nightmare that is now Iraq would take on gothic proportions across the continent. The prophesy of an arc of civil war over Lebanon, Palestine and Iraq would spread to south Asia, stretching from Pakistan to Palestine, through Afghanistan into Iraq and up to the Mediterranean coast. Undoubtedly, this would also spill over into India both with regards to the Muslim community and Kashmir. Border clashes, terrorist attacks, sectarian pogroms and insurgency would break out. A new war, and possibly nuclear war, between Pakistan and India could no be ruled out. Atomic Al Qaeda Should Pakistan break down completely, a Taliban-style government with strong Al Qaeda influence is a real possibility. Such deep chaos would, of course, open a “Pandora's box” for the region and the world. With the possibility of unstable clerical and military fundamentalist elements being in control of the Pakistan nuclear arsenal, not only their use against India, but Israel becomes a possibility, as well as the acquisition of nuclear and other deadly weapons secrets by Al Qaeda. Invading Pakistan would not be an option for America. Therefore a nuclear war would now again become a real strategic possibility. This would bring a shift in the tectonic plates of global relations. It could usher in a new Cold War with China and Russia pitted against the US.

### Competitiveness

#### Jacks competitiveness—too costly

Johnson, 12 (Toni, Senior Editor, March 26, “Healthcare Costs and U.S. Competitiveness”, Council on Foreign Relations,

http://www.cfr.org/health-science-and-technology/healthcare-costs-us-competitiveness/p13325#p2)

The United States spends an estimated $2 trillion annually on healthcare expenses, more than any other industrialized country. According to data from the Organization for Economic Cooperation and Development (OECD), the United States spends two-and-a-half times more than the OECD average, and yet ranks with Turkey and Mexico as the only OECD countries [without universal health coverage](http://www.cfr.org/publication/19871/lessons_in_universal_health_insurance_models.html). Some analysts say an increasing number of U.S. businesses are less competitive globally because of ballooning healthcare costs. U.S. economic woes have heightened the burden of healthcare costs both on individuals and businesses. The U.S. healthcare reform law signed by President Barack Obama on March 23, 2010 includes measures aimed at making health care less expensive and more accessible, including upgrades to government-run Medicare and Medicaid. Still, reforming health care has proved politically divisive, especially over the option to expand social medicine, as well as new mandates on employers and individuals. The Supreme Court will hear arguments starting March 26, 2012 on whether the law is unconstitutional, amid calls by the law's detractors to repeal it entirely. Whether these reforms will reduce the healthcare cost burden on U.S. industry remains under debate.

#### Kills innovation

Johnson, 12 (Toni, Senior Editor, March 26, “Healthcare Costs and U.S. Competitiveness”, Council on Foreign Relations,

http://www.cfr.org/health-science-and-technology/healthcare-costs-us-competitiveness/p13325#p2)

Health care is one of several factors--entrenched union contracts are another--that make doing business in the United States expensive, and it's difficult to parse the effects of each factor. Moreover, economists disagree on the number of U.S. jobs that have been lost to offshoring--the transfer of business operations across national boundaries to friendlier operating environments. A RAND June 2009 study published in theHealth Services Research Journal found that industries with the highest level of employer-sponsored health care (such as manufacturing, telecommunications, education, and finance) showed the slowest amounts of growth between 1987 and 2005 compared to industries with the smallest level of employer-provided insurance in the United States and compared to their industry competitors in Canada, where insurance is provided by the state. U.S. News and World Report Money blogger Rick Newman uses some of the RAND data to [project the decrease in industry growth](http://www.usnews.com/money/blogs/flowchart/2009/08/04/industries-hurt-most-by-soaring-health-costs.html) and potential job losses for fifteen sectors should healthcare costs rise to 20 percent of U.S. GDP. Some analysts say the healthcare situation affects the ability of startup companies to find the best workers, impeding U.S. innovation. "In the cradle of American innovation, workers are[making career choices based on co-payments](http://www.nytimes.com/2009/12/16/business/economy/16leonhardt.html), preexisting conditions, and other minutiae of health insurance," writes David Leonhardt in the New York Times." They are not necessarily making decisions based on what would be best for their careers and, in turn, for the American economy."

### Ext - Economy

#### Obamacare kills the economy—3 reasons

Boehner, 7/5 (Rep. John Boehner, 2012, “Boehner in WashTimes: ObamaCare Hurting Our Economy, GOP Will Vote to Repeal”, http://www.speaker.gov/op-ed/boehner-washtimes-obamacare-hurting-our-economy-gop-will-vote-repeal)

There’s no doubt that the president’s health care law is hurting our economy. Even before the U.S. Supreme Court’s recent ruling on Obamacare, the president’s law was driving up health costs and making it harder for small businesses to hire. The court’s ruling underscores the urgency of repealing this harmful law in its entirety, which House Republicans stand ready to do. After enacting his massive “stimulus” spending bill in 2009, President Obama spent more than a year trying to push the health care law through Congress over the objections of the American people, who wanted the president to focus instead on policies that would remove obstacles to private-sector job creation. During that time, the president angrily denied that the penalty the health law would impose on Americans who fail to comply with the mandate was a tax, dismissing the charge as politically-driven rhetoric from his critics. On June 28, the Supreme Court confirmed that the centerpiece of the president’s health care law does not violate the Constitution because … it is a tax. The president and his allies celebrated the ruling. But when you look at the impact the law is having on our economy, there is nothing to celebrate. A recent report by Bloomberg News noted that the president’s health care law will impose an estimated $813 billion in new taxes on job creators and middle-class families, based on data from the nonpartisan Congressional Budget Office. A U.S. Chamber of Commerce survey showed that 74 percent of small businesses contend that this law will make job creation at their companies even more difficult. In my home state of Ohio, private-sector job creators are speaking out on the harmful effects of the law. Jamie Richardson, vice president of government and shareholder relations for White Castle, warned in a recent article in the ColumbusDispatchthat the law “will be a cost burden for employers and [will] negatively impact job creation.” There’s a lot of resolve among my House colleagues, and among the American people, to stop a law that’s hurting our economy, driving up the cost of health care and stunting job growth. Public opinion research consistently shows most Americans not only oppose Obamacare, but support fully repealing it. At my direction and that of our majority leader, Rep. Eric Cantor of Virginia, the U.S. House of Representatives on July 11 will vote on legislation that would fully repeal the president’s health care law to stop it from inflicting further harm on our economy. The House passed a similar bill last year, but it died in the Democratic-controlled Senate. By passing our repeal bill in July, we will give the Senate and Mr. Obama a second opportunity to follow the will of the American people. What Americans want is a common-sense, step-by-step approach to health care reform that will protect Americans’ access to the care they need, from the doctors they choose, at a lower cost. House Republicans want families to be able to make their own choices in health care, visit the doctors of their choosing, and receive the health care they and their doctors feel is best. House Republicans understand that Obamacare is bad for our economy and we will act, on behalf of the American people, to repeal it in its entirety. We are ready to work with a president who will listen to the people and will not repeat the mistakes that gave our country this harmful law.

#### Affordable Care Act hurts economy

McMahon 2012 (Linda, candidate for US Senate, July 9, “Heath care law bad for economy”, Stamford Advocate, http://www.stamfordadvocate.com/opinion/article/Op-Ed-McMahon-Heath-care-law-bad-for-economy-3694359.php)

The Supreme Court's decision to uphold the Affordable Care Act is deeply disappointing to all who believe we can reform health care without burdening our people and economy with higher taxes, increased spending and more red tape.¶ The law represents the largest tax increase in American history, aimed directly at small businesses and middle-class families. It will raise the costs of health care, and millions of Americans will lose the plans and doctors they have now. It will also be a job killer in an economy already struggling.¶ That is why I will vote to repeal it and will work to replace it with common-sense reforms the American people want and our economy needs.¶ Everything we were told about this law turns out not to be so. We were told it would not raise taxes. In fact, it imposes 21 new or higher taxes. The nonpartisan Congressional Budget Office estimates that 75 percent of the new tax burden will fall on families making $250,000 or less.¶ We were told the law would reduce the costs of health care. Actually, CBO concludes premiums will rise and health care will be more expensive.¶ We were told the law would permit people to keep the plans and doctors they have, but in fact the law will reduce the number of people on company plans. Government will dictate which services are required and which may be rationed or no longer be available at all. As government assumes the role of physician-in-chief, the traditional ties between patients and doctors will be broken.¶ The Affordable Care Act is clearly bad medicine, but its impact on the economy will be every bit as harmful. Many Connecticut small business owners tell me that rather than hire more workers, they are going to cut back. So what must we do? I am absolutely committed to the repeal of the law, but we must also deal with the uncertainties. Americans should not have to lie awake at night wondering what will happen if they or a loved one need medical care they cannot afford.

#### Affordable Care Act is costly and won’t work

Miller et al 2012 (Thomas, Resident Fellow AEI, Grace-Marie Turner, President of the Galen Institute, James Capretta, Fellow at the Ethics and Public Policy Center, previously associate director at White House Office of Management and Budget, April 25, “Why the (un)Affordable Care Act should be repealed and replaced”, American Enterprise Institute, http://www.aei.org/article/why-the-unaffordable-care-act-should-be-repealed-and-replaced/)

As co-authors of Why ObamaCare Is Wrong for America,1 we strongly recommend that the Affordable Care Act of 2010 should be repealed and replaced as soon as possible. The Affordable Care Act (ACA) has become deservedly more unpopular since its enactment.2,3 It is too costly to finance,4 too difficult to administer,5 too burdensome on health care professionals,6 and too disruptive of existing health care arrangements that many Americans prefer.7 It will limit future economic growth,8 distort health care delivery,9 exacerbate already-unsustainable entitlement spending,10 and erase any meaningful constitutional limits on the enumerated powers of the federal government.11 By relying on illusory formulaic reductions in future payments to physicians, on burdensome new reporting requirements, and on top-down restrictions on medical innovation, it will further jeopardize access to quality care.12 ¶ For example, proposed lower levels of reimbursement for physicians and other health care providers - as set out either in the ACA payment formulas, the even less accountable future operations of the Independent Payment Advisory Board, or the continued operation of the statutory Sustainable Growth Rate - along with forthcoming comparative effectiveness guidelines and Medicare pay-for-performance reporting rules will force medical practitioners to be much more responsive to the preferences of budget-sensitive federal officials than to the best application of their professional judgment to their patients' preferences and needs. The imperative to comply only with the edicts of a much smaller number of highly politicized regulators, administrators, and payers under the ACA might reduce some of the annoyance of coping with the more varied payment regimens currently used by larger numbers of private insurers and other third-party payers. But it will substitute the greater burdens of political risk, permanent monopsony bargaining power, and unfunded mandates on many medical practitioners.

#### Hurts low income earners

Gonzalez 2012 (Jose, July 11, “Affordable Care Act Should be Repealed and Replaced”, The University Star, http://star.txstate.edu/node/5775)

Regardless of the constitutionality of the Affordable Care Act, it is a bad law with adverse effects on college students and recent graduates.¶ Nearly two weeks ago, the Patient Protection and Affordable Care Act was upheld as constitutional by the U.S. Supreme Court. The ruling cited the congressional taxing clause as rationale for upholding the law.¶ As if college tuition was not costly enough, the act inserts an additional expense for students through the individual mandate. The mandate requires that a student either purchase healthcare coverage or be monetarily penalized. The current annual price of coverage offered by Texas State is $1552, which is an expense not necessarily in reach for a lot of students.¶ The act has a much-celebrated feature that is considered to be a limited remedy for the individual mandate. This feature is the ability for adults to remain on the healthcare plans of their parents up until the age of 26. However, that ability is more problematic than helpful. Many employers will likely have to increase the premium on their healthcare plans because more people than what the plans can support will return to their parents’ coverage.¶ The “community rating” provision of the act should be cause for serious concern. A measure taking effect in 2014, the “community rating” will narrow down the difference of premium costs between age groups sharply. A presumably healthy person in their 20s will be forced to pay a higher amount on their premium to more closely approach what someone in their 60s is paying. This is analogous to someone with decades of driving experience paying unnecessarily higher insurance rates to help bridge an economic divide with a 17-year-old driver. Worst of all, the youngest, who are also typically the lowest income earners, will be the ones most adversely affected by the “community rating.” ¶ Another part of the act is an explicit tax on tanning salons. Practically all of these tanning salons are small businesses not in need of more taxation. Tanning salons have clearly set up shop in San Marcos and neighboring areas to cater to some of the industry’s greatest consumers — college students. This taxation only stifles the productivity of these small businesses during already difficult economic times.¶ Other small businesses throughout San Marcos will also be hurt by provisions in the act. For several reasons, including the cost, many small business owners choose not to provide health insurance to their employees. To comply with the act, small businesses with at least 50 employees must offer health insurance coverage. The penalty for not complying with the law is $2,000 per employee. The small businesses of San Marcos employ many Bobcats. The businesses who cannot afford to offer health insurance coverage might cut staff as an alternative, and student employees will likely be the first to go.¶ By 2016, the penalty for not buying health insurance will stand at $695 a year. Jonathan Gruber, an MIT economist instrumental to the design of the act, is projecting an increase of 19 to 30 percent in premium costs for the individual market. Either way, the act will provide an undue burden for recent college graduates and people struggling to find and sustain employment.

#### Too expensive

Owcharenko 2012 (Nina, director of the Heritage Foundation's Center for Health Policy Studies, July 10, “Constitutionality of Healthcare Law Is Still in Question”, US News, http://www.usnews.com/debate-club/should-congress-repeal-the-affordable-care-act/constitutionality-of-healthcare-law-is-still-in-question)

Even after the Supreme Court's decision, President Barack Obama's major policy achievement—Obamacare—remains as unworkable, unaffordable, and unconstitutional as ever.¶ Unworkable. Overhauling one sixth of the nation's economy in one legislative dictate is a recipe for disaster. Every glitch in the law and every ill-advised regulation creates an implementation nightmare, requiring more bureaucratic or political interventions. The Supreme Court's decision on the individual mandate revives questions over Internal Revenue Service enforcement of the law. Not only is the IRS expected to enforce the employer mandate, it must also make a complex tax calculation including household incomes for each employee, and collect the individual mandate tax (based on each month a person is uninsured or otherwise fails to satisfy the HHS guidelines for coverage). At a time when lawmakers on both sides are advocating for making the tax code simpler, these provisions only make the code more complicated.¶ Unaffordable. The Congressional Budget Office has already had to adjust its cost estimates of the law. The Supreme Court's decision on Medicaid will certainly force yet another cost revision. As some states may opt out of the Medicaid expansion, millions of Americans will be shifted onto the even more costly federal subsidy scheme. On top of this, more and more employers are predicting that it will be more cost-efficient for them to just drop their existing employee coverage and pay the penalty. These two developments are certain to raise the cost of Obamacare far beyond its proponents' original promise.¶ Unconstitutional. While the Supreme Court twisted the law to save the individual mandate, the Medicaid expansion was found unconstitutional, setting off a domino effect that will lead to higher costs and fewer insured. Then there are the 23 pending cases representing 56 plaintiffs relating to the law's infringement on religious liberty vis a vis the requirement that insuring employers—regardless of any religious objections—provide employees with free coverage for contraception, abortion-related drugs, and sterilization procedures. Thus, leaving aside the court's dubious decision, serious constitutional infirmities remain.¶ This is just the beginning. As more of the law comes into effect, the more precise the implementation must be and the more disruptive change is likely. The president has even acknowledged the law will probably have to be reopened, if he's re-elected. Instead of trying to fix the growing mess of this law, Congress would do better to just repeal it. Then lawmakers can get to work on the sensible healthcare reforms that Americans need.

#### Number one highest cost to employers

Johnson, 12 (Toni, Senior Editor, March 26, “Healthcare Costs and U.S. Competitiveness”, Council on Foreign Relations,

http://www.cfr.org/health-science-and-technology/healthcare-costs-us-competitiveness/p13325#p2)

The United States spent more than [17 percent of its GDP](http://www.commonwealthfund.org/Content/Newsletters/Washington-Health-Policy-in-Review/2010/Feb/February-8-2010/National-Health-Expenditures-Now-Grab-173-Percent-of-GDP-Study-Projects.aspx) on health care, higher than any other developed nation. The nonpartisan Congressional Budget Office (CBO) estimated in 2008 that number would rise to 25 percent by 2025 [without changes to federal law (PDF)](http://www.cbo.gov/ftpdocs/99xx/doc9925/12-18-HealthOptions.pdf). Employer-funded coverage is the structural mainstay of the U.S. health insurance system. A November 2008 Kaiser Foundation report says access to employer-sponsored health insurance has been [on the decline (PDF)](http://www.kff.org/uninsured/upload/7840.pdf) among low-income workers, and health premiums for workers have risen [114 percent in the last decade (PDF)](http://www.rwjf.org/files/research/101508.policysynthesis.costdrivers.rpt.pdf). Small businesses are less likely than large employers to be able to provide health insurance as a benefit. At 12 percent, health care is the [most expensive benefit](http://www.uschamber.com/healthcare.htm) paid by U.S. employers, according to the U.S. Chamber of Commerce.

### Freedom

#### Healthcare invades our public space—destroys freedom

LVRJ, 7/5/12 (Las Vegas Review Journal, MARK HUTCHISON, “ObamaCare will only exacerbate problem - it's a cure worse than the disease”, http://www.lvrj.com/opinion/a-little-less-free-161409895.html)

But while these actions might help make Americans a healthier people, they would make us far less free. America is the freest country on Earth because our citizens, not our bureaucrats, make their own individual decisions about how to lead their lives. The health care law fundamentally changes that. This law gives government the legal standing to involve itself in the most private aspects of its citizens' lives. It opens the door for further government dictate: If health insurance isn't off-limits, then what about taxing citizens until they submit and purchase hybrid cars or solar panels? These are all arguably in the public interest, after all. But that poses a problem: Who determines what constitutes the public interest? The health care law elevates the whims of the ruling party to the force of law. This is exactly what our Constitution sought to avoid. The Patient Protection and Affordable Care Act rests on top-down government control, and this type of overreach, no matter how well-intentioned, compromises liberty. No one denies that our health care system is in need of an overhaul. We have millions of uninsured residents, and the cost of medical care is soaring. But curtailing our liberty and rationing health care is not the answer. Instituting a massive system of new regulations and taxes will only exacerbate the problem. When bureaucrats control health care decisions, expense, efficiency and outcomes, everyone suffers. We need reform, but the president's approach is a cure that is worse than the disease.

### NATO

#### Healthcare jacks recruitment

NYT, 8 (Floyd Norris, May 30, 2008, “Health’s Gain May Be Army’s Loss”, http://www.nytimes.com/2008/05/30/business/30norris.html?ex=1369886400&en=48a84acfacec6f7c&ei=5124&partner=permalink&exprod=permalink)

Call it the law of unintended consequences. When you fix one thing, it messes up other things. If the Democrats win the election this year, and are able to enact a health care plan that extends adequate coverage to all Americans, the loser could be the Army. Getting enough people to enlist could become a major problem for the next president. Senator [John McCain](http://topics.nytimes.com/top/reference/timestopics/people/m/john_mccain/index.html?inline=nyt-per), the presumptive Republican candidate, has already pointed out that Senator [Barack Obama](http://topics.nytimes.com/top/reference/timestopics/people/o/barack_obama/index.html?inline=nyt-per), the likely Democratic candidate, never served in the military. It remains to be seen how potent that will be as an issue, given the fact that the last four presidential elections have been won by the candidate with the less impressive military resume. But there is something else that distinguishes Mr. Obama from all recent candidates for the presidency. He would be the first presidential nominee to come of age after the draft was abolished in the administration of [Richard M. Nixon](http://topics.nytimes.com/top/reference/timestopics/people/n/richard_milhous_nixon/index.html?inline=nyt-per). He never had to decide how to deal with the draft, and legally was under no more pressure to enlist than he was to go to medical school or become a bus driver. Joining the military was a career option like any other. And that has made it harder to put the Army together. Government polls [show](http://www.marinecorpstimes.com/news/2008/04/marine_recruiting_041208w/) that the proportion of young people who think they might enlist is roughly half what it was in the late 1980s. The military has responded with more recruiters and higher cash enlistment bonuses, and has met its goals. A significant factor for many recruits, it turns out, is the military’s generous health benefits for dependants. Michael Massing, writing in the April 3 issue of The New York Review of Books, [tells](http://www.nybooks.com/articles/21201) the story of one part-time college student from Brooklyn, who was holding down two jobs but still going into debt. “Meanwhile, he got married, his wife got pregnant, and he had no health care. From a brother in the military, he had learned of the Army’s many benefits, and, visiting a recruiter, he heard about Tricare, the military’s generous health plan.” He enlisted. It seems a bit perverse that the incentives for a young person with children to join are greater than the incentives for his childless friend. But that is the way it is. All that could change if the push for some kind of national health insurance program were to be successful. It is true, of course, that Democrats have been talking about such things for generations. The failure of health care legislation during [Bill Clinton](http://topics.nytimes.com/top/reference/timestopics/people/c/bill_clinton/index.html?inline=nyt-per)’s first two years in office left some viewing the issue as political dynamite — good for a campaign but fatal to anyone who tries to pass a specific program. It is quite unclear how the government would pay for a comprehensive program, and no candidates seem eager to discuss ways to hold down health care spending.

#### Recruitment key to fighting in Afghanistan—kills NATO

Watt and Temko, 7 (Nicholas and Ned, The Observer, July 14, “Failure in Afghanistan risks rise in terror, say generals”, http://www.guardian.co.uk/uk/2007/jul/15/world.afghanistan)

Britain's most senior generals have issued a blunt warning to Downing Street that the military campaign in Afghanistan is facing a catastrophic failure, a development that could lead to an Islamist government seizing power in neighbouring Pakistan. Amid fears that London and Washington are taking their eye off Afghanistan as they grapple with Iraq, the generals have told Number 10 that the collapse of the government in Afghanistan, headed by Hamid Karzai, would present a grave threat to the security of Britain. Lord Inge, the former chief of the defence staff, highlighted their fears in public last week when he warned of a 'strategic failure' in Afghanistan. The Observer understands that Inge was speaking with the direct authority of the general staff when he made an intervention in a House of Lords debate. 'The situation in Afghanistan is much worse than many people recognise,' Inge told peers. 'We need to face up to that issue, the consequence of strategic failure in Afghanistan and what that would mean for Nato... We need to recognise that the situation - in my view, and I have recently been in Afghanistan - is much, much more serious than people want to recognise.' Inge's remarks reflect the fears of serving generals that the government is so overwhelmed by Iraq that it is in danger of losing sight of the threat of failure in Afghanistan. One source, who is familiar with the fears of the senior officers, told The Observer: 'If you talk privately to the generals they are very very worried. You heard it in Inge's speech. Inge said we are failing and remember Inge speaks for the generals.' Inge made a point in the Lords of endorsing a speech by Lord Ashdown, the former Liberal Democrat leader, who painted a bleak picture during the debate. Ashdown told The Observer that Afghanistan presented a graver threat than Iraq.

#### NATO collapse causes nuclear wars

Duffield 94 (John, Assistant Professor of Government and Foreign Affairs – University of Virginia, Political Science Quarterly, 109, p. 766-767)

Initial analyses of NATO's future prospects overlooked at least three important factors that have helped to ensure the alliance's enduring relevance. First, they underestimated the extent to which external threats sufficient to help justify the preservation of the alliance would continue to exist. In fact, NATO still serves to secure its members against a number of actual or potential dangers emanating from outside their territory. These include not only the residual threat posed by Russian military power, but also the relatively new concerns raised by conflicts in neighboring regions. Second, the pessimists failed to consider NATO's capacity for institu­tional adaptation. Since the end of the cold war, the alliance has begun to develop two important new functions. NATO is increasingly seen as having a significant role to play in containing and controlling milita­rized conflicts in Central and Eastern Europe. And, at a deeper level, it works to prevent such conflicts from arising at all by actively pro­moting stability within the former Soviet bloc. Above all, NATO pessimists overlooked the valuable intra-alliance functions that the alliance has always performed and that remain rele­vant after the cold war. Most importantly, NATO has helped stabilize Western Europe, whose states had often been bitter rivals in the past. By damping the security dilemma and providing an institutional mech­anism for the development of common security policies, NATO has contributed to making the use of force in relations among the countries of the region virtually inconceivable. In all these ways, NATO clearly serves the interests of its European members. But even the United States has a significant stake in preserving a peaceful and prosperous Europe. In addition to strong transatlantic historical and cultural ties, American economic interests in Europe— as a leading market for U.S. products, as a source of valuable imports, and as the host for considerable direct foreign investment by American companies — remain substantial. If history is any guide, moreover, the United States could easily be drawn into a future major war in Europe, the consequences of which would likely be even more devastating than those of the past, given the existence of nuclear weapons.

### Readiness

#### Healthcare jacks recruitment

NYT, 8 (Floyd Norris, May 30, 2008, “Health’s Gain May Be Army’s Loss”, http://www.nytimes.com/2008/05/30/business/30norris.html?ex=1369886400&en=48a84acfacec6f7c&ei=5124&partner=permalink&exprod=permalink)

Call it the law of unintended consequences. When you fix one thing, it messes up other things. If the Democrats win the election this year, and are able to enact a health care plan that extends adequate coverage to all Americans, the loser could be the Army. Getting enough people to enlist could become a major problem for the next president. Senator [John McCain](http://topics.nytimes.com/top/reference/timestopics/people/m/john_mccain/index.html?inline=nyt-per), the presumptive Republican candidate, has already pointed out that Senator [Barack Obama](http://topics.nytimes.com/top/reference/timestopics/people/o/barack_obama/index.html?inline=nyt-per), the likely Democratic candidate, never served in the military. It remains to be seen how potent that will be as an issue, given the fact that the last four presidential elections have been won by the candidate with the less impressive military resume. But there is something else that distinguishes Mr. Obama from all recent candidates for the presidency. He would be the first presidential nominee to come of age after the draft was abolished in the administration of [Richard M. Nixon](http://topics.nytimes.com/top/reference/timestopics/people/n/richard_milhous_nixon/index.html?inline=nyt-per). He never had to decide how to deal with the draft, and legally was under no more pressure to enlist than he was to go to medical school or become a bus driver. Joining the military was a career option like any other. And that has made it harder to put the Army together. Government polls [show](http://www.marinecorpstimes.com/news/2008/04/marine_recruiting_041208w/) that the proportion of young people who think they might enlist is roughly half what it was in the late 1980s. The military has responded with more recruiters and higher cash enlistment bonuses, and has met its goals. A significant factor for many recruits, it turns out, is the military’s generous health benefits for dependants. Michael Massing, writing in the April 3 issue of The New York Review of Books, [tells](http://www.nybooks.com/articles/21201) the story of one part-time college student from Brooklyn, who was holding down two jobs but still going into debt. “Meanwhile, he got married, his wife got pregnant, and he had no health care. From a brother in the military, he had learned of the Army’s many benefits, and, visiting a recruiter, he heard about Tricare, the military’s generous health plan.” He enlisted. It seems a bit perverse that the incentives for a young person with children to join are greater than the incentives for his childless friend. But that is the way it is. All that could change if the push for some kind of national health insurance program were to be successful. It is true, of course, that Democrats have been talking about such things for generations. The failure of health care legislation during [Bill Clinton](http://topics.nytimes.com/top/reference/timestopics/people/c/bill_clinton/index.html?inline=nyt-per)’s first two years in office left some viewing the issue as political dynamite — good for a campaign but fatal to anyone who tries to pass a specific program. It is quite unclear how the government would pay for a comprehensive program, and no candidates seem eager to discuss ways to hold down health care spending.

#### Recruitment key to readiness

CNN, 2008 (February 19, “Officers: U.S. military stretched 'dangerously thin'”, http://www.cnn.com/2008/WORLD/meast/02/19/military.survey.iraq/index.html)

WASHINGTON (CNN) -- The Iraq war has strained U.S. forces to the point where they could not fight another large-scale war, according to a survey of military officers. Of those surveyed, 88 percent believe the demands of the Iraq war have "stretched the U.S. military dangerously thin." On the other hand, 56 percent of the officers disagree that the war has "broken" the military. Eighty percent of officers believe it is unreasonable to expect the U.S. military to wage another major war successfully at present. Foreign Policy magazine and the Center for a New American Security on Tuesday issued the U.S. Military Index, a survey of 3,400 present and former U.S. military officers. "We asked the officers whether they thought the U.S. military was stronger or weaker than it was five years ago," said Michael Boyer, who helped write the report. "Sixty percent said the U.S. military is weaker than it was five years ago," Boyer told reporters.

#### -- Nuclear war

Feldstein 7 (Martin, George F. Baker Professor of Economics – Harvard University and President Emeritus – National Bureau of Economic Research “The Underfunded Pentagon”, Foreign Affairs, March/April, Lexis)  
  
Deterring other great powers, such as Russia and China, will require Washington to maintain its dominance in conventional warfare and therefore at least to maintain its current level of military spending. But in addition, the United States now faces three new types of threats for which its existing military capacity is either ill suited or insufficient. First, there are relatively small regional powers, such as North Korea, Iran, and Pakistan, that can or will soon be able to strike the United States and its allies with weapons of mass destruction (WMD). Second, there are global nonstate terrorist networks, such as al Qaeda, with visions of re-creating the world order. And third, there are independent terrorists and groups motivated less by a long-term vision of global conquest than by hatred, anti-Americanism, and opposition to their own governments. Each of these threats is exacerbated by the relative ease with which crude WMDs can be developed due to the diffusion of modern technology and the potential emergence of a black market in fissile material. Furthermore, there seems to be general agreement that the United States has committed so much of its war-fighting capacity to Iraq and Afghanistan that it could not fight in Iran or North Korea or elsewhere if that were deemed necessary. That limit on capacity encourages U.S. adversaries to behave in ways that are contrary to U.S. interests. Those adversaries would be less likely to do so if Washington had the extra manpower and equipment that were once assumed to be the goal -- and perhaps the reality -- of the U.S. military structure.

### Ext: Kills Readiness

#### Drastically drops recruitment

NYT, 8 (Floyd Norris, May 30, 2008, “Health’s Gain May Be Army’s Loss”, http://www.nytimes.com/2008/05/30/business/30norris.html?ex=1369886400&en=48a84acfacec6f7c&ei=5124&partner=permalink&exprod=permalink)

But if such a program were adopted, it seems likely that the military, and particularly the Army, would feel the immediate effect. To expand the Army, as all the candidates say they want to do, would require some other incentive for enlistment, particularly when the economy recovers. In the near term, it is possible that a recession will improve the military’s recruiting success. The official unemployment rate is still low, but the proportion of Americans who expect the job picture to improve is at its lowest level in a quarter century, according to [the Conference Board](http://topics.nytimes.com/top/reference/timestopics/organizations/c/conference_board/index.html?inline=nyt-org)’s consumer confidence survey. That survey shows that younger people are still more confident than older ones, but the confidence of both groups has fallen sharply this year.

### Unconstitutional

#### Obamacare is expensive and unconstitutional

Owcharenko 2012 (Nina, director of the Heritage Foundation's Center for Health Policy Studies, July 10, “Constitutionality of Healthcare Law Is Still in Question”, US News, http://www.usnews.com/debate-club/should-congress-repeal-the-affordable-care-act/constitutionality-of-healthcare-law-is-still-in-question)

Even after the Supreme Court's decision, President Barack Obama's major policy achievement—Obamacare—remains as unworkable, unaffordable, and unconstitutional as ever.¶ Unworkable. Overhauling one sixth of the nation's economy in one legislative dictate is a recipe for disaster. Every glitch in the law and every ill-advised regulation creates an implementation nightmare, requiring more bureaucratic or political interventions. The Supreme Court's decision on the individual mandate revives questions over Internal Revenue Service enforcement of the law. Not only is the IRS expected to enforce the employer mandate, it must also make a complex tax calculation including household incomes for each employee, and collect the individual mandate tax (based on each month a person is uninsured or otherwise fails to satisfy the HHS guidelines for coverage). At a time when lawmakers on both sides are advocating for making the tax code simpler, these provisions only make the code more complicated.¶ Unaffordable. The Congressional Budget Office has already had to adjust its cost estimates of the law. The Supreme Court's decision on Medicaid will certainly force yet another cost revision. As some states may opt out of the Medicaid expansion, millions of Americans will be shifted onto the even more costly federal subsidy scheme. On top of this, more and more employers are predicting that it will be more cost-efficient for them to just drop their existing employee coverage and pay the penalty. These two developments are certain to raise the cost of Obamacare far beyond its proponents' original promise.¶ Unconstitutional. While the Supreme Court twisted the law to save the individual mandate, the Medicaid expansion was found unconstitutional, setting off a domino effect that will lead to higher costs and fewer insured. Then there are the 23 pending cases representing 56 plaintiffs relating to the law's infringement on religious liberty vis a vis the requirement that insuring employers—regardless of any religious objections—provide employees with free coverage for contraception, abortion-related drugs, and sterilization procedures. Thus, leaving aside the court's dubious decision, serious constitutional infirmities remain.¶ This is just the beginning. As more of the law comes into effect, the more precise the implementation must be and the more disruptive change is likely. The president has even acknowledged the law will probably have to be reopened, if he's re-elected. Instead of trying to fix the growing mess of this law, Congress would do better to just repeal it. Then lawmakers can get to work on the sensible healthcare reforms that Americans need.

#### Affordable Care Act is inefficient, expensive, and ineffective

Milord 2012 (Christian, July 6, “Unhealthy future under Obamacare”, Orange County Register, http://www.ocregister.com/articles/health-362520-care-act.html)

The Supreme Court recently upheld the Affordable Care Act, a partisan law that nearly 70 percent of Americans oppose. After the dust gradually settles from the 5-4 decision, the fallout from Obamacare, indeed, could be controversial and far-reaching.¶ Although the Democrats won this battle, the GOP and the voters can win long term since the court basically punted the ball back to Congress. If Mitt Romney wins the presidency, and the GOP holds the house and takes control of the Senate, the equation could be altered. However, if President Obama is re-elected, the law could adversely affect health care, the economy and the federal debt. Here are some reasons why this is the case.¶ First, this poorly researched law was rammed through on a totally partisan basis, and no one really knows the cost of the Act's implementation. If Medicaid and Medicare are any guides, the costs will far exceed estimates. The folks who believe they can receive free health care should think again, because taxpayers will have to pay the tab for the escalating costs of this colossal bureaucracy.¶ Second, although the Constitution's Commerce Clause wasn't shredded it certainly took a hit. If the uninsured refuse health insurance, they must pay a penalty (tax). Who will foot the bill if large numbers of folks can't afford the tax? Those who have insurance will continue to pay premiums, but their taxes could also rise to support the federal health care apparatus. To a degree, all Americans will be stuck between a rock and a hard place with this unfunded mandate.¶ Third, the upper-middle class and wealthy will be minimally impacted by the Act because they can receive whatever health services they choose. However, because of rising medical costs and a weak economic recovery these job creators might be hesitant to expand their businesses or hire new employees. The middle class and poor could bear the brunt of this edict because they must be prepared to accept diluted health services.¶ Fourth, implementing the ACA will require mammoth sums of money that the government doesn't have. Increased deficit spending will only accelerate the national debt and force folks to think long and hard before they invest and spend in the economy. Historically, when Washington takes in more revenue because of economic growth or tax hikes, Congress finds a way to spend additional revenue instead of paying down the debt.¶ Fifth, since the ACA makes it difficult for folks to shop for health insurance across state lines, as they can with other types of insurance, competition will decrease, and consumers will be pressured into unsuitable programs. Consequently, limited choices for doctors, hospitals, and patients could drive up health care costs. Moreover, fewer options for all stakeholders could translate into defensive practice of medicine, from the dumbing down of best practices.¶ Sixth, if the goal of the ACA is to enroll additional millions of Americans, it could generate an overload for existing doctors and overcrowd clinics and hospitals. Indeed, there are already current shortages of health care personnel. If the law unfolds as planned, patients will likely have to endure long waits for care and rationing would result from limited resources.¶ Seventh, under the Act too much power resides in the hands of an unaccountable Independent Payment Advisory Board and the secretary of Health and Human Services. Over time, IPAB could set health care prices, which would distort the natural flow of the free market. These bureaucrats could end up deciding how much care can be provided and to whom it can be offered.¶ Eighth, President Obama said the Supreme Court decision helps folks across America feel secure, knowing that they can all sign up for medical coverage. However, the irony is that Obamacare is neither affordable nor does it protect the patients it purports to help. Economics 101 informs us that future skyrocketing costs will be passed on to doctors, insurers, hospitals and patients, especially if Medicaid is expanded and taxes increase.¶ Finally, the Act erodes our inherent liberties and turns the Constitution on its head. Health care involves very personal decisions best formulated by individuals, families and doctors, not distant pencil pushers. Look only to Canada and Europe to see the effects of nationalized medical care. And be prepared for the hypocrisy of politicians who crafted the law and voted for it then bypassing its mandates in granting waivers to their allies.¶ The founders codified limited powers for the federal government, while individuals and the state have the right to exercise greater freedom and empowerment. The USA has one of the best health care systems in the world. While it could use some tweaks to control or drive down costs, a major overhaul is unnecessary. Some of the positive provisions in the Act can be addressed by the states without creating another entitlement that guts Medicare and ignores the needs of patients. Similar to other overbearing bureaucracies, the Affordable Care Act will end up being highly inefficient and cost-prohibitive.

### A2: Bioterrorism

#### HC kills innovation

Johnson, 12 (Toni, Senior Editor, March 26, “Healthcare Costs and U.S. Competitiveness”, Council on Foreign Relations,

http://www.cfr.org/health-science-and-technology/healthcare-costs-us-competitiveness/p13325#p2)

Health care is one of several factors--entrenched union contracts are another--that make doing business in the United States expensive, and it's difficult to parse the effects of each factor. Moreover, economists disagree on the number of U.S. jobs that have been lost to offshoring--the transfer of business operations across national boundaries to friendlier operating environments. A RAND June 2009 study published in theHealth Services Research Journal found that industries with the highest level of employer-sponsored health care (such as manufacturing, telecommunications, education, and finance) showed the slowest amounts of growth between 1987 and 2005 compared to industries with the smallest level of employer-provided insurance in the United States and compared to their industry competitors in Canada, where insurance is provided by the state. U.S. News and World Report Money blogger Rick Newman uses some of the RAND data to [project the decrease in industry growth](http://www.usnews.com/money/blogs/flowchart/2009/08/04/industries-hurt-most-by-soaring-health-costs.html) and potential job losses for fifteen sectors should healthcare costs rise to 20 percent of U.S. GDP. Some analysts say the healthcare situation affects the ability of startup companies to find the best workers, impeding U.S. innovation. "In the cradle of American innovation, workers are[making career choices based on co-payments](http://www.nytimes.com/2009/12/16/business/economy/16leonhardt.html), preexisting conditions, and other minutiae of health insurance," writes David Leonhardt in the New York Times." They are not necessarily making decisions based on what would be best for their careers and, in turn, for the American economy."

#### America is the key innovator of new medicines—collapse makes us vulnerable to bioterror attacks

Bandow, 5 (Doug, senior fellow at the Cato Institute, March 27, 2005, “A strong pharmaceutical industry is the best defense against pandemics”, http://legacy.utsandiego.com/uniontrib/20050327/news\_lz1e27bandow.html)

Yet at a time when the world may have narrowly escaped a potential viral epidemic in the form of SARS – and faces the prospect of biological terrorism – the drugmakers are under siege in America. Rhetorically, they have been lumped with the tobacco companies by demagogic politicians, as if firms which make products that heal are the same as those which make products that kill. The explosion of liability lawsuits is another problem. Henry Miller of the Hoover Institution points out that the number of vaccine makers has fallen by almost three-fourths since 1967. The basic problem, he notes, is that "compared to therapeutic drugs, vaccines traditionally offer low return on investment but high exposure to legal liability." This is the major reason we were left so vulnerable to the failure of Chiron, the British firm that was producing flu vaccine. Underlying the widespread political assault is a panoply of distorted and even false claims. The industry is not uniquely profitable and its returns are broadly commensurate with the cost of raising capital. Complaints about rising drug expenditures are common, even though people routinely spend more for a dinner out than on a typical prescription. Moreover, the primary reasons total drug outlays are rising is not because of price hikes on existing medicines, but because Americans are buying new products and using more old ones. Other myths abound. The drugmakers actually spend more on R&D than marketing. They devote far more money to finding drugs than does the National Institutes of Health. What makes the concerted assault against pharmaceutical concerns so perverse is that Washington claims it understands the importance of pharmaceutical research. Dianne Murphy, director of the FDA's Office of Counterterrorism & Pediatric Drug Development, said of drugmakers working on bioterrorism: "we want them to come in and talk to us when the drug is barely a glimmer in a scientist's eye." Yet Washington's threat to void the patent for Cipro in the midst of the 2001 anthrax scare was a warning to firms that no good deed is likely to go unpunished. Indeed, the better the deed (more effectively dealing with a deadlier disease), the greater the likely punishment (losing the hard-won return on the underlying research). The United States is essentially the last pharmaceutical free market among leading industrialized states. Price and use controls pervade Europe and other industrialized states, including Canada and Japan. In Europe, observed Wall Street Journal reporter Stephen D. Moore, "Innovative cancer drugs have gotten bogged down even earlier in the system." He adds: "Many European countries also attempt to restrict demand after new medicines reach pharmacy shelves. Drugs can be saddled with tight prescribing rules to limit consumption. Patients across Europe are fighting for improved access to older drugs such as Taxol, the world's top-selling anticancer drug." Thus, the vast majority of drug innovation derives from the American market. That will end, however, if government arbitrarily seizes – directly, through domestic restrictions, or indirectly, through "reimportation" of American drugs from countries with price controls – the fruit of industry R&D, thereby cutting industry prices and profits. Investment will fall. Which will mean less research and development. And fewer life-saving products. Life is uncertain and arbitrary; SARS demonstrated that flying on the wrong plane and sitting next to the wrong person could become a death sentence. And potentially many more people will die if new, even deadlier infectious diseases emerge, whether avian flu or something else. Yet the resources are available to prevent or ameliorate any such outbreak. Writes Dr. Joseph DiMasi of Tufts University: "a rapid expansion of scientific discoveries and technologic advances has given the pharmaceutical industry unprecedented opportunities to innovate. Combinatorial chemistry, high-throughput screening and genomics have provided a technologic platform that is highly conducive to growth in innovation. However, given typical lengths for the drug discovery and development processes, most of the fruits of these efforts will likely not be realized for years to come." Reaping those long-term benefits to protect people worldwide will require the aid of America's much-vilified pharmaceutical industry. If critics succeed in disabling the drugmakers, we will all be at risk. It's time those who benefit from industry research stopped treating drugmakers as the enemy. Bandow is a senior fellow at the Cato Institute and a former special assistant to President Reagan.

### A2: Disease

#### Long wait times and lack of access make it impossible to solve disease

Pallarito, 9 (Karen, August 8, ABC News, Health Day, “Expanding Health Coverage May Not Improve Access”, http://abcnews.go.com/Health/Healthday/story?id=8278252&page=1#.UAIS-itYuA2)

FRIDAY, Aug. 7 (HealthDay News) -- Even if Congress extends health coverage to the nation's 46 million uninsured Americans, there's no guarantee that everyone will have access to care -- unless payment reforms and new models of care are adopted, some experts say. Significantly expanding coverage without reforming health-care delivery is "a recipe for failure," said Alwyn Cassil, a spokeswoman for the Center for Studying Health System Change in Washington, D.C. "You won't be able to sustain the expanded coverage because it will just bankrupt us." Spending on health care this year is projected to reach $2.5 trillion, or 17.6 percent of the U.S. gross domestic product, according to a Kaiser Family Foundation analysis of Medicare and Medicaid data. That's up from 7.2 percent in 1970, and by 2018 it could swell to one-fifth of the GDP, which is a measure of all goods and services produced in the United States. Meanwhile, a worsening shortage of primary-care providers and rising demand for certain specialists will continue to strain the system, perhaps creating long waits for appointments.

#### And it stretches out doctors

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This is "one of the Achilles heels of reform," said Bauer, management consulting partner at Affiliated Computer Services Inc. and leader of the health futures practice at ACS Healthcare Solutions in Chicago. "People are already strapped to get a doctor," Bauer said. "As more people have insurance, they will try to get appointments with more doctors, and that will lead to dramatic increases in the time it takes to get an appointment." Depending on the coverage people have, where they live and whether they have an existing relationship with a physician, some Americans could encounter long delays in getting in to see a doctor. In Boston, the average wait time for an appointment with a family physician is 63 days -- the highest among 15 metropolitan markets surveyed by the national physician recruitment firm Merritt, Hawkins & Associates in Irving, Texas. The 15-city average was 20.3 days. Boston's long wait times may be driven by Massachusetts' 2006 health reform legislation, which expanded health insurance coverage to nearly everyone in the state, Merritt, Hawkins noted. Many health policy experts worry that similar access problems will be experienced nationwide if Congress enacts legislation extending health insurance coverage.

#### Not enough money to address diseases

CBO 8 (Congressional Budget Office, December, “Key Issues in Analyzing Major Health Insurance Proposals”, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/99xx/doc9924/12-18-keyissues.pdf)

Other types of initiatives might ultimately yield substantial long-term health benefits but might not generate much savings, at least in the short term. Even if successful, measures to reduce smoking and obesity—two factors linked to the development of chronic and acute health problems—might not have a substantial impact on health care spending for some time. In the long term, spending on diseases caused by poor health habits could decline substantially, but the impact on federal costs would also have to account for people living longer and receiving more in Medicare benefits (for the treatment of other diseases and age-related ailments) as well as other government benefits that are not directly related to health care (including Social Security benefits). Similarly, investments in health information technology might require substantial start-up costs that would be difficult to recapture in the typical 5- and 10-year budgetary time frames used to evaluate legislative proposals.

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#### Can’t solve the root cause of diseases

Forrester, 6/30/12 (“Dr. Frank Lipman’s Thoughts on Obamacare”, Frank Lipman is the founder and director of Eleven-Eleven Wellness Center in New York City, Wedharma, http://wedharma.com/creativity-lifestyle/dr-frank-lipmans-thoughts-on-obamacare/)

“I applaud President Obama for his efforts. I too believe that everyone deserves proper healthcare and that access to healthcare must be a right for all. But I think Washington is barking up the wrong tree. They’re busy arguing about what amounts to healthinsurance reform, while what this country needs is true health care reform. Interestingly, what is happening in Washington mirrors much of what we do in Western Medicine. We suppress symptoms instead of dealing with the root causes of the problem. All the options on the table now only address how we pay for healthcare, rather than why we are unhealthy and how we change that. If we don’t change why we are unhealthy, not only are we unlikely to secure better medical outcomes, but it will probably bankrupt us too. In terms of getting better health care or becoming a healthier nation we have to make serious changes. We will only flourish if we address the root causes of the problem.

### Increase HC Costs

#### Raises HC costs—disease spending

Tanner, 3/21/12 (Michael, Senior Fellow at the Cato Institute, National Review Online, “Obamacare, Two Years Later”, http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm\_source=Newsletter&utm\_medium=Email&utm\_campaign=Heritage%2BHotsheet)

At the same time, the legislation is a major failure when it comes to controlling costs. While we were once told that health-care reform would “bend the cost curve down,” we now know that Obamacare will actually increase U.S. health-care spending. This should come as no surprise: If you are going to provide more benefits to more people, it is going to cost you more money. The law contained few efforts to actually contain health-[care costs](http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm_source=Newsletter&utm_medium=Email&utm_campaign=Heritage%2BHotsheet), and the CBO now reports that many of the programs it did contain, such as disease management and care coordination, will not actually reduce costs. As the CBO noted, “in nearly every program involving disease management and care coordination, spending was either unchanged or increased relative to the spending that would have occurred in the absence of the program, when the fees paid to the participating organization were considered.” This failure to control costs means that the law will add significantly to the already-crushing burden of government spending, taxes, and debt. According to the CBO, Obamacare will cost $1.76 trillion by 2022. To be fair, some media outlets misreported this new estimate as a doubling of the law’s originally estimated cost of $940 billion. In reality, most of the increased cost estimate is the result, not of increased programmatic costs, but of an extra two years of implementation. Still, many observers warned at the time that the original $940 million estimate was misleading because it included only six years of actual expenditures, with the ten-year budget window. The new estimate is, therefore, a more accurate measure of how expensive this law will be. Yet even this estimate covers only eight years of implementation. And it leaves out more than $115 billion in important implementation costs, as well as costs of the so-called doc fix. It also double-counts Social Security taxes and Medicare [savings](http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm_source=Newsletter&utm_medium=Email&utm_campaign=Heritage%2BHotsheet). Some studies suggest a better estimate of Obamacare’s real ten-year cost could run as high as $2.7–3 trillion. And this does not even include the over $4.3 trillion in costs shifted to businesses, individuals, and state governments.

#### Raises insurance premiums

Tanner, 3/21/12 (Michael, Senior Fellow at the Cato Institute, National Review Online, “Obamacare, Two Years Later”, http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm\_source=Newsletter&utm\_medium=Email&utm\_campaign=Heritage%2BHotsheet)

All this spending means that we will pay much more in debt and taxes. But we will also pay more in [insurance premiums](http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?pg=2). Once upon a time, the president promised us that health-care reform would lower our insurance premiums by $2,500 per year. That claim has long since been abandoned. Insurance premiums are continuing to rise at record rates. And, while there are many factors driving premiums up, Obamacare itself is one of them. According to the Kaiser Family Foundation, insurance premiums had been rising at roughly 5 percent per year pre-Obamacare. That jumped to 9 percent last year. And roughly half that four-percentage-point increase can be directly attributed to Obamacare. Even Jonathan Gruber of MIT, one of the architects of both Obamacare and Romneycare, now admits that many individuals will end up paying more for insurance than they would have without the reform — even after taking into account government subsidies — and that those increases will be substantial. According to Gruber, “after the application of tax subsidies, 59 percent of the individual market will experience an average [premium increase](http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?pg=2) of 31 percent.”

#### Too expensive—penalties, bad economic recovery, overestimated costs

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#### Affordable Care Act hits low income earners the hardest

Gonzalez 2012 (Jose, July 11, “Affordable Care Act Should be Repealed and Replaced”, The University Star, http://star.txstate.edu/node/5775)

Regardless of the constitutionality of the Affordable Care Act, it is a bad law with adverse effects on college students and recent graduates.¶ Nearly two weeks ago, the Patient Protection and Affordable Care Act was upheld as constitutional by the U.S. Supreme Court. The ruling cited the congressional taxing clause as rationale for upholding the law.¶ As if college tuition was not costly enough, the act inserts an additional expense for students through the individual mandate. The mandate requires that a student either purchase healthcare coverage or be monetarily penalized. The current annual price of coverage offered by Texas State is $1552, which is an expense not necessarily in reach for a lot of students.¶ The act has a much-celebrated feature that is considered to be a limited remedy for the individual mandate. This feature is the ability for adults to remain on the healthcare plans of their parents up until the age of 26. However, that ability is more problematic than helpful. Many employers will likely have to increase the premium on their healthcare plans because more people than what the plans can support will return to their parents’ coverage.¶ The “community rating” provision of the act should be cause for serious concern. A measure taking effect in 2014, the “community rating” will narrow down the difference of premium costs between age groups sharply. A presumably healthy person in their 20s will be forced to pay a higher amount on their premium to more closely approach what someone in their 60s is paying. This is analogous to someone with decades of driving experience paying unnecessarily higher insurance rates to help bridge an economic divide with a 17-year-old driver. Worst of all, the youngest, who are also typically the lowest income earners, will be the ones most adversely affected by the “community rating.” ¶ Another part of the act is an explicit tax on tanning salons. Practically all of these tanning salons are small businesses not in need of more taxation. Tanning salons have clearly set up shop in San Marcos and neighboring areas to cater to some of the industry’s greatest consumers — college students. This taxation only stifles the productivity of these small businesses during already difficult economic times.¶ Other small businesses throughout San Marcos will also be hurt by provisions in the act. For several reasons, including the cost, many small business owners choose not to provide health insurance to their employees. To comply with the act, small businesses with at least 50 employees must offer health insurance coverage. The penalty for not complying with the law is $2,000 per employee. The small businesses of San Marcos employ many Bobcats. The businesses who cannot afford to offer health insurance coverage might cut staff as an alternative, and student employees will likely be the first to go.¶ By 2016, the penalty for not buying health insurance will stand at $695 a year. Jonathan Gruber, an MIT economist instrumental to the design of the act, is projecting an increase of 19 to 30 percent in premium costs for the individual market. Either way, the act will provide an undue burden for recent college graduates and people struggling to find and sustain employment.

#### Obamacare is unworkable and unaffordable

Owcharenko 2012 (Nina, director of the Heritage Foundation's Center for Health Policy Studies, July 10, “Constitutionality of Healthcare Law Is Still in Question”, US News, http://www.usnews.com/debate-club/should-congress-repeal-the-affordable-care-act/constitutionality-of-healthcare-law-is-still-in-question)

Even after the Supreme Court's decision, President Barack Obama's major policy achievement—Obamacare—remains as unworkable, unaffordable, and unconstitutional as ever.¶ Unworkable. Overhauling one sixth of the nation's economy in one legislative dictate is a recipe for disaster. Every glitch in the law and every ill-advised regulation creates an implementation nightmare, requiring more bureaucratic or political interventions. The Supreme Court's decision on the individual mandate revives questions over Internal Revenue Service enforcement of the law. Not only is the IRS expected to enforce the employer mandate, it must also make a complex tax calculation including household incomes for each employee, and collect the individual mandate tax (based on each month a person is uninsured or otherwise fails to satisfy the HHS guidelines for coverage). At a time when lawmakers on both sides are advocating for making the tax code simpler, these provisions only make the code more complicated.¶ Unaffordable. The Congressional Budget Office has already had to adjust its cost estimates of the law. The Supreme Court's decision on Medicaid will certainly force yet another cost revision. As some states may opt out of the Medicaid expansion, millions of Americans will be shifted onto the even more costly federal subsidy scheme. On top of this, more and more employers are predicting that it will be more cost-efficient for them to just drop their existing employee coverage and pay the penalty. These two developments are certain to raise the cost of Obamacare far beyond its proponents' original promise.¶ Unconstitutional. While the Supreme Court twisted the law to save the individual mandate, the Medicaid expansion was found unconstitutional, setting off a domino effect that will lead to higher costs and fewer insured. Then there are the 23 pending cases representing 56 plaintiffs relating to the law's infringement on religious liberty vis a vis the requirement that insuring employers—regardless of any religious objections—provide employees with free coverage for contraception, abortion-related drugs, and sterilization procedures. Thus, leaving aside the court's dubious decision, serious constitutional infirmities remain.¶ This is just the beginning. As more of the law comes into effect, the more precise the implementation must be and the more disruptive change is likely. The president has even acknowledged the law will probably have to be reopened, if he's re-elected. Instead of trying to fix the growing mess of this law, Congress would do better to just repeal it. Then lawmakers can get to work on the sensible healthcare reforms that Americans need.

### Doesn’t Increase HC Access

#### Fails—3 reasons

Tanner, 3/21/12 (Michael, Senior Fellow at the Cato Institute, National Review Online, “Obamacare, Two Years Later”, http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm\_source=Newsletter&utm\_medium=Email&utm\_campaign=Heritage%2BHotsheet)

This week marks two years since of the passage of the Patient Protection and Affordable Care Act, and if the Obama administration has chosen to all but ignore the second anniversary of Obamacare, the rest of us should pause and reflect on just what a monumental failure of policy the health-care-reform law has been.

What’s more, it has been a failure on its own terms. After all, when health-care reform was passed, we were promised that it would do three things: 1) provide health-insurance coverage for all Americans; 2) reduce insurance costs for individuals, businesses, and government; and 3) increase the quality of health care and the value received for each dollar of health-care spending. At the same time, the president and the law’s supporters in Congress promised that the legislation would not increase the federal-budget deficit or unduly burden the economy. And it would do all these things while letting those of us who were happy with our current health insurance keep it unchanged. Two years in, we can see that none of these things is true.

#### Not universal

Tanner, 3/21/12 (Michael, Senior Fellow at the Cato Institute, National Review Online, “Obamacare, Two Years Later”, http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm\_source=Newsletter&utm\_medium=Email&utm\_campaign=Heritage%2BHotsheet)

For example, we now know that, contrary to claims made when the bill passed, the law will not come close to achieving universal coverage. In fact, as time goes by, it looks as if the bill will cover fewer and fewer people than advertised. According to a report from the Congressional Budget Office released last week, Obamacare will leave 27 million Americans uninsured by 2022. This represents an increase of 2–4 million uninsured over previous reports. Moreover, it should be noted that, of the 23 million Americans who will gain coverage under Obamacare, 17 million will not be covered by real insurance, but will simply be dumped into the Medicaid system, with all its problems of access and quality. Thus, only about 20 million Americans will receive actual insurance coverage under Obamacare. That’s certainly an improvement over the status quo, but it’s also a far cry from universal coverage — and not much bang for the buck, given Obamacare’s ever-rising cost.

#### 20 million workers losing HC access

Tanner, 3/21/12 (Michael, Senior Fellow at the Cato Institute, National Review Online, “Obamacare, Two Years Later”, http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?utm\_source=Newsletter&utm\_medium=Email&utm\_campaign=Heritage%2BHotsheet)

Finally, if the past two years should have taught us anything, it is that we may not be able to keep our current insurance, even if we are happy with it. The CBO suggests that as many as 20 million workers could lose their employer-provided health insurance as a result of Obamacare. Instead, they will be dumped into government-run insurance exchanges. And, the recent dust-up over [insurance coverage](http://www.nationalreview.com/articles/294000/obamacare-two-years-later-michael-tanner?pg=2) for contraceptives is a clear illustration of how the government will now be designing insurance plans for all of us. Regardless of how one feels about the contraceptive mandate itself, it is just the tip of the iceberg as government mandates tell employers what insurance they must provide, and tell us what insurance we must buy, even if that insurance is more expensive, contains benefits we don’t want, or violates our consciences.

#### States have no incentive to implement

Catron, 7/9/12 (David, David Catron is a health care revenue cycle expert who has spent more than twenty years working for and consulting with hospitals and medical practices. He has an MBA from the University of Georgia, “[The States Can Still Kill Obamacare](http://spectator.org/archives/2012/07/09/the-states-can-still-kill-obam)”, http://spectator.org/archives/2012/07/09/the-states-can-still-kill-obam)

How's that? Well, as the Cato Institute's Michael Cannon succinctly [puts it](http://www.cato.org/publications/commentary/no-obamacare-exchanges?print), "Without these bureaucracies, Obamacare cannot work." And, oddly enough, the law doesn't actually require states to set up these "marketplaces." Moreover, there is no rational incentive for them to do so. If a state sets up an exchange, it then must pay for it, which won't be cheap. Cannon writes, "States that opt to create an exchange can expect to pay anywhere from $10 million to $100 million per year to run it." This is a burden that the states, most of which are already in deep financial trouble, are not likely to embrace with enthusiasm.

#### And they’re the only ones legally allowed to implement Obamacare

Catron, 7/9/12 (David, David Catron is a health care revenue cycle expert who has spent more than twenty years working for and consulting with hospitals and medical practices. He has an MBA from the University of Georgia, “[The States Can Still Kill Obamacare](http://spectator.org/archives/2012/07/09/the-states-can-still-kill-obam)”, http://spectator.org/archives/2012/07/09/the-states-can-still-kill-obam)

The federal government can set up its own exchanges, in theory, but Obamacare stipulates that Washington would then be required to pick up the tab as well. And, as Cannon goes on to point out, "The Obama administration has admitted it doesn't have the money -- and good luck getting any such funding through the GOP-controlled House." And it gets worse. If the federal government is forced to set up an exchange, it faces yet another huge problem. As Sally Pipes and Hal Scherz [write](http://www.postandcourier.com/article/20111229/ARCHIVES/312299944), "The text of the law stipulates that only state-based exchanges -- not federally run ones -- may distribute credits and subsidies."

#### Higher costs and worse care

Orient, 7/13/12 (Dr. Jane M. Orient practices internal medicine in Tucson, Ariz., and is executive director of the Association of American Physicians and Surgeons, “ORIENT: Obamacare doesn’t mean actual care”, Washington Times, http://www.washingtontimes.com/news/2012/jul/13/orient-obamacare-doesnt-mean-actual-care/)  
Nevertheless, you may ask, aren’t we still better off with more coverage? You may be shocked to learn that the answer is no. The price of coverage is not just sending the insurer money that you otherwise might devote to your own or your family’s care. You may unknowingly relinquish your right to get more care, or more timely care, than your insurer allows. If the insurer covers a certain treatment but denies payment in your case for lack of “medical necessity” or sufficient benefit (say your cancer is too advanced or you are too old) you may not be permitted to pay for it yourself. The same is true if the insurer only allows a payment too low to induce anyone to perform the needed treatment. A doctor who is enrolled in Medicare or Medicaid can go to prison for accepting more than the government-determined fee or for doing what the government determines to be too many procedures, even at the allowed fee. Managed care contracts, though not yet bound by the threat of prison terms, also restrict your doctor’s ability to care for you. “Coverage” may make you feel more secure, but it also can mean less care and poorer care despite higher cost.

# Russia

## Shells

### Obama Good Russia Module – Relations

#### Obama win key to US-Russia relations – Romney’s agenda is belligerent and controversial.

Reichardt 7/9. (Adam is the Managing Editor of New Eastern Europe, “Considering Russia in the Voting Booth,” New Eastern Europe, 2012, http://www.neweasterneurope.eu/node/382)

Obama’s policy towards Russia is easier to gauge, since there has already been four years of his administration to judge. As Ross Wilson noted, “President Obama has a four-year record with Russia to defend – i.e., the reset policy and the benefits that the administration will argue have accrued from its more pragmatic and less confrontational approach to relations with Moscow.”

President Obama’s policy of reset was indeed a glimmer of hope for US-Russian relations at the start of 2009, but that glimmer has all but faded. The case of Syria and Iran are clear examples of the real challenges America still faces when engaging with Russia on global issues and the Obama campaign will most likely avoid referring to the “reset” by name.

“Though the Administration will not use the expression ‘reset’ too much, it can be expected to continue to emphasize pragmatism and to implement that line if the president is re-elected,” Wilson believes.

Obama’s opponent, Mitt Romney, has been less clear about his position on relations with Russia, but what is revealed in recent statements and on his website shows a more controversial approach. Most telling were the comments Romney made in June 2012. On Russia, Romney has stated: "The nation which consistently opposes our actions at the United Nations has been Russia. We're of course not enemies. We're not fighting each other. There's no Cold War, but Russia is a geopolitical foe in that regard."

The Romney campaign’s web site reveals several areas of focus for Russia, none of them discuss active engagement, but rather focus on taking tougher stances with Russia, including renegotiating the New Start Treaty, decreasing Europe’s energy reliance on Russia, building stronger relations with Central Asia, as well as supporting Russia’s civil society.

Surprisingly, the last one, engaging Russia’s civil society, could be the most controversial. The Romney campaign web site provides a strongly worded statement that “A Romney administration will be forthright in confronting the Russian government over its authoritarian practices.” Indeed, America needs a strong leader to stand up for its position in the world, however confronting Russia on internal issues may not only offend most Russians, even in the opposition – it could hurt the entire goal of this platform.

Having the American government play an active role in the changes happening inside Russia could be detrimental to US-Russian relations. Many Russians believe that changes within their own country should be driven from the Russian society. Any outside interference would hurt the legitimacy of the Russian opposition and cause the Russian elite to become even more suspicious, and perhaps even hostile, to the intentions of American foreign policy.

#### US/Russian war causes extinction – most probable

Bostrom ‘2 [Nick Bostrom, professor of philosophy - Oxford University, March, 2002, Existential Risks: Analyzing Human Extinction Scenarios and Related Hazards, Journal of Evolution and Technology, p. http://www.nickbostrom.com/existential/risks.html]

A much greater existential risk emerged with the build-up of nuclear arsenals in the US and the USSR. An all-out nuclear war was a possibility with both a substantial probability and with consequences that might have been persistent enough to qualify as global and terminal. There was a real worry among those best acquainted with the information available at the time that a nuclear Armageddon would occur and that it might annihilate our species or permanently destroy human civilization.[4] Russia and the US retain large nuclear arsenals that could be used in a future confrontation, either accidentally or deliberately. There is also a risk that other states may one day build up large nuclear arsenals. Note however that a smaller nuclear exchange, between India and Pakistan for instance, is not an existential risk, since it would not destroy or thwart humankind’s potential permanently. Such a war might however be a local terminal risk for the cities most likely to be targeted. Unfortunately, we shall see that nuclear Armageddon and comet or asteroid strikes are mere preludes to the existential risks that we will encounter in the 21st century.

### Obama Good Russia Module – NPT

#### Obama key to further arms reductions with Russia.

Hartung 2012 (William D. Hartung is the director of the Arms and Security Project at the Center for International Policy. “Romney's Foreign Policy Fantasies: "Breathtaking Weakness?"”. March 28, 2012. http://www.ciponline.org/research/entry/romneys-foreign-policy-fantasies)

But Romney's tirade reveals more about his own worldview than it does about President Obama's approach to foreign policy. Romney claims that the administration "granted" Russia limits on our nuclear arsenal. Apparently Romney is referring to the New START treaty, which limited deployed U.S. and Russian warheads at 1,550 while establishing a rigorous verification and monitoring regime that can serve as a foundation for further reductions in the bloated nuclear arsenals of both sides. The lesson of New START is not that we have gone too far in reducing nuclear arsenals, but that we haven't gone nearly far enough. In that context, President Obama's commitment to engage Russia on nuclear reductions during his second term is both admirable and essential. Of necessity, part of that effort will involve talking about missile defense, which Moscow, rightly or wrongly, views as a potential threat to its nuclear deterrent. Romney and his fellow anti-arms control ideologues seem to think that it's possible to negotiate without even giving lip service to the other side's deepest concerns. This puts them far out of the historical mainstream of the Republican Party, in which presidents ranging from Richard Nixon, to Ronald Reagan to George H.W. Bush negotiated and/or signed nuclear arms control agreements with a Soviet Union that was far more heavily armed than today's Russia. Negotiating with a firm sense of our national interest, as President Obama did with the New START treaty, and will hopefully do again given the opportunity, is a sign of strength. Engaging in tough guy fantasies that will almost certainly make the world a more dangerous place is a sign of moral, political, and strategic weakness. Perhaps even "breathtaking weakness," as Mitt Romney would put it.

#### Tactical nuclear arms reductions will be negotiated by the US & Russia – key to US commitment to the NPT.

Doyle 6/25 (James, Los Alamos National Laboratory, “U.S. – Russia Nuclear Arms Reductions The Next Round,” Public Interest Report, 2012, http://www.fas.org/blog/pir/2012/06/25/u-s-russia-nuclear-arms-reductions-the-next-round/)

In the next round of nuclear arms negotiations with Russia, the United States will seek lower limits on non-deployed and non-strategic nuclear weapons in addition to limits on deployed strategic weapons.[2] Limits on non-strategic (also referred to as “tactical”) nuclear weapons would be intended to address the numerical disparity between the United States and the Russian Federation’s tactical nuclear weapons stockpiles.[3] Continued reduction in overall nuclear weapons inventories and the role they play in U.S. national security strategy are also seen as an important demonstration of the U.S. commitment to its obligations under Article VI of the Nonproliferation Treaty to pursue nuclear disarmament.

For their part, Russian government officials have indicated interest in limiting non-deployed strategic warheads and have called for the relocation of all non-strategic nuclear weapons to centralized storage depots on national territory.[4] Russia’s desire for all non-strategic weapons to be located on national territory would require the withdrawal of U.S. nuclear weapons deployed with North Atlantic Treaty Organization (NATO) allies in Europe. Russia may also have an interest in further limits on deployed strategic nuclear delivery vehicles below those imposed by New START, combined with new limits on non-deployed strategic warheads. Such limits would clearly constrain the ability of the United States to rapidly increase the number of deliverable strategic warheads should it break out of New START and any future treaty.

#### Strong NPT key to check prolif

UN Britain 10 (P5 statement to the 2010 Non-Proliferation Treaty Review, http://www.isria.com/free/5\_May\_2010\_295.php)

The People’s Republic of China , France , the Russian Federation, the United Kingdom of Great Britain and Northern Ireland and the United States of America reaffirm their strong and unswerving support for the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) on the occasion of the Eighth Review Conference of the Treaty. 2. The NPT is fundamental to protecting global peace and security from the threat of the proliferation of nuclear weapons. It has served the international community well for the past four decades. It remains the bedrock of the nuclear non-proliferation regime, the collective pursuit of nuclear disarmament, and the peaceful uses of nuclear energy. We stress the importance that all States Party fully implement and comply with the Treaty, and we reaffirm our unequivocal commitment to the Treaty and to strengthening the NPT at the Review Conference so that it can effectively address the current and pressing challenges that we face. 3. We also reaffirm our commitment to carry on the results of the 1995 and 2000 Review Conferences. We welcome the constructive discussions and positive atmospherics at the Preparatory Committees of the Eighth Review Cycle and the agreement in New York in May 2009 of an agenda and rules of procedure for this Review Conference. We believe this, together with the success of the UN Security Council Summit on Nuclear Non-Proliferation and Nuclear Disarmament, and the unanimous adoption of Resolution 1887 , demonstrate the international community’s shared commitment to seeking a safer world for all and to creating the conditions for a world without nuclear weapons, in accordance with the goals of the NPT, in a way that promotes international stability , and based on the principle of undiminished security for all. 4. We attach great importance to achieving the universali ty of the NPT. We urge those States that are not Parties to the Treaty to accede as non-nuclear-weapon States and pending accession to the NPT, to adhere to its terms. We stand ready to work with Parties to engage the non-Parties with a view to achieving this goal.

#### Prolif shatters deterrence, causes extinction.

Krieger 9David, Pres. Nuclear Age Peace Foundation and Councilor – World Future Council, “Still Loving the Bomb After All These Years”, 9-4, https://www.wagingpeace.org/articles/2009/09/04\_krieger\_newsweek\_response.php?krieger]

Jonathan Tepperman’s article in the September 7, 2009 issue of Newsweek, “Why Obama Should Learn to Love the Bomb,” provides a novel but frivolous argument that nuclear weapons “may not, in fact, make the world more dangerous….” Rather, in Tepperman’s world, “The bomb may actually make us safer.” Tepperman shares this world with Kenneth Waltz, a University of California professor emeritus of political science, who Tepperman describes as “the leading ‘nuclear optimist.’” Waltz expresses his optimism in this way: “We’ve now had 64 years of experience since Hiroshima. It’s striking and against all historical precedent that for that substantial period, there has not been any war among nuclear states.” Actually, there were a number of proxy wars between nuclear weapons states, such as those in Korea, Vietnam and Afghanistan, and some near disasters, the most notable being the 1962 Cuban Missile Crisis. Waltz’s logic is akin to observing a man falling from a high rise building, and noting that he had already fallen for 64 floors without anything bad happening to him, and concluding that so far it looked so good that others should try it. Dangerous logic! Tepperman builds upon Waltz’s logic, and concludes “that all states are rational,” even though their leaders may have a lot of bad qualities, including being “stupid, petty, venal, even evil….” He asks us to trust that rationality will always prevail when there is a risk of nuclear retaliation, because these weapons make “the costs of war obvious, inevitable, and unacceptable.” Actually, he is asking us to do more than trust in the rationality of leaders; he is asking us to gamble the future on this proposition. “The iron logic of deterrence and mutually assured destruction is so compelling,” Tepperman argues, “it’s led to what’s known as the nuclear peace….” But if this is a peace worthy of the name, which it isn’t, it certainly is not one on which to risk the future of civilization. One irrational leader with control over a nuclear arsenal could start a nuclear conflagration, resulting in a global Hiroshima. Tepperman celebrates “the iron logic of deterrence,” but deterrence is a theory that is far from rooted in “iron logic.” It is a theory based upon threats that must be effectively communicated and believed. Leaders of Country A with nuclear weapons must communicate to other countries (B, C, etc.) the conditions under which A will retaliate with nuclear weapons. The leaders of the other countries must understand and believe the threat from Country A will, in fact, be carried out. The longer that nuclear weapons are not used, the more other countries may come to believe that they can challenge Country A with impunity from nuclear retaliation. The more that Country A bullies other countries, the greater the incentive for these countries to develop their own nuclear arsenals. Deterrence is unstable and therefore precarious. Most of the countries in the world reject the argument, made most prominently by Kenneth Waltz, that the spread of nuclear weapons makes the world safer. These countries joined together in the Nuclear Non-Proliferation Treaty (NPT) to prevent the spread of nuclear weapons, but they never agreed to maintain indefinitely a system of nuclear apartheid in which some states possess nuclear weapons and others are prohibited from doing so. The principal bargain of the NPT requires the five NPT nuclear weapons states (US, Russia, UK, France and China) to engage in good faith negotiations for nuclear disarmament, and the International Court of Justice interpreted this to mean complete nuclear disarmament in all its aspects. Tepperman seems to be arguing that seeking to prevent the proliferation of nuclear weapons is bad policy, and that nuclear weapons, because of their threat, make efforts at non-proliferation unnecessary and even unwise. If some additional states, including Iran, developed nuclear arsenals, he concludes that wouldn’t be so bad “given the way that bombs tend to mellow behavior.” Those who oppose Tepperman’s favorable disposition toward the bomb, he refers to as “nuclear pessimists.” These would be the people, and I would certainly be one of them, who see nuclear weapons as presenting an urgent danger to our security, our species and our future. Tepperman finds that when viewed from his “nuclear optimist” perspective, “nuclear weapons start to seem a lot less frightening.” “Nuclear peace,” he tells us, “rests on a scary bargain: you accept a small chance that something extremely bad will happen in exchange for a much bigger chance that something very bad – conventional war – won’t happen.” But the “extremely bad” thing he asks us to accept is the end of the human species. Yes, that would be serious. He also doesn’t make the case that in a world without nuclear weapons, the prospects of conventional war would increase dramatically. After all, it is only an unproven supposition that nuclear weapons have prevented wars, or would do so in the future. We have certainly come far too close to the precipice of catastrophic nuclear war. As an ultimate celebration of the faulty logic of deterrence, Tepperman calls for providing any nuclear weapons state with a “survivable second strike option.” Thus, he not only favors nuclear weapons, but finds the security of these weapons to trump human security. Presumably he would have President Obama providing new and secure nuclear weapons to North Korea, Pakistan and any other nuclear weapons states that come along so that they will feel secure enough not to use their weapons in a first-strike attack. Do we really want to bet the human future that Kim Jong-Il and his successors are more rational than Mr. Tepperman?

## Relations Scenario

### Obama Key to Relations

#### Obama win key to US-Russia relations – pragmatist.

Reichardt 7/9. (Adam is the Managing Editor of New Eastern Europe, “Considering Russia in the Voting Booth,” New Eastern Europe, 2012, http://www.neweasterneurope.eu/node/382)

The Russian’s are carefully watching the elections in the US. All major news organizations in Russia provide coverage of the American elections and the candidates and many Russians wonder what the future of Russian-American relations will be, especially after the scandal that erupted with US Ambassador Michael McFaul as well as the ongoing conflict in Syria.

Still most Russian’s believe that Obama is a pragmatist who is able to find common ground with Russia to work on global issues. As Rothrock said to me, “Russians widely believe that Obama is the better candidate for their national interests. This was true in 2008, and it is again now. I think this is due more to bellicose language from Republican candidates than anything Obama himself has ever done.”

Babich agrees. When asked who the Russian elite prefer in the White House, Babich responded, “Certainly, Obama. It is hard to prefer someone in the White House who calls Russia ‘a number one geopolitical foe of the US,’ and that is what Romney said. We Russians tend to be masochists sometimes, but not to the extent of wishing to have an enemy in the Oval office in the United States.” With the Russian preference toward Obama, some in American politics may see this as a negative. Others may believe that a Russia more willing to work with Obama over Romney could be positive for US-Russian relations.

But there are some in Russia who would rather have the Republican in the White House. As Babich sees it, this group is not a part of mainstream Russia. “A part of the radical opposition in Russia openly prefers Romney... this part of the opposition, however, is only further isolating itself from all the realistically thinking people in the country,” Babich said.

#### Obama uniquely key to relations- Putin needs him

Sigov 12(Mike Sigov, Former Russian journalist at Moscow and now staff writer for The Blade, June 24 2012, “Politics drive Obama, Putin’s friendly face”, The Blade, <http://www.toledoblade.com/MikeSigov/2012/06/24/Politics-drives-Obama-Putin-s-friendly-facade.html>)

Despite bad blood between President Obama and Russian President Vladimir Putin, their meeting on the sidelines of a Group of 20 economic summit in Mexico has not further damaged already sour U.S.-Russian relations.

They can't afford that right now -- not while Mr. Obama is seeking re-election and Mr. Putin is facing growing political dissent at home. Following the ex-KGB officer's return to the Russian presidency via a blatantly rigged election, those relations spun at every key sticking issue -- from Russia's support of Syrian President Bashar Assad's atrocious regime to Moscow's refusal to play along in heading off Iran's nuclear weapons program to the U.S.-led missile defense program in Europe that the Kremlin insists on seeing as destabilizing the nuclear weapons parity between the United States and Russia.

It is hard to expect relations between the United States and Russia to improve anytime soon -- not after Mr. Obama predictably snubbed Mr. Putin by waiting for a week before making a congratulatory phone call to his Russian counterpart. Apparently it was done to allow a scandal over the Russian presidential election to blow over. Mr. Putin reacted by standing up the U.S, president, who had moved a recent Group of Eight economic summit from Chicago to Camp David to better accommodate a meeting. **But right now the two leaders need each other for political survival.** Hence their declaration of an agreement on the need for a political process to end the bloodshed in Syria -- where Russia has a naval base -- and Mr. Obama's even more general statement that the present tensions in U.S.-Russian relations may be eased.This, however, may take a long time. The sticking issues are deadlocked primarily because Mr. Putin is emulating a Cold-War era, zero-sum approach to the United States, "what's good for them is bad for us and vice versa." Some analysts say that's because of his Soviet upbringing and his KGB past. They are being naive. The reason is because Mr. Putin, who by some accounts has amassed an enormous fortune, is leading Russia down to a total autocracy. Appearing soft on the United States simply doesn't fit that course of action. This is exactly why he has been paying lip service to the need of a political resolution of the Syrian crisis while refusing to help achieve a regime change in Syria. Notably, the Kremlin has resisted the U.S. pressure on the Kremlin to prod Mr. Assad into seeking political asylum in Russia. Instead, Russia continues to arm the Assad regime and help escalate the conflict into a civil war. That said, Mr. Putin did not want to undermine the Obama policy of a U.S.-Russian relations reset because he understands that **it is in his interest that Mr. Obama gets re-elected.** Despite the U.S. criticism of human rights abuses in Russia -- to which Mr. Putin is sensitive -- the alternative would be worse for him. The reason is Russia's dependence on exports of crude oil and natural gas. The country is the world's largest producer of crude and remains the largest exporter of fossil fuels even though the United States has recently overtaken Russia as the world's largest natural gas producer. So far Mr. Putin has been able to afford running the country virtually as a dictator because high oil and natural gas prices translate into high export revenues. **His fear is that a Republican president may ease the restrictions on the oil industry,** which, in turn, would help the United States soon overtake Russia also as the world's largest crude producer and undermine not only Russia's fossil fuel-driven economy but also its influence in the world, including the Middle East, where -- after the Arab spring -- Mr. Assad is Russia's last major ally. So Mr. Obama and Mr. Putin simply put their relations on hold, until better times.

#### US-Russian relations at critical stage now and Medvedev thinks Romney’s a joke, stuck in the Cold War era

IB Times 3/27

(NQA, “Medvedev Attacks Romney As US-Russia Relations Wobble” pg online at <http://www.ibtimes.com/articles/320275/20120327/mitt-romney-russia-obama-medvedev.htm>//ghs-sd)

Russia's President Dmitry Medvedev criticized Republican U.S. presidential candidate Mitt Romney on Tuesday for resorting to Hollywood cliches. Russia's president criticized the Republican presidential candidate for expressing views that smacked of Hollywood stereotypes about relations between the former rivals. Responding to Romney's assertion that Russia is the United States' "number one geopolitical foe," Medvedev said at the conclusion of a nuclear-security summit in South Korea that the statement was "very reminiscent of Hollywood and also of a certain phase in Russian-U.S. relations." "My first advice is to listen to reason when they formulate their positions. Reason never harmed a presidential candidate," Medvedev said, according to news reports. "My other advice is to check their watches from time to time: It is 2012, not the mid-1970s." Romney's comments were directed at President Barack Obama, who on Monday was caught telling the Russian president, with an open microphone nearby, that Russians would need to wait until after November's U.S. election when a re-elected Obama would "have more flexibility" to discuss a missile-defense system that Moscow opposes. (Medvedev responded with "I understand. I will transmit this information to Vladimir," a message that was being mocked by Russians on Twitter using the hashtag #Vladimiru, or "to Vladimir," as an example of Medvedev's subservience to his prime minister -- and, as of May, next president.) "In terms of a geopolitical foe, a nation that's on the Security Council, and is of course a massive nuclear power, Russia is the geopolitical foe," Romney said Monday. "The idea that our president is planning on doing something with them that he's not willing to tell the American people before the election is something I find very, very alarming." On Tuesday, Obama also responded to Romney's allegations by defending and clarifying his remarks to Medvedev. "I think everybody understands -- if they don't, they haven't been listening to my speeches -- that I want to reduce nuclear stockpiles," Obama said. "And one of the barriers to doing that is building trust and cooperation around missile defense issues. And so this is not a matter of hiding the ball. "I don't think it's any surprise that you can't start that a few months before presidential and congressional elections in the United States, and at a time when they just completed elections in Russia," he added. After heated disagreements about the crisis in Syria and sanctions on Iran, the United States and Russia are trying to mend their fractured relationship. Obama and Putin will meet shortly after the Russian president-elect's May 7 inauguration for a discussion on the proposed NATO missile-defense system in Europe, which Russia had earlier threatened to counter with a new generation of rockets. Before Obama and Medvedev's "hot mic" conversation, and before Romney's heated response, Russia was well aware that it could be dealing with a new U.S. president come January 2013. "Republican candidates have been actively using anti-Russian rhetoric in their campaign speeches. But we will judge the new U.S. leader`s policy toward Russia by his deeds, not by the rhetoric we hear now," Foreign Minister Sergei Lavrov said last week.

#### Obama key to US-Russia relations-can actually bring them up

Kortunov 12(Andrei Kortunov, Founder of the New Eurasia Foundation in Moscow, June 20 2012, The Moscow Times, The Cold But Promising Obama-Putin Meeting, <http://www.themoscowtimes.com/opinion/article/a-cold-but-promising-obama-putin-meeting/460728.html>)

Proponents of the "reset" in U.S.-­Russian relations have reason to celebrate. The meeting between Presidents Barack Obama and Vladimir Putin on the sidelines of Monday's Group of 20 summit was not a disaster, as many experts had predicted. Although there may not have been a surplus of warm chemistry between the two, the joint statement suggests that it is too early to write off the reset. Notably, the joint statement starts with the economic dimension of the U.S.-Russian relationship, not with the traditional security agenda. Although this dimension has been woefully underused over the past 20 years, Russia's accession to the World Trade Organization, which the United States actively lobbied for, will certainly help boost trade between the two countries. To be sure, the disagreements on security issues, such as missile defense, threaten to derail the reset. But it is significant that the joint statement reconfirms the importance of the New START treaty. Moreover, Russia and the United States confirmed their common positions on nuclear disarmament and nonproliferation. If potential nuclear proliferators or rogue states were hoping to play Moscow and Washington off of each other, it appears that Obama and Putin's commitment to nuclear nonproliferation will not give them this opportunity. At the same time, it is unclear whether Obama and Putin will be able to reconcile their positions on Syria. Nevertheless, the joint statement reflects an intention to look for shared views and overlapping interests, not to emphasize differences in the two countries' policies and positions. Finally, both Russia and the United States reaffirmed their commitment to the reset's key regulating mechanism: the Bilateral Presidential Commission. The bureaucratic continuity in day-to-day interactions between the two sides will be preserved — at least until the U.S. presidential election in November. In short, the reset is recognized by both the United States and Russia as an asset, not a liability. For Obama, this is self-evident because overall good relations with Russia are one of the White House's few foreign policy accomplishments over the past four years. But for Putin, the issue is more complicated. Many hardliners in Moscow would like to see a major revision of former President [Dmitry Medvedev](http://www.themoscowtimes.com/mt_profile/dmitry_medvedev/433765.html)'s softer policy toward the United States. Many would prefer that Putin declare the reset null and void and return to his traditional tough line toward Washington. Can we now assume that U.S.-Russian relations are back on track? Clearly, there is a bumpy road ahead, and a great deal will depend on whether the political declarations can be converted into a practical roadmap covering a broad range of areas for cooperation, including energy, regional conflicts, education and civil society initiatives. A breakthrough in relations is not likely to happen this year, but the two countries should use the next six months to accumulate innovative ideas and unorthodox proposals and challenge outdated concepts. This ammunition will be much needed to overcome disagreements on several key political and security issues. The next chapter in U.S.-Russian relations is likely to be difficult, but as former British Prime Minister Winston Churchill once said, "Difficulties mastered are opportunities won."

#### Obama pressing US-Russia relations, key to preventing nuclear proliferation and resource wars.

Legvold 10. (Robert Legvold, Professor of Political Science Columbia University with specialization in international relations of the pos-Soviet states, Senior Fellow and Director of the Soviet Studies Project at the Council on Foreign Relations, Professor of Political Science Tufts University, Ph.D from Fletcher School of Law and Diplomacy, project director for “Rethinking U.S. Policy toward Russia” @ American Academy of Arts and Sciences, director of the “Euro-Atlantic Security Initiative” sponsored by Carnegie Endowment for International Peace, fall 2010 , “Meeting the Russian Challenge in the Obama Era”, http://www.springerlink.com/content/nn64777758886k5l/fulltext.html)

In this respect, the Obama administration is different from its predecessors. From the start its spokesmen and the president himself stressed Russia’s importance. Undersecretary of State William Burns began a speech in April 2009 with a point he called “glaringly obvious”: “Russia matters.”11 “Few nations,” he said, “could make more of a difference to our success than Russia.” It “remains the only nuclear power comparable to the US at a time when the proliferation of nuclear weapons is a growing danger.” It is “the world’s largest producer of hydrocarbons, and America the largest consumer.” It “remains the largest country on the face of the earth, sitting astride Europe, Asia and the broader Middle East – three regions whose future will shape American interests for many years to come. And as a permanent member of the UN Security Council, Russia will have an influential voice on the most crucial diplomatic challenges of our times, from Iran to North Korea, to anti-piracy and Afghanistan.” When Obama, in his July 2009 commencement address to the students at Russia’s New Economic School, spoke of wanting Russia to occupy “its rightful place as a great power,” he was not simply flattering his audience; he had in mind the number of areas where Russia’s capacity to act as the United States’ partner was key to United States’ success.12 Some of these are obvious. Russia is the other principal steward of nuclear weapons, and therefore, as in the past, a necessary partner if the United States wishes to create a regime giving stability and shape to their bilateral strategic relationship. Beyond this, however, the world of nuclear possessing states is now indisputably multipolar, without many of the stabilizing features slowly built into the US-Soviet relationship over the course of the Cold War. If, as one would hope, the international community begins to address its dangers, leadership can only come from the United States and Russia. Equally obvious, notwithstanding the tensions in the politics over energy, if any movement toward genuine energy security for key consumers, producers, and transit countries can be generated, again, Russia has a large role to play. And it scarcely needs saying that a sustained and comprehensive effort to contain catastrophic terrorism requires Russian cooperation, whatever the differences in the two countries’ precise categorization of terrorist organizations. Other areas where the United States has a stake in cooperation with Russia are less obvious – or at least were until recently. First, as the Obama administration sets about reasserting US leadership in the effort to impede global climate change, China’s role is doubtlessly paramount, but Russia, as the country that ranks third in the emission of greenhouse gases and whose current level of energy inefficiency could, if addressed, produce the greatest gains among major economies, can hardly be ignored.13 Second, Russia is an important player in competition over the vast hydrocarbon reserves in the Arctic region now in play because global warming is opening the waterways to them. Even if estimates suggesting that the region contains 13% of global undiscovered oil and 30% of global undiscovered conventional natural gas prove unrealistic, or even if the development of shale gas in the United States and Europe drains some of the drama from the quest for these resources, the fact that all five Arctic littoral states are vigorously staking claims to them and backing up these claims with military preparations, makes the issue increasingly salient.14 And, because the primary clash sets Russia against the other four, Russia automatically moves to the center. When the Supreme Allied Commander in Europe, General John Craddock, speaks of the Arctic as “not yet a region of conflict,” but one where “environmental and geopolitical developments” could generate “potential military conflict,” Russia may not be his only source of concern, but it surely is his principal one.15 Third, to the extent that state corruption, criminality, and its primary international manifestation, illicit trade, have become a major menace to global welfare, Russia and its post-Soviet neighbors come close to being the problem’s epicenter.16 If the United States hopes to make a dent in the illegal flow of humans, heroin, endangered species, small arms, counterfeit goods, laundered money, and cybercrime, Russia will have to be a critical part of the solution or else it will be remain a major part of the problem.

### Romney Kills Relations

#### Romney views Russia as enemy, increases hostility.

Global Times 12 (Clifford A. Kiracofe, Professor of political science @ Washington & Lee University, Professor of history @ the Virginia Military Institute. Senior Professional Staff Member of the United States Senate on Foreign Relations, June 24,2012, “US, Russia need to see their ties grow”, Global Times, http://www.globaltimes.cn/content/716731.shtml)

In the interest of world peace and development, not to mention the US national interest, US-Russia relations must improve. Divisive international issues and domestic US politics, however, could increase tensions between Washington and Moscow. Recently, former secretary of state Colin Powell expressed concern that presidential candidate Mitt Romney called Russia the "number one geopolitical foe" of the US. General Powell indicated that this was a reckless statement and an indication of the extremist point of view of Romney's many neoconservative campaign advisors. Should Romney defeat Obama in November, would the new president's policy toward Russia lead to deteriorating relations and increased international tensions? One would hope not, but this would be a possibility unless Romney changes advisors after the election. He would have to place more moderate political appointees in key positions at the Department of State and the Department of Defense. Unfortunately, the Republican Party has come under the domination of its extreme right wing. Moderates and progressives hold little sway in the party these days. US senator Richard Lugar, a well known moderate Republican and the ranking member of the influential Senate Foreign Relations Committee, just lost his Indiana primary election and will not return to the Senate in this election cycle. The extreme right wing of his own party opposed him in the primary election facilitating his defeat. His party and all Americans have lost an experienced and able leader. The heated political rhetoric of Republicans such as Romney reflects the present state of the Republican ideology and organization. It is not merely campaign rhetoric.

#### Romney’s views on Russia worsen relations- no intention of cooperation

Shelley 12 (Matthew Shelley, CBS News Political Unit, June 19,2012, “Romney keeps up strong rhetoric on Russia”, CBS News, http://www.cbsnews.com/8301-503544\_162-57456060-503544/romney-keeps-up-strong-rhetoric-on-russia/)

Showing no sign of backing down on his hawkish stance on Russia, Mitt Romney said in a radio interview broadcast on Tuesday that the country is continuing "to pursue a course which is antithetical" to that of the United States. In the interview with Fox Radio, Romney repeated his earlier characterization of Russia as "geopolitical foe" - a remark that has raised questions among Democrats and even some Republicans about whether he remains stuck in a Cold War mindset. He sought to put the notion to rest, but did not deviate from his earlier controversial assertions. "The nation which consistently opposes our actions at The United Nations has been Russia," Romney said. "We're of course not enemies. We're not fighting each other. There's no Cold War, but Russia is a geopolitical foe in that regard."

### Relations Solve War

#### Solves multiple extinction level threats

The Atlantic, November 2008, Medvedev Spoils the Party, http://www.theatlantic.com/doc/200811u/medvedev-obama

Like it or not, the United States cannot solve crucial global problems without Russian participation. Russia commands the largest landmass on earth; possesses vast reserves of oil, natural gas, and other natural resources; owns huge stockpiles of weapons and plutonium; and still wields a potent brain trust. Given its influence in Iran and North Korea, to say nothing of its potential as a spoiler of international equilibrium elsewhere, Russia is one country with which the United States would do well to reestablish a strong working relationship—a strategic partnership, even—regardless of its feelings about the current Kremlin government. The need to do so trumps expanding NATO or pursuing “full-spectrum dominance.” Once the world financial crisis passes, we will find ourselves returning to worries about resource depletion, environmental degradation, and global warming – the greatest challenges facing humanity. No country can confront these problems alone. For the United States, Russia may just prove the “indispensable nation” with which to face a volatile future arm in arm.

### Aff: Relations Unsustainable

#### US-Russian relations aren’t sustainable – multiple disputes destabilize it

Dr. Alexandr V. Nemets is a consultant to the American Foreign Policy Council. Dr. Thomas J. Torda has been a Chinese linguist specializing in science and technology with FBIS, and a Chinese/Russian defense technology consultant with the Office of Naval Intelligence. Thursday, Jan. 31, 2002 “The Skies Are Still Threatening” <http://archive.newsmax.com/archives/articles/2002/1/31/143739.shtml>

The Viper Will Strike Again

The cheers from Moscow to America reached their highest level in mid-November 2001, during the meetings between President Bush and President Putin in Washington, D.C., and Texas. Then, step-by-step in December 2001–January 2002, the tone of the Moscow media and Moscow officials lost its sweetness and became a little harsher. In the last two weeks of January, it reminded one of a viper’s hissing. Moscow went crazy at that time for the following reasons (each item confirmable from numerous "angry” articles in the Moscow newspapers, as well as reports from international agencies, for the period Jan. 11–25): America and the West don’t want to write off Russian debts. Moscow is angry: Oh, the New Russian impunity! Moscow should be happy that it is not being punished (at least for the time being) for its role in preparations for the "9-11” attacks. Still, Moscow requires compensation. What for? Perhaps for not downing U.S. military aircraft flying through the Trans-Caucasian corridor? America withdrew from the ABM Treaty and accelerated development of a National Missile Defense (NMD) system. Moscow is very angry. Moreover, Moscow’s anger has in effect "boiled up” in the Beijing officials too. Official and semi-official protests from the two capitals – including tough statements in the government-controlled media – could be counted in the dozens. Russia, despite all its efforts and expectations, didn’t get a decisive voice in NATO and is incapable of stopping NATO's eastward expansion. Again, Moscow is very angry.

America and the West don’t want to shut their eyes toward Russian genocidal activity in Chechnya. Moreover, U.S. and U.K. officials are meeting the representatives of Chechen President Maskhadov. Moscow is enraged. America is reluctant to issue a written obligation on the irreversible destruction of most of its nuclear warheads. By the way, is it necessary to issue obligations to a country – such as Russia – that uses any opportunity available for not fulfilling its own obligations? Still, Moscow demonstrates its anger once more. American and NATO troops entered Central Asia and don’t intend to leave it. Now Moscow becomes really mad. It would be enough to mention the Jan. 15 statements of Konstantin Totsky, director of the Federal Border Service, in the Tajik capital, Dushanbe, and of the Speaker of the Russian Duma (parliament) Gennady Seleznev.

### Aff: No Russia War

#### Zero risk of Russian war

Graham 7 (Thomas Graham, senior advisor on Russia in the US National Security Council staff 2002-2007, 2007, "Russia in Global Affairs” The Dialectics of Strength and Weakness <http://eng.globalaffairs.ru/numbers/20/1129.html>)

An astute historian of Russia, Martin Malia, wrote several years ago that “Russia has at different times been demonized or divinized by Western opinion less because of her real role in Europe than because of the fears and frustrations, or hopes and aspirations, generated within European society by its own domestic problems.” Such is the case today. To be sure, mounting Western concerns about Russia are a consequence of Russian policies that appear to undermine Western interests, but they are also a reflection of declining confidence in our own abilities and the efficacy of our own policies. Ironically, this growing fear and distrust of Russia come at a time when Russia is arguably less threatening to the West, and the United States in particular, than it has been at any time since the end of the Second World War. Russia does not champion a totalitarian ideology intent on our destruction, its military poses no threat to sweep across Europe, its economic growth depends on constructive commercial relations with Europe, and its strategic arsenal – while still capable of annihilating the United States – is under more reliable control than it has been in the past fifteen years and the threat of a strategic strike approaches zero probability. Political gridlock in key Western countries, however, precludes the creativity, risk-taking, and subtlety needed to advance our interests on issues over which we are at odds with Russia while laying the basis for more constructive long-term relations with Russia.

#### America would survive unscathed

Sharavin 7 (Alexander Sharavin, Director of the Institute of Political and Military Analysis, 2007. Defense and Security, “Will America Fight Russia?” p. Lexis)

The United States may count on a mass air raid and missile strike at objects of the Russian strategic nuclear forces and, perhaps, some objects of other branches of the Russian military. Plus, of course, at the military and political planning centers. Whatever targets may escape destruction on the first try will be bombed out of existence by repeated strikes. And Russia will have nothing to answer with. Even if some elements of the strategic nuclear forces survive, they will fall prey to the American national missile defense. The American strategic missile forces in their turn will escape the war unscathed.

### Aff: Relations Bad

#### Now is crucial for a paradigm shift in relations – Russian militarization leaves no room for delay

J.R NYQUIST, 1/04/2008, Former Contractor in Soviet/Russian Analysis Group for U.S. Defense Intelligence Agency, Former Ph.D. Student at UC-Irvine in Political Sociology, and widely syndicated columnist and published author, “Years of Crisis Ahead,” <http://www.financialsense.com/stormwatch/geo/pastanalysis/2008/0104.html>

Last month Russia successfully test-fired a multiple-warhead road-mobile ICBM. It is a type of weapon the United States doesn’t have and doesn’t plan to develop. The RS-24 can carry up to three warheads, using technology from the advanced Topol-M system (already deployed). As a mobile platform the RS-24 can hide almost anywhere, so the United States cannot determine if it is falling behind in a new arms race. The Russian navy has also test-fired a new submarine launched ballistic missile called the Sineva. Those who laugh at Russia’s meager economy will be baffled by the regeneration of Russia’s armed forces, based as they are on a strategy of “leveling the playing field” (literally) with missiles. The year 2008 will clarify the position of the United States as a great power in relation to the emerging power of China and the supposedly defunct power of Russia. If the financial crisis worsens (as it is likely to do), a political crisis is bound to follow. Few dare talk about this crisis (even now), although communists have been discussing it for many decades. Mainly, they have been considering how they will exploit a major economic crisis. With the Western intelligentsia sunk in the mire of political correctness, and the stupefaction of a television-besotted public, they are the only party on Earth that is psychologically ready with answers and slogans. Their political powder is dry, and they are well stocked. There is every reason to believe that the public will be confused, that the politicians will be knocked off balance. The year 2008 may be a year of decision, not because it is a presidential election year, but because the West may be shaken to its foundations.

#### A) Russia leverages support of U.S. policies to give materials and aid to terrorists

Stanislav Lunev, 2002 Colonel, former Russian spy, consultant for the FBI and the CIA, “Moscow’s Two-Faced Strategy”, Newsmax, 8-30-2002, <http://archive.newsmax.com/archives/articles/2002/8/30/23934.shtml>]

The latest developments connected with Russia's ties with Iraq, Iran and North Korea President Bush's "axis of evil" very clearly demonstrate the real nature of the Kremlin's two-faced strategy. While officially supporting the U.S.-led anti-terrorist coalition, Moscow has been speeding up the establishment of alliance-type relations with these major sponsors of international terrorism.

On Aug. 21, Defense Secretary Donald Rumsfeld warned that if Russia decides to do business with nations that are sponsoring international terrorism, companies around the world might shy away from doing business with Moscow.

"To the extent that Russia decides that it wants to parade its relationship with countries like Iraq and Libya and Syria and Cuba and North Korea, it sends a signal out across the globe that that is what Russia thinks is a good thing to do, to deal with the terrorist states, to have them as their relationship developers," he said in Fort Hood, Texas, after meeting with President Bush.

#### B) Extinction

Jerome Corsi, PhD from Harvard, 2005, Atomic Iran, 176-178

The United States retaliates: 'End of the world' scenarios The combination of horror and outrage that will surge upon the nation will demand that the president retaliate for the incomprehensible damage done by the attack. The problem will be that the president will not immediately know how to respond or against whom. The perpetrators will have been incinerated by the explosion that destroyed New York City. Unlike 9-11, there will have been no interval during the attack when those hijacked could make phone calls to loved ones telling them before they died that the hijackers were radical Islamic extremists. There will be no such phone calls when the attack will not have been anticipated until the instant the terrorists detonate their improvised nuclear device inside the truck parked on a curb at the Empire State Building. Nor will there be any possibility of finding any clues, which either were vaporized instantly or are now lying physically inaccessible under tons of radioactive rubble. Still, the president, members of Congress, the military, and the public at large will suspect another attack by our known enemy–Islamic terrorists. The first impulse will be to launch a nuclear strike on Mecca, to destroy the whole religion of Islam. Medina could possibly be added to the target list just to make the point with crystal clarity. Yet what would we gain? The moment Mecca and Medina were wiped off the map, the Islamic world – more than 1 billion human beings in countless different nations – would feel attacked. **Nothing would emerge intact** after a war between the United States and Islam. **The apocalypse would be upon us**. Then, too, we would face an immediate threat from our long-term enemy, the former Soviet Union. Many in the Kremlin would see this as an opportunity to grasp the victory that had been snatched from them by Ronald Reagan when the Berlin Wall came down. A missile strike by the Russians on a score of American cities could possibly be pre-emptive. Would the U.S. strategic defense system be so in shock that immediate retaliation would not be possible? Hardliners in Moscow might argue that there was never a better opportunity to destroy America. In China, our newer Communist enemies might not care if we could retaliate. With a population already over 1.3 billion people and with their population not concentrated in a few major cities, the Chinese might calculate to initiate a nuclear blow on the United States. What if the United States retaliated with a nuclear counterattack upon China? The Chinese might be able to absorb the blow and recover. The North Koreans might calculate even more recklessly. Why not launch upon America the few missiles they have that could reach our soil? More confusion and chaos might only advance their position. If Russia, China, and the United States could be drawn into attacking one another, North Korea might emerge stronger just because it was overlooked while the great nations focus on attacking one another. So, too, our supposed allies in Europe might relish the immediate reduction in power suddenly inflicted upon America.

## NPT Scenario

### AT: New START Solves

#### New START didn’t negotiate tactical nuclear arms.

Sikorski & Store, 5/14. (Radoslaw, Warsaw Foreign Minister of Poland & Jonas Gahr, Oslo Foreign Minister of Norway, “NATO, Russia and Tactical Nuclear Arms,” 2012, <http://www.nytimes.com/2012/05/15/opinion/nato-russia-and-tactical-nuclear-arms.html>)

Tactical nuclear weapons are not covered by any existing arms control regimes. Thus, over two decades after the Cold War ended, thousands of tactical nuclear weapons remain in Europe.

We have still not managed to establish any credible system of accounting for these weapons. We do not know the exact size of the U.S. and Russian arsenals, nor are we certain of their storage locations.

It is true that, as a matter of policy, the alliance has been reducing its reliance on nuclear weapons and that the United States and Russia have cut their inventories of tactical nuclear weapons in Europe. But the main dilemma lingers on: the uncontrolled continued existence of these weapons undermines the credibility of our commitment to a nuclear-weapons-free world.

In Chicago, NATO will conclude its Deterrence and Defense Posture Review. A readjustment of the mix of nuclear and conventional capabilities will, by necessity, reflect scarcer resources. But the new policy must also facilitate a serious and constructive nuclear weapons dialogue with Russia.

The ratification of the New Start treaty of 2010 raised expectations that arms control would be extended to cover tactical nuclear weapons. Two years ago, Poland and Norway launched a debate on possible NATO efforts toward this end.

### NPT Solves Prolif

#### NPT is key to preventing nuclear prolif

Graham 2005. (Thomas Graham Jr., is president of the Lawyers Alliance for World Security, The Nuclear Non-Proliferation Treaty Lessons for the Future United Nations New York May 24, 2005 http://www.gsinstitute.org/docs/5\_24\_05\_GrahamSpeech.pdf [Benjamin Lopez] )

In short, the NPT has never seemed weaker or its future less certain. And if the treaty should fail, it is too complex to ever be resuscitated. The nuclear nightmare world that President Kennedy feared likely would become a reality. The NPT central bargain simply must be resurrected and implemented, particularly the Test Ban, legally binding negative security assurances, the Fissile Material Cutoff and significant nuclear weapon reductions worldwide. If the nuclear weapon states, particularly United States, took the above-mentioned positive steps to enhance the NPT central bargain, the result would be a greatly invigorated NPT and considerably enhanced world security. One of the important near-term steps necessary to prevent the NPT’s undermining from within--as Iran appears to be contemplating--is to restrict access to the nuclear fuel cycle (uranium enrichment and the chemical reprocessing of spent nuclear fuel for plutonium) through some multilateral arrangement. These fuel processes are important for nuclear power but they can also be used in nuclear arms production. However, if the nuclear weapon states appear to be living up to their end of the NPT’s central bargain, they will have a much better chance of 8 persuading nonnuclear weapon states to restrict access to the fuel cycle which until now has been guaranteed under the treaty.

#### NPT key to stop nuclear proliferation

National Security Network a broad network of experts to identify, develop and communicate progressive national security policy solutions. 5/4/09 “Addressing the Proliferation Challenge” http://www.nsnetwork.org/node/1298

The NPT must be strengthened to address the threat from nuclear proliferation: The Nuclear Non-Proliferation Treaty protects US and global security by moving nuclear states toward disarmament, prohibiting non-nuclear states from acquiring nuclear weapons, and promoting the peaceful use of nuclear power. As the bipartisan Partnership for a Secure America says, “without the NPT, there is no doubt that more countries would possess nuclear weapons.” The past eight years have seen dangerous erosion in this regime. The Bush administration’s disastrous policy toward Iraq, Iran and North Korea brought a new player into the nuclear club and placed another at its door step. The Obama administration has announced a serious effort to strengthen the NPT by making significant moves toward disarmament (mentioned above), working with our partners and allies to strengthen inspections and creating “real and immediate” consequences for countries caught breaking the rules, and promoting a framework for civil nuclear cooperation in the form of an international fuel bank. [PSA, 5/04/09]

### Prolif Bad – Extinction

#### Proliferation risks extinction

Miller 2[James D., professor of economics at Smith College) January 23, NATIONAL REVIEW, <http://www.nationalreview.com/comment/comment-miller012302.shtml>]

The U.S. should use whatever means necessary to stop our enemies from gaining the ability to kill millions of us. We should demand that countries like Iraq, Iran, Libya, and North Korea make no attempt to acquire weapons of mass destruction. We should further insist on the right to make surprise inspections of these countries to insure that they are complying with our proliferation policy**.** What if these nations refuse our demands? If they refuse we should destroy their industrial capacity and capture their leaders. True, the world's cultural elites would be shocked and appalled if we took preventive military action against countries that are currently doing us no harm. What is truly shocking, however, is that America is doing almost nothing while countries that have expressed hatred for us are building weapons of mass destruction. France and Britain allowed Nazi Germany's military power to grow until Hitler was strong enough to take Paris. America seems to be doing little while many of our foes acquire the strength to destroy U.S. cities. We can't rely upon deterrence to prevent an atomic powered dictator from striking at us. Remember, the Nazi's killed millions of Jews even though the Holocaust took resources away from their war effort. As September 11th also shows, there exist evil men in the world who would gladly sacrifice all other goals for the opportunity to commit mass murder. The U.S. should take not even the slightest unnecessary chance that some dictator, perhaps a dying Saddam Hussein, would be willing to give up his life for the opportunity to hit America with nuclear missiles. Once a dictator has the ability to hit a U.S., or perhaps even a European city, with atomic weapons it will be too late for America to pressure him to give up his weapons. His ability to hurt us will effectively put him beyond our military reach. Our conventional forces might even be made impotent by a nuclear-armed foe. Had Iraq possessed atomic weapons, for example, we would probably have been unwilling to expel them from Kuwait. What about the rights of those countries I have proposed threatening? America should not even pretend to care about the rights of dictators. In the 21st century the only leaders whom we should recognize as legitimate are those who were democratically elected. The U.S. should reinterpret international law to give no rights to tyrants, not even the right to exist. We should have an ethically based foreign policy towards democratic countries. With dictatorships, however, we should be entirely Machiavellian; we should deal with them based upon what is in our own best interests. It's obviously in our self-interest to prevent as many dictators as possible from acquiring the means to destroy us. We shouldn't demand that China abandon her nuclear weapons. This is not because China has proved herself worthy to have the means of mass annihilation, but rather because her existing stockpile of atomic missiles would make it too costly for us to threaten China. It's too late to stop the Chinese from gaining the ability to decimate us, but for the next ten years or so it is not too late to stop some of our other rivals. If it's politically impossible for America to use military force against currently non-hostile dictators then we should use trade sanctions to punish nations who don't agree to our proliferation policy**.** Normal trade sanctions, however, do not provide the punishing power necessary to induce dictators to abandon their arms. If we simply don't trade with a nation other countries will sell them the goods that we used to provide. To make trade sanctions an effective weapon the U.S. needs to deploy secondary boycotts. America should create a treaty, the signatories of which would agree to: • only trade with countries which have signed the treaty, and • not trade with any country which violates our policy on weapons proliferation. Believe that if only the U.S. and, say, Germany initially signed this treaty then nearly every other country would be forced to do so. For example, if France did not sign, they would be unable to trade with the U.S. or Germany. This would obviously be intolerable to France. Once the U.S., Germany and France adopted the treaty every European nation would have to sign or face a total economic collapse. The more countries which sign the treaty, the greater the pressure on other countries to sign. Once most every country has signed, any country which violated America's policy on weapons proliferation would face almost a complete economic boycott. Under this approach, the U.S. and Germany alone could use our economic power to dictate the enforcement mechanism of a treaty designed to protect against Armageddon. Even the short-term survival of humanity is in doubt. The greatest threat of extinction surely comes from the proliferation of weapons of mass destruction. America should refocus her foreign policy to prioritize protecting us all from atomic, biological, and chemical weapons.

#### Nuclear Proliferation Causes Extinction

Utgoff 02 Victor Utgoff, Deputy Director of the Strategy, Forces, and Resources Division of the Institute for Defense Analysis, Survival, Fall,2002, p. 87-90

In sum, widespread proliferation is likely to lead to an occasional shoot-out with nuclear weapons, and that such shoot-outs will have a substantial probability of escalating to the maximum destruction possible with the weapons at hand. Unless nuclear proliferation is stopped, we are headed toward a world that will mirror the American Wild West of the late 1800s. With most, if not all, nations wearing nuclear 'six-shooters' on their hips, the world may even be a more polite place than it is today, but every once in a while we will all gather on a hill to bury the bodies of dead cities or even whole nations.

### Aff: NPT Fails

#### NPT will not affect current slow pace of proliferation

(Michael Krepon, Co-founder of the Henry L. Stimson Center and the author or editor of thirteen books and over 350 articles, has worked at theCarnegie Endowment for International Peace, the US Arms Control and Disarmament Agency during the Carter administration, and in the US House of Representatives, 11/05/2009, Arms Control Wonk. <http://krepon.armscontrolwonk.com/archive/2527/predicting-proliferation>.)

Over the years, many experts have predicted proliferation cascades, but worst cases have yet to unfold. The current variation on this theme – reinforced by arms controllers as well as hard liners — is that, once Iran gets the Bomb and North Korea cannot be dissuaded from giving up its nuclear weapon capabilities, other countries in both regions will surely follow suit. I have been known to lend my voice to this chorus from time to time. The track record of proliferation to date, however, has been both limited and slow. This historical record does not support dire predictions, especially when the presumed proliferators have close ties to the United States and are dependent on Washington for their security.Dire proliferation forecasts are a dime a dozen; I won’t spend time on them here. Instead, let’s give credit to those with better records of prognostication. George Quester writes books that matter and that are too-little noticed. The Politics of Nuclear Proliferation was published in 1973 when the NPT’s status was still new and tenuous. This book provides proliferation assessments of key countries that were reluctant to sign the NPT or were likely to remain outliers. While others were offering worst cases, Quester was cautiously optimistic, concluding that, “Even if superpower resolve on India [to join the NPT] is clearly fading, even if Israel elects to be the first member of the nuclear club to accumulate weapons without ever test-detonating one, we may yet see the NPT used to rally the rest of the world into abstinence from further proliferation.”Hard liners believe in power, not parchment. In contrast, Quester’s equanimity was partially based on the norm-setting value of the NPT: “What was once a neutral or attractive idea is now somewhat tainted and suspect. Nuclear weapons are not just the ‘latest thing’ anymore; they lack respectability.” Quester was right. Lew Dunn’s book, Controlling the Bomb (1982), provided a similarly level-headed, wise, and restrained analysis of the prospects of proliferation during the 1980s. Dunn was no Pollyanna. He predicted that it was “quite likely …that at least one country will violate a legally binding nonproliferation obligation…in the decade to come,” and that “it probably will not be possible to head off the deployment of at least rudimentary nuclear forces in one if not more conflict-prone regions during this decade.” Nonetheless, Dunn predicted that sensible policies could succeed in “holding the line at no more than a continuation of the first decades’ pattern of slow and limited proliferation.” Dunn was right.

#### Posture changes don’t affect prolif and virtual arsenals prove the NPT is irrelevant

Brown and Deutch ‘7

[Harold and Jonh – Senior Counsel at CSIS, former Secretary of Defense under Carter and former Director of Central Intelligence under Clinton. “The Nuclear Disarmament Fantasy” The Wall Street Journal, November 2007. ln ]

We agree that the strongest possible measures must be taken to inhibit the acquisition of and roll back the possession of nuclear weapons. However, the goal, even the aspirational goal, of eliminating all nuclear weapons is counterproductive. It will not advance substantive progress on nonproliferation; and it risks compromising the value that nuclear weapons continue to contribute, through deterrence, to U.S. security and international stability. A nation that wishes to acquire nuclear weapons believes these weapons will improve its security. The declaration by the U.S. that it will move to eliminate nuclear weapons in a distant future will have no direct effect on changing this calculus. Indeed, nothing that the U.S. does to its nuclear posture will directly influence such a nation's (let alone a terrorist group's) calculus. Whatever their other merits (and they are significant), it is difficult to argue that a comprehensive test ban treaty, a "no first use" declaration by the U.S., a dramatic reduction in the number of deployed or total nuclear weapons in our stockpile, an end to the production of fissionable material will convince North Korea, Iran, India, Pakistan or Israel to give up their nuclear weapons programs. True enough, the U.S. ratified the 1968 Nonproliferation Treaty, whose Article Six states: "Each of the parties to the treaty undertakes to pursue negotiations in good faith on effective measures relating to cessation of the nuclear arms race at an early date and to nuclear disarmament, and on a treaty on general and complete disarmament under strict and effective international control. "No one suggests abandoning the hope embodied in such a well-intentioned statement. However, hope is not a policy, and, at present, there is no realistic path to a world free of nuclear weapons.

### Aff: NPT Bad – Prolif

#### NPT worsens proliferation

Wesley 2005, Executive Director of the Lowy Institute for International Policy, (Michael, Australian Journal of International Affairs, September, “It’s Time To Scrap the NPT,” EBSCO, Date Accessed: June 26, 2010, p.283-284 DMC)

My central argument is that the horizontal proliferation of nuclear weapons will probably continue at the rate of one or two additional nuclear weapons states per decade, whether or not the NPT is retained. Persisting with the NPT will make this proliferation much more dangerous than if the NPT is replaced with a more practical regime. I argue that the NPT is a major cause of opaque proliferation, which is both highly destabilising and makes use of transnational smuggling networks which are much more likely than states to pass nuclear components to terrorists. On the other hand, scrapping the NPT in favour of a more realistic regime governing the possession of nuclear weapons would help put transnational nuclear smuggling networks out of business and stabilise the inevitable spread of nuclear weapons.

#### NPT can’t solve proliferation – increases risk

Wesley 2005, Executive Director of the Lowy Institute for International Policy, (Michael, Australian Journal of International Affairs, September, “It’s Time To Scrap the NPT,” EBSCO, Date Accessed: June 26, 2010, p.283-284 DMC)

The NPT was always a flawed regime, based on an unequal distribution of status and security. Its apparent effectiveness in containing nuclear proliferation was largely due to other factors. The events of the past 15 years have only magnified the NPT’s flaws. The end of the Cold War decoupled the possession of nuclear weapons from the global power structure. While many commentators were applauding the expansion of the number of NPT signatories, and South Africa, South Korea, Brazil and Argentina renounced plans to acquire nuclear weapons, deeper and more insistent proliferation pressures were building among the emerging great powers of Asia. The succession of Persian Gulf wars demonstrated to many insecure states that only nuclear\*/not chemical or biological\*/weapons deter conventional military attack. The international community was repeatedly surprised by the extent and sophistication of Iraq’s, Pakistan’s, North Korea’s and Libya’s progress in acquiring nuclear materials and know-how, each time underlining the inadequacies of the non-proliferation regime. After the 1998 South Asian nuclear tests, India’s highly effective rhetorical defence of its policy and the world’s half-hearted and short-lived sanctions against India and Pakistan damaged the moral authority of the NPT regime, perhaps terminally.