# RAMP AFF UPDATE

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# RAMP AFF UD – Trade Good – Impact – Globalization

## Engaging in trade with other nations increases globalization

Das 2003

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 http://www2.warwick.ac.uk/fac/soc/csgr/research/workingpapers/2003/wp12003.pdf/] wem

Over the preceding half century, since the genesis of the GATT, importance of international trade has increased dramatically in the global economy. It has been a significant driving force behind the spread of globalization among the industrial economies first and subsequently among a sub-group of developing economies. Capital flows are important in their own right but trade in goods and services is an indispensable instrument of globalization. Being one of the two principal channels of economic globalization, it has contributed to enormous benefits that came from mutual interdependence among nations and from integration of the global economy.

## Globalization is key to knowledge diffusion

Zakaria Dec ’09

(Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

Political and economic stability have each reinforced the other. And **the** third **force that has underpinned the resilience of the global system is technological connectivity.** Globalization has always existed in a sense in the modern world, but until recently its contours were mostly limited to trade: countries made goods and sold them abroad. **Today the information revolution has created a much more deeply connected global system. Managers in Arkansas can work with suppliers in Beijing on a real-time basis. The production of almost every** complex **manufactured product now involves input from a dozen countries in** a tight global supply chain. **And the consequences of connectivity go well beyond economics. Women in rural India have learned through satellite television about the independence of women in more modern countries.** Citizens in **Iran have used cell phones and the Internet to connect to their well-wishers beyond their borders. Globalization today is fundamentally about knowledge being dispersed across our world.**

**So long as this intellectual connectivity is sustained, the world will ultimately prevail stable rather than succumb to worldwide instability. This is key to preventing war.**

**Zakaria Dec ’09** (Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

**This diffusion of knowledge may actually be the most important reason for the stability of the current system.** The majority of **the world's nations** have learned some basic lessons about political well-being and wealth creation. They **have taken advantage of the opportunities provided by peace, low inflation, and technology to plug in to the global system. And they have seen the indisputable results. Despite all the turmoil of the past year, it's important to remember that more people have been lifted out of poverty over the last two decades than in the preceding 10. Clear-thinking citizens around the world are determined not to lose these gains by falling for some ideological chimera,** or searching for a worker's utopia. **They are even cautious about the appeals of hypernationalism and war.** Most have been there, done that. And they know the price.

**The US is losing connectivity now. If we do not adjust quickly, the world will lapse into instability.**

**Zakaria Dec ’09** (Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

In fact, the most remarkable development in the last few years has been the way China, India, Brazil, and other emerging markets have managed their affairs prudently, taming growth by keeping interest rates up and restricting credit in the middle of the bubble—just as an economics textbook (and common sense) would advise. Instead it was the advanced industrial world, which had always lectured everyone else about good political and economic management, that handled its affairs poorly, fueling bubble after bubble, being undisciplined in the boom, and now suffering most during the bust. The data reflect this new reality. By 2014 the debt of the rich countries in the G20 will be 120 percent of GDP, three times the level of debt in the big emerging-market countries. The students of the global system are now doing better than their teachers.**There is now significant** domestic **demand in countries like India. The government has massive resources in China.** And these nations now trade a great deal with each other. **China has overtaken the United States as India's largest trading partner.** This power shift may prove the longest-lasting legacy of the crisis of 2008. **How the established countries deal with it, and how they handle their own economic woes in the midst of many competing economic centers, will be their primary challenge in the next decade. If they cannot adjust, then the world might not remain so stable after all.**

## Maritime connectivity leads to the expansion of intellectuality, political awareness, and foreign culture.

Vladivostok ’83

(Excerpts from speech by Lomakin, First Secretary of the Martitime Kray CPSU Committee, at USSR Supreme Soviet session, ''Counter-Propaganda'' Work in Maritime Kray)

The kray Party organisation, taking account of the location of the Maritime Kray and the complicated international border situation, attributes great importance to military-patriotic education, counter-propaganda work and intensification of the links between workers and army, navy and border troops. A considerable proportion of our population knows about imperialism and its ideology not only from books, films and television, but also as a result of direct contact with foreign reality. Every day up to 100,000 seamen and fishermen are at sea, far from the homeland - and constantly come into contact with foreign citizens and are subjected to massive influence by hostile ideo- logy. We are left with the very important task of (?inculcating in) the inhabitants of the Maritime Kray a firmly negative attitude and immunity to the sources of hostile propaganda, and educating them in political awareness. We shall further improve this act- ivity, create a system of operational measures for ideological struggle against tendentious information, false rumours and inventions, and train ideological cadres to specialize in this direction. . . (iii) Excerpt from commentary:

## EXPORT EXPANSION KEY TO GLOBALIZATION

KAVOUSSI 2011

<http://www.sciencedirect.com/science/article/pii/030438788490052X> The School of International Studies, University of Washington, Seattle, WA 98195, USA

An additional and related issue which has been addressed is whether**there exists a certain threshold**level of development below and above **which the relationship between export expansion and economic growth differs.In this context** Michaely (1977, p. 52**) has concluded that ‘growth is affected by export performance development**’, a view which has also been adopted by Tyler (1981, p. 124**) who has argued that ‘a basic level of development is necessary for a country to most benefit from export orientedgrowth’**.Furthermore, Kavoussi (1984**) has reported that countrys with ‘in low income countries who shows export expansion tends to be associated with better economic performance**’ (p. 249), but that ‘the contribution of exports to factor productivity is greater among the (more advanced developing countries)’ (p. 247).Nevertheless, a common methodological feature shared by the abovestudies is that the basic or critical level of development is chosen rather arbitrarily. According to this procedure, the sample is divided into two groups, the classification being based on some ad hoc level of per capita income, the postulated relationship is estimated separately for each group and the two sets of estimates are compared in terms of their magnitudes.Thus, the results are likely to be sensitive to the choice of per capita incomethat is used as the critical level of development.The present paper **focuses on the relationship between export expansion and economic growth by means of** a cross-country multivariate analysis of **growth**. Within this framework it searches and tests for the existence of a critical or threshold level of development below and above which there are significant differences in the responses of output growth to export expansion and, possibly, to other sources of growth.

# RAMP AFF UD – Trade Good – Impact – Prevents Conflict

## Connectivity ensures that all nations are stable. This can not only prevent US instability, but can eliminate the often overlooked possibility of other nations triggering instability as well.

Zakaria Dec ’09

(Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

**This diffusion of knowledge may actually be the** most important **reason** for the stability of the current system. **The majority of the world's nations have learned some basic lessons about political well-being and wealth creation**. They have taken advantage of the opportunities provided by peace, low inflation, and technology to plug in to the global system. And they have seen the indisputable results. Despite all the turmoil of the past year, it's important to remember that more people have been lifted out of poverty over the last two decades than in the preceding 10. Clear-thinking citizens around the world are determined not to lose these gains by falling for some ideological chimera, or searching for a worker's utopia. They are even cautious about the appeals of hypernationalism and war. Most have been there, done that. And they know the price.In fact**, the most remarkable development in the last few years has been the way China, India, Brazil, and other emerging markets have managed their affairs prudently**, taming growth by keeping interest rates up and restricting credit in the middle of the bubble—just as an economics textbook (and common sense) would advise. Instead **it was the advanced industrial world, which had always lectured everyone else about good political and economic management**, that handled its affairs poorly, fueling bubble after bubble, being undisciplined in the boom, and now suffering most during the bust. **The data reflect this new reality. By 2014 the debt of the rich countries in the G20 will be 120 percent of GDP, three times the level of debt in the big emerging-market countries. The students of the global system are now doing better than their teachers.** Among the many realities that have become apparent in the last year, this is perhaps the most consequential. People in the West were quick to write off the developing nations after the crash, sure that they could not survive a recession in the centers of the global economy. But the strongest of the emerging markets have actually emerged. **They have become large, mature, and connected enough that while affected by the West, their fortunes are not entirely dependent on it.**

**Trade leads to connectivity – prevents international conflict**

**Dorussen and Ward 2010**

(Han and Hugh, Department of Government, University of Essex, *Journal of Peace Research* 2010 47: 29)SIR

Following Doyle (1986) and Oneal & Russett (1997), it has become commonplace to trace arguments about the pacifying effect of trade back to the classical liberals and in particular to the work of Kant. In his Perpetual Peace (1795), Kant pays only scant attention to trade in the Third Definitive Article on ‘universal hospitality’; and trade is also subordinated to the First Definitive Article on the republican (or ‘democratic’) peace. In contrast, economic freedoms and especially free trade were considered vital to interstate peace by 19th- and early 20th-century liberals such as Cobden, Mill, Angell and Schumpeter. We argue that in this tradition,trade is important not only because it creates an economic interest in peace but also because trade generates ‘connections’ between people that promote communication and mutual understanding. Because trade allows people to enjoy in common things that would be unavailable to themotherwise,it enables them to perceive a (global) community. Based on these ideas, the flow of goods between countries creates a network of ties and communication links. If two countries are more embedded in this network, their relations should be more peaceful. Hence our central research question is: do trade networks reduce interstate conflict?Consider a pair (or dyad) of countries *a* and *b*. The volume of direct trade between these two countries creates one set of connections. It is this link that most of the current literature has focused on, but networks also create indirect linkages. For instance, both countries may trade with a third country c, and trade then connects country *a* also indirectly to *b*. Since the trade channels information flows alongside the goods and services, indirect linkages arguably matter.Trade also provides third countries, such as c, with a stake in preventing the escalation of any conflict between *a* and *b*.To capture the effects of trade on conflict between members of a dyad, we have to go beyond measures of direct trade links. Network measures are distinct from other, more commonly used, measures of trade such as dependency and openness. Dependency is fundamentally a dyadic concept and ignores indirect links through the rest of the international system. The classical liberals were, however, aware that communication could occur via intermediaries and arguedthat indirect links might facilitate mediation of conflict.Further, dependency measures a country’s vulnerability (or opportunity costs) of trade which derives from trade shares. In contrast, network variables do not rely on trade shares, but on the overall volume of economic activity among countries. Gartzke & Li (2003: 568–569) have suggested using openness instead of dependency, but openness is essentially a monadic concept. For example, during the Cold War, countries in both the East and West had relatively open economies even when trade between the blocs was very limited. In this case, openness largely ignores the East–West trade constraints. Applying network variables to trade makes it possible not only to distinguish direct from indirect effects – where chains can vary in their length or number of intermediaries – but also to identify specific bottlenecks in interstate linkages

**Trade reduces conflict**

**Polachek and Xiang 2010**(Solomon Polachek, Professor of Economics and Political Science at the State University of New York at Binghamton, Jun Xiang is a Ph.D. candidate in Political Science at the University of Rochester, N.Y, International Organization (2010), 64 : pp 133-144)

Data strongly indicate an inverse relationship between conflict and trade: country pairs that trade the most engage in the least bilateral conflict. One(indeed the predominant)reason for this inverse trade-conflict relationship is opportunity costs that arise because nations tend to forgo trade with combatants, especially when a war erupts. As such, dyadicconflict diminishes bilateral trade that results in lost gains from trade for both nations. To prevent these potential gains from trade losses, trading nations become more cooperative, thereby decreasing the hostility between them. This explanation is known as the “opportunity cost” argument.A recent influential article in this journal by Gartzke, Li, and Boehmer claims that the opportunity cost argument is incorrect, stating “opportunity costs … cannot deter disputes.” Instead they argue scholars observe an inverse trade-conflict relationship because of “costly signaling.”In Gartzke, Li, and Boehmer's model a trading nation signals resolve “without resorting to military violence” by threatening to cut off trade, and as a result this signal leads to less high-level conflict and more overall cooperation.Gartzke, Li, and Boehmer reach this conclusion in two steps. First, within the context of an incomplete information game, they (erroneously) claimthat gains from trade do not lead to a reduced probability of war. Second, they show that gains from trade do reduce the probability of war in a game-theoretic “signaling” model. From this they conclude that signaling is the “true” underlying mechanism through which gains from trade operate in reducing bilateral conflict.

**Trade helps increase contact and communication – solves for political conflicts
McDonald 2004**(Patrick J., Department of Government, University of Texas at Austin,Journal of Conflict Resolution August 2004 vol. 48 no. 4 547-572)

An extensive base of empirical tests across a number of research designs—including differences in the operationalization of the independent and dependent variables, the temporal domain under study, and the unit of analysis—support the conclusion that international commerce promotes peace among states (e.g., Polachek 1980; Domke 1988; Mansfield 1994; Oneal and Russett 1997, 1999; Russett and Oneal 2001; Gartzke, Li, and Boehmer 2001; for an exception, see Barbieri 2002). The contemporary debate has traditionally relied on four variants of the broader hypothesis that trade promotes peace. The first has been labeled the opportunity cost or deterrence model. Because conflict or even the threat of it tends to disrupt normal trading patterns, potentially large economic costs will deter dependent states from using military force to solve their political conflicts (Polachek 1980).A second mechanism that I call here the “efficiency argument” compares the relative costs of acquiring productive resources. As commerce grows, the incentives for plunder or conquest decrease simply because it is a more costly means of generating economic growth (Rosecrance 1986).Third, a sociological hypothesis concentrates on how trade helps to increase contact and communication across societies. By building a broader cosmopolitan identity across societies, trade displaces national loyalties and competitive relations between governments that generate military conflict (e.g., Deutsch et al. 1957). Fourth, drawing on bargaining models, some scholars argue that international commerce provides an important signaling mechanism that can help states achieve a negotiated compromise short of war during a crisis (e.g., Morrow 1999; Gartzke, Li, and Boehmer 2001).

**Trade promotes peace
McDonald 2004**(Patrick J., Department of Government, University of Texas at Austin,Journal of Conflict Resolution August 2004 vol. 48 no. 4 547-572)

The debate over whether and how international commerce alters the foreign policy of states, and inparticularthe decision for war, has gained renewed prominence in the fields of international security and international political economy.Despite substantial empirical support for the proposition thatincreasing levels of cross-border economic flows—defined either in terms of trade or capital movements—decrease the probability of conflict, scholars have yet to approach a consensus concerning the precise nature of this link. A number of explanations have been proposed.Trade promotes peace through communication and transnational ties that increase understanding among societies and the potential for cooperation.While expanding an international web of commerce through specialization, trade makes war less likely by increasing the costs of severing such economic links. Interdependence makes conflict less likely because of its efficiency over conquest in acquiring resources necessary for growth and prosperity

## Trades promotes economic cooperation – leads to crisis engagement

**Bandow 2010**(Doug, former columnist with Copley News Service and a senior fellow at the Cato Institute, Trade Briefing Paper no. 31)

President Barack Obama took office with a record of skepticism toward free trade, including several free trade agreements negotiated by the Bush administration. The Democratic Congress was even more hostile to liberalizing international commerce. Nowthe president has made trade promotion an administration priority. Oneof the sureststrategies to grow the economy and increase higher-paying employment is to expand trade. Thus hehasendorsed the free trade agreement with South Korea— with as yet undefined changes. He hopes to have an amended version ready at the next G-20 Summit, scheduled for Seoul in November. Although the accord is not perfect,it would substantially increase access to the South Korean market. Both the Republic of Korea and the United States would benefit from increased exports, economic growth, and job creation. The long-term potential is even greater: as South Koreans grow wealthier, they are likely to increase their foreign purchases, and eventual Korean reunification would greatly expand the Korean marketplace for American exporters.The free trade agreement also offers important geopolitical benefits. China's rapid economic growth has helped expand Beijing's influence throughout East Asia. Indeed, there is now more trade between South Korea and China than between the South and the United States. As American military dominance fades, the large and productive U.S. economy offers an important alternative form of regional engagement. Washington should seek to expand trade throughout the Asia-Pacific. Reducing trade barriers with South Korea is an important first step. The United States should move ahead even if Seoul resists formal renegotiation of the trade pact. Washington can and should push for further liberalization, but such efforts will be stillborn if the free trade agreement is not soon ratified. This is no time to allow the perfect to become the enemy of the good.

# RAMP AFF UD – Trade Good – Impact – Innovation

**Trade spurs technological innovation
Onodera, 2008**(Osamu, Organisation for Economic Co-operation and Development, Trade and Innovation Project a Synthesis Paper)

Economic theory finds that trade can lead to substantial economic benefits through more efficient allocation of resources and deepening specialisation allowing countries to profit from comparative

advantage (so called static gains from trade). This is the basis for most of the economic models used to

calculate the benefits of trade such as GTAP. However, economic theory also suggests that trade can lead to dynamic gains in addition to these static gains (Nordas et al, 2006). Transfer of technology and innovation are considered a main source of dynamic gains although it has been difficult to gain conclusive evidence. There is a two way link between trade and innovation. Innovation gives birth to technological

advantage, which together with differences in factor endowments, are the source of comparative advantage which in turn drives trade. Thus technology gaps have been found to be one determinant of trade and investment. Developed countries tend to export high-technology goods compared to developing countries. Innovative and more productive companies export, invest abroad or license their technologies to exploit the benefits of their innovations. As such, open markets would benefit innovative firms. Open markets lead to an increase in the size of the market over which the firm can exploit its innovation and realise monopoly profits. On the other hand, trade and investment affect innovation in various ways such as technology transfer, competition effects, scale economies and spill-overs (learning from exporting, learning by investing) (see Table 2). Trade and investment affects each of the stages of business through these various effects. Figure 2 tries to illustrate this using the example of product innovation in a manufacturing company. The arrows in solid black show where trade and investment play a dominant role, and the striped arrows show where trade and investment are only indirectly related. In the research and development stages, the import of the most up-to-date scientific equipment is of importance. For example, even the United States, which is at the global frontier in scientific equipment imported roughly 25% ($ 1.9 billion) of analytic and scientific instruments (except optical) used domestically in 2006. In addition, most companies now either use research conducted in universities and other companies through licensing agreements often with international partners. Both FDI and temporary movement of natural persons play increasingly important roles in the R&D process. Trade can also provide an incentive for greater R&D through competition – competition from new entrants often force companies to develop new products with new features. Exports also allow companies to cover R&D costs which may not be possible if these countries only produced for the smaller domestic market. Trade and investment play an integral role in providing innovative inputs the manufacturing stage. Imported capital goods and intermediate products play an important role as conduits of technology, as does FDI in upstream industries. Competition from imports and FDI in the domestic market and competition in export markets act as strong incentives for firms to innovate.

**Trade strengthens innovation**
**Kiriyama 2012**
(Nobuo, Director, Policy Planning and Research Office, Ministry of Economy, Trade and Industry (METI), Trade and Innovation: Synthesis Report)

Innovation is critical to creating new sources of growth.Trade is one of the framework conditions that can strengthen innovation in the business sector, as set out in the OECD Innovation Strategy in 2010. This paper broadly sets out three channels through which trade affects innovation. First, imports and foreign direct investment (FDI) as well as trade in technology serve as channels of technology diffusion. Second, imports, FDI and technology licensing contribute to intensifying competition, which can affect incentives for innovation. Third, exports can affect innovation as it serves as a learning opportunity and gives incentives for innovative activities. The benefits of technology diffusion depend not only on the channels of diffusion but also on the absorptive capacity (that is, the capacity to assimilate and apply new information), which covers a number of policy agendas that go beyond typical trade policy issues.Multilateral trade liberalisation, including both tariff and non-tariff liberalisation as well as protection of intellectual property, contributes to ensuring the link between trade and innovation that are discussed in this paper

## Trade increases the quality of ideas and research – key to technological innovation

**Gammon 2009**
(Katherine, science writer based in Santa Monica, CA, The Global “Idea” Market

Innovation and International Trade in Technology)

This massive idea swap is essential to growth: a recent study found that outside of the five leading research economies (the United States, Japan, the United Kingdom, Germany, and France), all other countries in the Organisation for Economic Co-operation and Development (OECD) obtain over 90 percent of their productivity growth from ideas that originated abroad (Eaton and Kortum, 1996).

There are other non-obvious gains when trade in innovation occurs. As the body of innovative ideas gets larger with collaboration and trade, the quality of the best ideas is improved. “Everyone sees technology improve because you draw from a global pool of ideas,” says Spulber. These ideas are generated in more places than ever before—biotechnology innovation coming out of India, flat screen technology coming out of Korea, and computer designs coming out of China. Educational institutions also become more relevant as they can spread ideas around the world.In addition, global trade in innovations increases the returns to inventors. Inventors profit by selling their innovations to the global market, which stimulates additional research. When a county has a larger market for ideas, in contrast to reliance only on domestic research, the incentives for research will be greater. Technology trade also boosts each country’s income when innovations increase the productivity of human capital. When inventions such as computers, software, and industrial robots increase the productivity of human capital, it is as if a country’s labor force increases without changing the size of its population. Greater productivity increases the amount companies will pay their workers and increases a country’s total income.Quality, efficiency, and capital aren’t everything to consumers, who also want variety. Spulber shows that gains in trade from innovation also increase the variety of products in global trade. People enjoy having many MP3 players to choose from, a reflection of the variety of fashions and cultural products traded internationally. When trade in innovations increases the productivity of human capital and people then earn greater incomes, their countries will import a larger variety of products

# RAMP AFF UD – Trade Good – Impact – Economy

## Connectivity allows for the expansion of the economy

Zakaria Dec ’09

(Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

Peace is like oxygen, Harvard's Joseph Nye has written. When you don't have it, it's all you can think about, but when you do, you don't appreciate your good fortune. Peace allows for the possibility of a stable economic life and trade. **The peace that flowed from the end of the Cold War had a much larger effect because it was accompanied by the discrediting of socialism. The world was left with a sole superpower but also a single workable economic model**—capitalism—albeit with many variants from Sweden to Hong Kong, **This consensus enabled the expansion of the global economy**; in fact**, it created for the first time a single world economy in which almost all countries across the globe were participants. That means everyone is invested in the same system.** Today, while the nations of Eastern Europe might face an economic crisis, no one is suggesting that they abandon free-market capitalism and return to communism. In fact, around the world you see the opposite: even in the midst of this downturn, there have been few successful electoral appeals for a turn to socialism or a rejection of the current framework of political economy. Center-right parties have instead prospered in recent elections throughout the West.

**The Neg’s Hegemonic impacts are unlikely to trigger under a connected society.**

**Zakaria Dec ’09** (Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

Beyond all this, though, I believe **there'sa fundamental reason why we have not faced global collapse in the last year**. It is the same reason that we weathered the stock-market crash of 1987, the recession of 1992, the Asian crisis of 1997, the Russian default of 1998, and the tech-bubble collapse of 2000. The current global economic system is inherently more resilient than we think. **The world today is characterized by** three **major forces for stability, each reinforcing the other and each historical in nature.The first is the spread of great-power peace. Since the end of the Cold War, the world's major powers have not competed with each other in geomilitary terms. There have been some political tensions, but measured by historical standards the globe today is stunningly frsee of friction between the mightiest nations. This lack of conflict is extremely rare in history.** You would have to go back at least 175 years, if not 400, to find any prolonged period like the one we are living in. **The number of people who have died as a result of wars, civil conflicts, and terrorism over the last 30 years has declined sharply** (despite what you might think on the basis of overhyped fears about terrorism). And no wonder—three decades ago, the Soviet Union was still funding militias, governments, and guerrillas in dozens of countries around the world. And the United States was backing the other side in every one of those places. That clash of superpower proxies caused enormous bloodshed and instability: recall that 3 million people died in Indochina alone during the 1970s. Nothing like that is happening today.

# RAMP AFF UD – Economy Advantage – Impact – Conflict

**Economic decline incentivizes conflict – impossible to maintain peace without resources**

**Harris 2012**

Harris, Jennifer . "Revisiting The Future: Geopolitical Effects of the Financial Crisis." *CSIS*. N.p., n.d. Web. 4 July 2012. <https://csis.org/files/publication/twq09

**Economic growth and conflict**Previous research has shown that reduced levels of domesticeconomic activity tend tocreate incentives for increased conflict. Drawing on this research, we posit thatclimate change, by reducing economic growth(that is, reducing the ability of the economy to grow),affects the utility of individuals and groups to engage in civil conflict. It does so in two ways.First, negative climatic conditions, via their negative effect on economic growth,can reduce resources available to thegovernment (e.g. by reducing tax revenue). Thegovernment thus has fewer resources to “invest in people”, for instance to providebetter nutrition, schooling, and on-the-job training that would lead to improved livingconditions. It also has fewer resources to “provide for the people” in terms ofsustaining peace through the maintenance of law and order – the latter, for instance,lowers the probability of rebel victory by increasing the cost of rebellion. Decrease the opportunity for future employment. Consequently, the opportunity cost of rebellion decreases because the expected returns from peaceful employment, say farming, compared to joining criminal and insurgent groups are lower. In situations like these, when individuals expect to earn more from criminal or insurgent activity than from lawful and peaceful activity, predatory behavior becomes more likely. The latter implicates conditions in which each individual or group’s effort to increase its own welfare reduces the welfare of others and also increases the probability of mutual attacks (Jervis & Snyder, 1999). The argument that poverty breeds conflict and war is supported by several empirical studies (e.g. Hidalgo et al., 2010; Dube & Vargas, 2008; Hegre & Sambanis, 2006; Collier & Hoeffler, 2004; Fearon & Laitin, 2003). For example, Collier and Hoeffler (2004) find that low economic growth, which is a proxy for foregone earnings, has considerable explanatory power in their intrastate conflict regression. They conclude that rapid economic growth reduces the risk of conflict. Dube and Vargas (2008) examine whether violent actions in Colombia in the 1994-2005 period are linked to low opportunity costs of agricultural labor, using crop prices as a proxy for such costs. They show that a drop in the price of coffee substantially increased the incidence and intensity of intrastate conflict in coffee-intensive areas. They attribute this result to the lowering of opportunity costs of joining a rebel movement (via depressed wages) in coffee growing areas. Hidalgo et al. (2010), using a panel data set with over 50,000 municipality-year observations, show that land invasions by the rural poor in Brazil occur immediately after adverse economic shocks, which in the statistical analysis are instrumented by rainfall. Consequently, our argument that reduced economic growth can impact on the likelihoodof civil conflict is well supported by the existing literature.

## Economic decline leads to armed conflict and political violence – lack of mediating institutions and resources to resolve issues

**CIS & IED 2010**

[Bernauer, Thomas , Anna Kalbhenn, Vally Koubi, and Gabriele Ruoff. "Center for Comparative and International Studies (CIS) and Institute for Environmental Decisions (IED)." *Department of Economics and Oeschger Institute for Climate Change Research*. N.p., n.d. Web. 5 July 2012. <ncgg.princeton.edu/IPES/2010/papers/S11] SF

Political regimes/institutions and conflict As discussed above, we expect the probability of violent conflict to increase when economic conditions deteriorate (whether due to climatic changes or for other reasons): individuals anticipate that their returns from labor diminish; and the ability of the government to provide goods and services for the people and to maintain order decays. This decreases the opportunity costs of engaging in political violence. We submit, however, that armed conflict is more likely to occur in states where existing institutions and mechanisms for conflict resolution cannot provide people with the assurance that climate change induced economic problems will be resolved without recourse to violence. Formal institutions that help to enforce commitments intertemporally can mitigate commitment problems in situations in which each individual or groups’ effort to increase its own wellbeing reduces the wellbeing of others. 7 We submit that democratic institutions that ‘restrain the dark side of self-interest’8, such as a constrained executive and separation of powers, an independent judiciary and courts, as well as the rule of law and secure property rights collectively work to reduce the risk of conflict.Conversely, societies with weak government institutions and few checks and balances are likely to be more prone to armed conflict. This implies that autocratic countries are more likely to experience intrastate conflict than democratic countries.

## Economic decline causes world conflict and nuclear war

Friedberg and Schoenfeld ‘8

(Aaron, Prof. Politics. And IR – Princeton’s Woodrow Wilson School, and Gabriel, Senior Editor of Commentary and Visiting Scholar – Witherspoon Institute, Wall Street Journal, “The Dangers of a Diminished America”, 10-21, <http://online.wsj.com/article/SB122455074012352571.html>)

One immediate implicationof the crisis that began on Wall Street and spread across the world is that the primary instruments of U.S. foreign policy will be crimped. Then there are the dolorous consequences of a potential collapse of the world's financial architecture. For decades now, Americans have enjoyed the advantages of being at the center of that system. The worldwide use of the dollar, and the stability of our economy, among other things, made it easier for us to run huge budget deficits, as we counted on foreigners to pick up the tab by buying dollar-denominated assets as a safe haven. Will this be possible in the future?Meanwhile, traditional foreign-policy challenges are multiplying. The threat from al Qaeda and Islamic terrorist affiliates has not been extinguished. Iran and North Korea are continuing on their bellicose paths, while Pakistan and Afghanistan are progressing smartly down the road to chaos. Russia's new militancy and China's seemingly relentless rise also give cause for concern.If America now tries to pull back from the world stage, it will leave a dangerous power vacuum. The stabilizing effects of our presence in Asia, our continuing commitment to Europe, and our position as defender of last resort for Middle East energy sources and supply lines could all be placed at risk.In such a scenario there are shades of the 1930s, when global trade and finance ground nearly to a halt, the peaceful democracies failed to cooperate, and aggressive powers led by the remorseless fanatics who rose up on the crest of economic disaster exploited their divisions. Today we run the risk that rogue states may choose to become ever more reckless with their nuclear toys, just at our moment of maximum vulnerability.

## Economic decline increases violent uprisings – fights for political power

Ferguson 2009

(Niall, Laurence A. Tisch Professor of History at Harvard University, “The Axis of Upheaval,” Foreign Policy, February 16th, http://www.foreignpolicy.com/articles/2009/02/16/the\_axis\_of\_upheaval)

The Bush years have of course revealed the perils of drawing facile parallels between the challenges of the present day and the great catastrophes of the 20th century. Nevertheless, there is reason to fear that the biggest financial crisis since the Great Depression could have comparable consequences for the international system. For more than a decade, I pondered the question of why the 20th century was characterized by so much brutal upheaval. I ponder over primary and secondary literature. I wrote more than 800 pages on the subject. And ultimately I concluded, in *The War of the World*, that three factors made the location and timing of lethal organized violence more or less predictable in the last century. The first factor was ethnic disintegration: Violence was worst in areas of mounting ethnic tension. The second factor was economic volatility: The greater the magnitude of economic shocks, the more likely conflict was. And the third factor was empires in decline: When structures of imperial rule crumbled, battles for political power were most bloody. In at least one of the world's regions -- the greater Middle East -- two of these three factors have been present for some time: Ethnic conflict has been rife there for decades, and following the difficulties and disappointments in Iraq and Afghanistan, the United States already seems likely to begin winding down its quasi-imperial presence in the region. It likely still will. Now the third variable, economic volatility, has returned with a vengeance. U.S. Federal Reserve Chairman Ben Bernanke's "Great Moderation" -- the supposed decline of economic volatility that he hailed in a 2004 lecture -- has been obliterated by a financial chain reaction, beginning in the U.S. subprime mortgage market, spreading through the banking system, reaching into the "shadow" system of credit based on securitization, and now triggering collapses in asset prices and economic activity around the world. After nearly a decade of unprecedented growth, the global economy will almost certainly sputter along in 2009, though probably not as much as it did in the early 1930s, because governments worldwide are frantically trying to repress this new depression. But no matter how low interest rates go or how high deficits rise, there will be a substantial increase in unemployment in most economies this year and a painful decline in incomes. Such economic pain nearly always has geopolitical consequences. Indeed, we can already see the first symptoms of the coming upheaval. In the essays that follow, Jeffrey Gettleman describes Somalia's endless anarchy, Arkady Ostrovsky analyzes Russia's new brand of aggression, and Sam Quinones explores Mexico's drug-war-fueled misery. These, however, are just three case studies out of a possible nine or more. In Gaza, Israel has engaged in a bloody effort to weaken Hamas. But whatever was achieved militarily must be set against the damage Israel did to its international image by killing innocent civilians that Hamas fighters use as human shields. Perhaps more importantly, social and economic conditions in Gaza, which were already bad enough, are now abysmal. This situation is hardly likely to strengthen the forces of moderation among Palestinians. Worst of all, events in Gaza have fanned the flames of Islamist radicalism throughout the region -- not least in Egypt. From Cairo to Riyadh, governments will now think twice before committing themselves to any new Middle East peace initiative. Iran, meanwhile, continues to support both Hamas and its Shiite counterpart in Lebanon,Hezbollah, and to pursue an alleged nuclear weapons program that Israelis legitimately see as a threat to their very existence. No one can say for sure what will happen next within Tehran's complex political system, but it is likely that the radical faction around President Mahmoud Ahmadinejad will be strengthened by the Israeli onslaught in Gaza. Economically, however, Iran is in a hole that will only deepen as oil prices fall further. Strategically, the country risks disaster by proceeding with its nuclear program, because even a purely Israeli air offensive would be hugely disruptive. All this risk ought to point in the direction of conciliation, even accommodation, with the United States. But with presidential elections in June, Ahmadinejad has little incentive to be moderate.

## Economic collapse leads to conflict with China, Russia, India and Iran

McCoy 2010

MCCOY, ALFRED . " How America will collapse (by 2025) - Salon.com."*Salon.com*. N.p., n.d. Web. 6 July 2012. <http://www.salon.com/2010/12/06/am

Such negative trends are encouraging increasingly sharp criticism of the dollar’s role as the world’s reserve currency. “Other countries are no longer willing to buy into the idea that the U.S. knows best on economic policy,” [observed](http://www.nytimes.com/2010/10/11/business/economy/11currency.html) Kenneth S. Rogoff, a former chief economist at the International Monetary Fund. In mid-2009, with the world’s central banks holding an astronomical $4 trillion in U.S. Treasury notes, Russian president Dimitri Medvedev [insisted](http://michael-hudson.com/2009/06/washington-cannot-call-all-the-shots/) that it was time to end “the artificially maintained unipolar system” based on “one formerly strong reserve currency.” Simultaneously, China’s central bank governor [suggested](http://www.cfr.org/publication/21189/chinas_foreign_exchange_reserves.html) that the future might lie with a global reserve currency “disconnected from individual nations” (that is, the U.S. dollar). Take these as signposts of a world to come, and of a possible attempt, as economist Michael Hudson [has argued](http://michael-hudson.com/2009/06/washington-cannot-call-all-the-shots/), “to hasten the bankruptcy of the U.S. financial-military world order.” After years of swelling deficits fed by incessant warfare in distant lands, in 2020, as long expected, the U.S. dollar finally loses its special status as the world’s reserve currency. Suddenly, the cost of imports soars. Unable to pay for swelling deficits by selling now-devalued Treasury notes abroad, Washington is finally forced to slash its bloated military budget. Under pressure at home and abroad, Washington slowly pulls U.S. forces back from hundreds of overseas bases to a continental perimeter. By now, however, it is far too late. Faced with a fading superpower incapable of paying the bills, China, India, Iran, Russia, and other powers, great and regional, provocatively challenge U.S. dominion over the oceans, space, and cyberspace. Meanwhile, amid soaring prices, ever-rising unemployment, and a continuing decline in real wages, domestic divisions widen into violent clashes and divisive debates, often over remarkably irrelevant issues. Riding a political tide of disillusionment and despair, a far-right patriot captures the presidency with thundering rhetoric, demanding respect for American authority and threatening military retaliation or economic reprisal. The world pays next to no attention as the American Century ends in silence.

# RAMP AFF UD – Economy Advantage – Impact – Hegemony

## US hegemony depends on the economy

Hensman 07

(Rohini, Scholar and staff writer, Averting World War III, Ending Dollar Hegemony And US Imperialism, <http://www.countercurrents.org/hensman171107.htm>)

When US President Bush declared in October 2007 that if Iran acquired the knowledge to produce nuclear weapons, we would be plunged into World War III, he was not joking or even exaggerating: he was making his intentions clear. In the same month, Vice-President Dick Cheney repeated the threat that the US would not ‘stand by’ as Iran allegedly pursued a nuclear weapons programme. If the present war in Afghanistan, Iraq and Palestine spreads to Iran, we will indeed have World War III. We have long had circumstantial evidence that the Bush regime was building up to an attack on Iran: the constant allegations (denied by Mohamed El Baradei, chief of the International Atomic Energy Agency [IAEA]) that it was pursuing a nuclear weapons programme, charges (denied by the Iraqi government) that it was sending arms and fighters into Iraq, a US military build-up clearly directed against Iran, the designation of the Islamic Revolutionary Guards Corps of Iran as a terrorist organisation and imposition of sweeping sanctions against Iran.(2) But it has now been revealed by two former high-ranking policy experts from the US National Security Council that war against Iran was planned all along, and nothing that Iran offered to do — including giving up its uranium enrichment programme — could have made a difference.(3 If the Bush administration has decided to attack Iran militarily, is there any power on earth that can stop it if the people of the US are unable or unwilling to do so? The argument below is that if the USA’s ability to undertake imperial conquests depends on its obvious military supremacy, this in turn is ultimately based on the use of the US dollar as the world’s reserve currency. It is the dominance of the dollar that underpins US financial dominance as a whole as well as the apparently limitless spending power that allows it to keep hundreds of thousands of troops stationed all over the world. Destroy US dollar hegemony, and the “Empire” will collapse.

# RAMP AFF UD – Economy Advantage – Impact – Innovation

## Economic Decline kills Innovation

Joyner 11’

Joyner, James. "Bad Economy Effects Last a Lifetime." *Outside The Beltway | OTB | Online Journal of Politics and Foreign Affairs*. N.p., 8 Aug. 2011. Web. 5 July 2012. <http://www.outsidethebeltway.com/bad-economy-effects-last-a-lifetime/>.

**Number of the Week: Falling Wages for Young College Grads9.6%**: Decline from 2000 to 2010 in inflation-adjusted median earnings of people 25 to 34 years old with a bachelor’s degree and no graduate degree. Few people have gone unscathed by the bad economy, but the way it has damaged the prospects of America’s young college graduates may be one of its most lasting legacies. The high unemployment they are now experiencing will leave many of them a step behind throughout their careers. Research by Yale School of Management economist Lisa Kahn found that workers who graduated from college during the deep recession in the early 1980s were still worse off than workers who graduated in better times in 2006.When young college graduates do land a job, it often won’t pay well. According to the Census Bureau, the median annual earnings of a worker 25 to 34 years old with a bachelor’s degree (but no graduate degree) was $40,875 last year. That compares with $45,200 in 2000, adjusting for inflation.That inflation-adjusted earnings for college grads early in their careers is worse during the worst economic crisis in decades than it was during the mild recession of 2000 isn’t shocking, although the magnitude is higher than I’d have guessed.The real story isn’t so much the dip itself but the fact that study after study shows that people never fully recover from a bad start. That’s a continuing theme in Kahn’s research. Her paper “[The Long-Term Labor Market Consequences of Graduating from College in a Bad Economy](http://mba.yale.edu/faculty/pdf/kahn_longtermlabor.pdf)” came out in 2009 and got quite a bit of [coverage](http://www.dailyfinance.com/2009/09/25/yale-study-starting-career-during-recession-can-damage-salary-f/) at the time.While it might seem like things will be looking up as soon as the economy revives, her findings show that the damage from entering the job market during a recession [can last up to 20 years.](http://mba.yale.edu/faculty/pdf/kahn_longtermlabor.pdf)Khan says salaries for new employees are directly related to the unemployment rate. Using data from the National Longitudinal Survey of Youth, she calculates that those graduating during hard times earn 6 to 8 percent less in their first year on the job for each percentage-point increase in the unemployment rate. That means a 1982 graduate entering the job market when the unemployment rate stood at 10.8 percent earned, on average, 23 percent less than a worker graduating in May 1981 when unemployment was 7.5 percent. In the long run, this has immense consequences which are difficult to overcome. In comparing groups of graduates who entered the work force during economic downturns with their luckier counterparts who graduated in better times, Kahn found that there is a major difference in the amount of money earned over time. “One striking fact,” she says, is that “over 17 years after college those groups have a $100,000 difference in earnings.”The problems begin as soon as a new graduate comes face-to-face with a tough job market and begins making compromises. “People leaving school in a recession are starting at a lower-level job and at a lower earning level,” because there just aren’t that many jobs around, says Kahn. In many cases, graduates end up taking jobs unrelated to their career plan. “By the time you switch back into your field,” says Kahn, “you are behind.” Those who join the workforce in better days, meanwhile, continue to progress in their higher-level and higher-paying jobs where they can hone their skills and receive pay raises and bonusesbased on their higher original salaries.Even for those who do manage to find their dream job during a recession, there may not be much reason to gloat. “What if you are in a recession and you are the one lucky guy who finds a great job right away?” asks Kahn. “You will never know if you would have done better in a boom time. My work shows that, on average, throughout the entire sample, you would have been doing better.”Another factor that adversely affects job prospects is the fear associated with searching for a new job. Studies show that those who regularly move between jobs increase their salaries and get ahead faster. Kahn found that those who had a tough time finding a job in the first place are less likely to put themselves back on the market — even once the economy has improved. “They change jobs less often, and when you are young you are supposed to change jobs more often,” says Kahn. “You need to find the right fit for you, and that’s often how people increase their salaries.”Frighteningly, the 9.7 percent estimate doesn’t even include unemployed people who have simply given up looking for work or have taken on low-paying, part-time gigs to try to make ends meet. When the U.S. Bureau of Labor Statistics includes people who are not working full time but would like to be, the unemployment figure for August [jumps to 16.8 percent](http://www.bls.gov/news.release/empsit.t12.htm). For those unlucky enough to be sending out resumes for the first time right now, the Yale professor has lots of advice: “Go back to school if you can stomach it,” she says. “Be mindful that you might not be reaching your full potential right now, and always be thinking, ‘Should I move? Maybe there’s a job out there that I would be better suited to.’” Recessions make people fearful, so they tend to settle for jobs that don’t stretch them; to overcome that pitfall, you need the right mindset. As Kahn puts it: “Don’t accept the status quo.”That’s a hell of a lot easier to say from a secure post at Yale than it is to do as a young person desperate to keep a job.

# RAMP AFF UD – Economy Advantage – Impact – Disease

1. **Economic collapse cause a various of exotic diseases and an increased on deadly infections**

**Alexander 2009**

Alexander, Brian. "Recession may worsen spread of exotic diseases."*MSNBC*. N.p., 10 Mar. 2009. Web. 6 July 2012. <www.msnbc.msn.com/id/29599786>.

Americans face a killer epidemic from tropical diseases. But scientists who specialize in emerging infectious diseases say such illnesses may become more common here as the economic downturn batters [an already weakened public health system](http://www.msnbc.msn.com/id/29013047/ns/health-infectious_diseases/t/more-money-needed-study-tropical-diseases/), creating environmental conditions conducive to infectious diseases spread by insects or other animals. At the same time, such vector-borne diseases are capable of spreading around the world much more rapidly due to massive south-to-north immigration, rapid transportation, and global trade.

“We truly did become a global village,” said Duane Gubler, Director of the Duke/NUS Graduate School of Medicine Emerging Infectious Disease Program in Singapore. “It has been a sequence of events over a period of 30 years and has come to a head in the last ten years. So we have sounded the alarm.”growth effect, while domestic terrorism did not have a significant growth impact. This finding holds despite the fact that domestic terrorist events far outnumbered transnational terrorist events.

# RAMP AFF UD – Economy Advantage – Impact – Terrorism

**Economy Collapse – terrorism**

**Todd 2011**

Sandler, Todd . "New Frontiers of Terrorism Research." *Journal of Peace Research*. N.p., 28 Mar. 2011. Web. 6 July 2012. <http://jpr.sagepub.com/content/48/3/2

The Piazza (2011) article returns to the elusive relationship between poverty and terrorism that was drawn by the Bush administration, the media, and commentators following 11 September 2001. As Piazza notes, the literature found mixed results:many studies demonstrated no relationship betweenaggregateincomeindicators and transnational terrorist events, while other studies tied poverty in a terrorist’s home country to terrorism in richer venue countries. Micro-level studies showed thatterrorists are neither necessarily poor nor uneducated. Piazza takes a different approach by using measures to ascertain whether domestic terrorists come from social groups that are marginalized by government policies or adverse social conditions. That is**,** domestic terrorists may be aggrieved individuals from groups that experience economic discrimination with no remedial action by the government**.** In testing its hypotheses,this article is relying on less aggregate data to identify some root causes of terrorism. Piazza uses the division of GTD incidents into domestic and transnational terrorist events, engineered by Enders, Sandler & Gaibulloev (2011). However, Piazza uses only domestic terrorist event counts as his dependent variable in his reported runs**.** Three discrimination variables – the presence or absence of minority economic discrimination and government remediation of such discrimination – are drawn fromMinorities at Risk **(**MAR) data**,** compiled by the Center for International Development and Conflict Management at the University of Maryland**.** Piazza’s main finding is that countries with minority groups that are subjected to economic discrimination will experience more domestic terrorist incidents.Moreover, remedial actions to reduce this discrimination limit domestic terrorism. These two important findings are robust to a set of standard controls**.** The zero-inflated results indicate that countries with no domestic terrorism generally do not have minority groups that suffer economic discrimination. The study also shows that aggregate poverty measures of income do not increase domestic terrorism. With panel estimates, the Gaibulloev & Sandler (2011) article investigates the impact of terrorism on income per capita growth for 51 African countries for 1970–2007, while accounting for cross-sectional (spatial) dependence and other forms of conflict (i.e. internal and external wars). The authors use Enders, Sandler & Gaibulloev’s (2011) division of GTD into domestic and transnational terrorist incidents to distinguish the differential impacts of the two types of terrorist events on growth. For their baseline fixed-effects models, the authors find that transnational terrorism had a significant, but modest, marginal influence on income per capita growth. An average sample country sustained an annual reduction of just 0.1% to its income per capita growth. The analysis also finds thatdomestic terrorism did not have a significant adverse effect on income per capita growth. Alternative terrorist variables (e.g. total number of incidents and lagged terrorism) are used with little change in the findings that transnational terrorism had a significant negative.

## Economic Collapse – Risk a Higher Chance in Organizing Terrorist

Borcek 201

Boucek, Christopher. "Yemen's deteriorating security, economy could fuel terrorism." *Washington Post: Breaking News, World, US, DC News & Analysis*. N.p., 2 Jan. 2010. Web. 6 July 2012. <http://www.washingtonpost.com/wp-dyn/content/graphic/2010/01/02/GR201

Yemen's problems are many, and some are already spreading beyond its borders. Security and stability are deteriorating. The population is growing rapidly. The economy is collapsing. There are few good options today; things will look worse tomorrow. Immediate and sustained international attention is needed to at least lessen the impact of some problems. Yemen is a weak state with little history of central government control. The government's first priorities have been a civil war in the north and a growing secessionist movement in the south; lower on the list has been confronting al-Qaeda, which is now resurgent. The government does not fully control all territory, nor does it have the authority or capacity to adequately deliver social services in many rural areas. Organizations inspired or directed by al-Qaeda have sought refuge in undergoverned spaces. Spending is not directed toward the root causes of instability but toward war costs, accelerating the economic collapse. Petroleum sales supply the bulk of government revenue, but oil reserves are shrinking and there has been little serious planning for a post-oil economy. A large deficit is forecast for next year, and foreign currency reserves are being spent at an alarming rate. Corruption is a major problem. Separately, mismanagement, rising consumption, increased urbanization and poor irrigation practices are contributing to dire water shortages. Sanaa may be the first capital in modern history to run out of water. The population, most of which is under 30, is expected to double in the next 20 years. Meanwhile, unemployment is on par with levels in theUnited States during the Depression. Yemen is often considered a failing state. Its stability should be a critical concern for the United States. The international community needs an integrated and comprehensive approach that addresses both the immediate security issues and the underlying sources of instability and militancy. While military and counterterrorism operations are critical, long-term development assistance is also necessary. The United States can support police reforms, help to professionalize the prison service, and assist in implementing effective counterterrorism laws. Coast guard and border officials also need quiet aid in controlling smuggling, trafficking and illicit migration. The international community needs to build local capacity in Yemen before it is too late.

# RAMP AFF UD – Hegemony Advantage – Impact – China Expansion

**US solves China expansion**

**Beckley 12** (Michael, Research Fellow International Security Program, "China's Century? Why America's Edge Will Endure", International Security, volume 36, issue 3, page 42)

Resolving the debate between these two perspectives is imperative for prudent policymaking. If proponents of the dominant, or “declinist,” perspective are correct, then the United States should contain China’s growth by “[adopting] a neomercantilist international economic policy” and subdue China’s ambitions by “disengag[ing] from current alliance commitments in East Asia.”If, however, the United States is not in decline, and if globalization and hegemony are the main reasons why, then the United States should do the opposite: it should contain China’s growth by maintaining a liberal international economic policy, and it should subdue China’s ambitions by sustaining a robust political and military presence in Asia.

# RAMP AFF UD – Hegemony Advantage – Impact – Economy

## US hegemony helps the economy, large open market

Joseph 2010

(Jonathan, School of Politics and International Relations University of Kent at Canterbury, “Gaining from Decline”, http://carlanorrlof.com/wp-content/files/2010/02/Gaining-from-Decline-International-Studies-Review1.pdf)

At a time when it is common to predict US decline, this book concludes that America will bounce back and preserve its unique position for years to come. While the prevailing wisdom claims that the United States is suffering from huge trade deﬁcits, a weakening currency, and military overstretch, this book systematically examines each of these areas and concludes that, if anything, the US position will actually strengthen as a result of these perceived weaknesses. The misguided nature of claims of US decline is in part due to a false belief that the United States acts out of benevolence to support an international system where others beneﬁt more than it does. Carla Norrlof argues that in fact the United States does not act out of altruism and it beneﬁts disproportionately from its role of supporting markets, supplying the world’s reserve currency and being the most dominant military power. US hegemony is under no immediate threat. Links between trade, money, and security show continuing stability rather than decline. Theorists of decline point to huge US deﬁcits. Norloff responds with the puzzle that if it is the case that we should avoid deﬁcit policy, why has the United States followed this line for 40 years? Her answer is that the United States can do so because of its ‘‘multi-purpose power base’’ (p.5). It receives more than what it pays for the public good it provides and gets higher returns than other states in trade, money, and security. Although it runs persistent trade deﬁcits, its position in the international system allows it to beneﬁt from this. It is therefore quite wrong to think that the provision of public goods by the United States comes at a cost to itself. It is the United States that gains disproportionately from having the world’s reserve currency, enjoying military supremacy, and supplying a large open market. Enjoying military supremacy brings with it monetary and trade advantages. Military might gives greater opportunities for commercial expansion. Having the world’s reserve currency also brings economic advantage and disproportionate gains. Superior commercial power gives the US ﬁnancial supremacy and additional policy ﬂexibility

# RAMP AFF UD – Hegemony Advantage – Impact – WW3

## US hegemony solves Third World War

Hensman 07

(Rohini, Scholar and staff writer, Averting World War III, Ending Dollar Hegemony And US Imperialism, <http://www.countercurrents.org/hensman171107.htm>)

When US President Bush declared in October 2007 that if Iran acquired the knowledge to produce nuclear weapons, we would be plunged into World War III, he was not joking or even exaggerating: he was making his intentions clear. In the same month, Vice-President Dick Cheney repeated the threat that the US would not ‘stand by’ as Iran allegedly pursued a nuclear weapons programme. If the present war in Afghanistan, Iraq and Palestine spreads to Iran, we will indeed have World War III. We have long had circumstantial evidence that the Bush regime was building up to an attack on Iran: the constant allegations (denied by Mohamed El Baradei, chief of the International Atomic Energy Agency [IAEA]) that it was pursuing a nuclear weapons programme, charges (denied by the Iraqi government) that it was sending arms and fighters into Iraq, a US military build-up clearly directed against Iran, the designation of the Islamic Revolutionary Guards Corps of Iran as a terrorist organisation and imposition of sweeping sanctions against Iran.(2) But it has now been revealed by two former high-ranking policy experts from the US National Security Council that war against Iran was planned all along, and nothing that Iran offered to do — including giving up its uranium enrichment programme — could have made a difference.(3 If the Bush administration has decided to attack Iran militarily, is there any power on earth that can stop it if the people of the US are unable or unwilling to do so? The argument below is that if the USA’s ability to undertake imperial conquests depends on its obvious military supremacy, this in turn is ultimately based on the use of the US dollar as the world’s reserve currency. It is the dominance of the dollar that underpins US financial dominance as a whole as well as the apparently limitless spending power that allows it to keep hundreds of thousands of troops stationed all over the world. Destroy US dollar hegemony, and the “Empire” will collapse.

# RAMP AFF UD – Hegemony Advantage – Impact – Laundry List

## Hegemony solves violence, disorder, and the economy

Kagan 98

(Robert, senior associate at Carnegie, “The benevolent Empire”, http://people.cas.sc.edu/rosati/a.kaplan.benevolentempire.fp.sum98.pdf)

And neither of them, one suspect, is very seriously intended. For the truth about America's dominant role in the world is known to most clear-eyed international observers. And the truth is that the benevolent hegemony exercised by the United States is good for a vast portion of the world's population. It is certainly a better international arrangement than all realistic alternatives. To undermine it would cost many others around the world far more than it would cost Americans--and far sooner. As Samuel Huntington wrote five years ago, before he joined the plethora of scholars disturbed by the "arrogance" of American hegemony: "A world without U.S. primacy will be a world with more violence and disorder and less democracy and economic growth than a world where the United States continues to have more influence than any other country shaping global affairs." The unique qualities of American global dominance have never been a mystery, but these days they are more and more forgotten or, for convenience' sake, ignored. There was a time when the world clearly saw how different the American superpower was from all the previous aspiring hegemons. The difference lay in the exercise of power. The strength acquired by the United States in the aftermath of World War II was far greater than any single nation had ever possessed, at least since the Roman Empire. America's share of the world economy, the overwhelming superiority of its military capacity--augmented for a time by a monopoly of nuclear weapons and the capacity to deliver them--gave it the choice of pursuing any number of global ambitions. That the American people "might have set the crown of world empire on their brows," as one British statesman put it in 1951, but chose not to, was a decision of singular importance in world history and recognized as such. America's self-abnegation was unusual, and its uniqueness was not lost on peoples who had just suffered the horrors of wars brought on by powerful nations with overweening ambitions to empire of the most coercive type. Nor was it lost on those who saw what the Soviet Union planned to do with its newfound power after World War II.

# \*\*\*DISAD ANSWERS\*\*\*

# RAMP AFF UD – Terrorism DA Answers – No Impact

## SECURITY MEASURES INCREASED

Malley 07

http://www.marinelink.com/news/article/port-security-program-gets-strong-response/310635.aspx

According to Reuters, the TSA has received more than 1,000 documents of feedback on the new rules for workers entering domestic ports, which include **fingerprinting and conducting background checks**. In late April**, the U.S. Department of Homeland Security (**DHS**) implemented the Transportation Worker Identification Credential (TWIC) program, which included name-based background checks on nearly 400,000 port workers in the United States.** The public was allowed 45 days to submit feedback on the next phase of the program, and the public comment period ended on July 6**. TSA would collect workers' biographical information including 10 fingerprints, name, date of birth, address, phone number, alien registration number if applicable, photo, employer and job title. This will affect all people with unescorted access to port facilities and vessels, raising the number of workers subject to the security screening to up to 850,000 maritime port transportation workers. Some maritime industry sources pointed to the need for a delicate balance between tight security and high port efficiency, but they expressed two main concerns about the TWIC program. One is the efficiency of the biometric technology to be used for fingerprinting, and the other is a possible drop in port efficiency. Source: Reuters**

## Port authority readiness strong

PRESS-11

http://www.nypost.com/p/news/local/port\_authority\_increasing\_security\_2VOEoLHlCXb8QbL5CiXtpJ**The Port Authority says that “out of an abundance of caution,” it will add more police at its facilities** including the New York area’s airports, the George Washington bridge and the World Trade Center site. The Port Authority made the announcement early Monday, hours after the U.S. said Osama bin Laden had been killed**. It says the extra police is not a response to any current threat and that all its facilities will operate normally otherwise**. Also, New York Police Commissioner **Ray Kelly has issued a message to all police commands reminding them that while there’s no information indicating a specific threat to the nation’s biggest city, officers should remain alert.** Eighty-four Port Authority employees died in the attack on the World Trade Center on Sept. 11, 2001.

# RAMP AFF UD – Spending DA Answers – Uniqueness

**Consumer confidence down – only a risk the plan solves the perception link**

**Ausick 2012**

[Paul Ausick, Journalist from 24/7 Wall St  US Economic Confidence Faltering — Gallup - 24/7 Wall St.." *24/7 Wall St. - Insightful Analysis and Commentary for U.S. and Global Equity Investors*. N.p., 3 July 2012. <http://247wallst.com/2012/07/03/us-economic-confidence-faltering-gallup/>]

The June 2012 Gallup Economic Confidence Index indicates that 56% of Americans think the US economy is getting worse and just 38% think it is improving. Only 15% of Americans think the current economy is either excellent or good, while 41% believe it is poor. Overall, the index reading for the current state of the economy is -26 and the reading for the economic outlook is -18. The combined index reading is -22, down another -5 points from May, but well above the -52 reading in mid-2011.Higher income Americans posted the steepest drop in confidence. Among those earning $90,000/year or more, the confidence index fell -8 points to -17, and among those earning $60,000 to $89,999/year, the index fell -10 points to -21. The index reading for the top group is at its lowest point of the year so far, and the reading for the second group is within 3 points of its 2012 low.Last year at this time, the US was in the middle of a contentious debate over the federal debt and confidence was at its lowest point since early 2009. This year the continuing financial crisis in Europe, combined with slow growth in the US economy are probably the main contributing factors to the low confidence readings.

## Growth to weak to solve AND Europe will kill recovery – only US investments solve

**Thompson 12**

[3rd, Max ThompsonJuly, and 2012. "Bankers forecast moderate growth for U.S. economy." *Compare Credit Cards, Mortgage Rates, Insurance Quotes, Bank Rates & More*. N.p., n.d. Web. 4 July 2012. <http://www.e-wisdom.com/news/credit-cards/bankers-forecast-moderate-growth-for-u-s-economy-110210078/>.]

The U.S. economy should continue growth, but it will come at a moderate pace, the American Bankers Association (ABA) said in a recent report.According to the Economic Advisory Committee of the ABA, there are “enough positives” to expect continued slow growth in the U.S. economy. However, fiscal challenges will continue to temper estimates.The committee includes 12 bank economists from some of the largest banking institutions in North America. “Although economic growth will pick up, downside risks have become more pronounced,” George Mokrzan, committee chairman and Huntington Bank chief economist, said in a statement. “Our consensus forecast is that the economy isn’t growing rapidly enough to push the unemployment rate below 8 percent by year-end.” Findings and forecasts put forth by the committee include the following:A mild recovery in the housing marketThe housing market should make recover at a moderate level, the committee said. [Home prices](http://www.e-wisdom.com/news/credit-cards/bankers-forecast-moderate-growth-for-u-s-economy-110210078/www.e-wisdom.com/news/loans/mortgage/home-prices-rise-on-both-quarterly-yearly-basis-110240265/) are depressed but stabilizing, and [mortgage rates](http://www.e-wisdom.com/loans/mortgage/) continue to test [all-time record lows](http://www.e-wisdom.com/news/loans/mortgage/fixed-mortgage-rates-tumble-set-new-records-110240268/).Strong credit growthAccording to the committee, the U.S. should experience strong credit growth in the coming months, as banks will lend more to both individuals and businesses.Loans to individuals are estimated to grow 7.4 percent this year, while [business credit](http://www.e-wisdom.com/credit-cards/business.php) is forecasted to grow even more – 11.5 percent. “The significant increase in credit growth shows that banks are doing their part to make loans that will help drive the economic recovery,” Mokrzan said.Europe challenges pose risk to the U.S. economy The ABA committee collectively sees the current challenges in Europe, which is one of the largest trading partners with the U.S., as a risk to the American economy. “European leaders understand the need for strong, collective action to right the ship,” Mokrzan said. “If countries delay or don’t take the necessary steps, the situation could escalate and further threaten the global economy.”

**Business confidence down – unemployment rates will continue to be a downshift for the economy**

**Lange 2012**

Lange, Jason. " Jobs growth seen picking up in June| Reuters." Business & Financial News, Breaking US & International News | Reuters.com. N.p., n.d. Web. 4 July 2012. <http://www.reuters.com/article/2012/07/03/us-usa-economy-jobs-idUSBRE86210020120703?feedType=RSS&feedName=domesticNew

(Reuters) - Employers likely increased hiring in June, but not by enough to dispel concerns that the economy is losing steam. Employers are expected to have added 90,000 new workers to their payrolls, according to a Reuters survey of economists. That would be tepid but still better than 69,000 jobs created in May, which was the fewest in a year.The data could give a better read on the labor market than reports from the last six months because a mild winter may have led companies to boost hiring then at spring's expense.After rising by 275,000 in January, hiring has slowed in every month since February.In June, however, economists think the weather effect played little if any role in hiring, and the payroll report could heighten concerns hiring has fallen victim to the European debt crisis, which is dulling exports and spooking financial markets.**Economists also think companies may be holding back on adding workers because of uncertainty over the U.S. government's plans to tighten its belt next year**."**There is a general sense of slowing in the economy,**" economists at Nomura said in a research note. "Instead of a temporary soft patch, this could be the beginning of a longer-lasting downshift."Indeed, some analysts think that pinning the hiring slowdown on the weather amounts to wishful thinking.Economists at AllianceBernstein looked at industry-level employment data for the last six months and found little sign that construction or other weather-sensitive businesses received any boost from the balmy winter."Our research ... didn't find any meaningful influence of weather patterns," said Joseph Carson, AllianceBernstein's U.S. economist.The Labor Department will release jobs figures for June at 8:30 a.m. (1230 GMT) on Friday.Even if the report meets expectations, pressure will likely grow on the Federal Reserve to do more to boost employment.Economists expect the unemployment rate will hold steady at an elevated 8.2 percent, which is about 2 percentage points higher than the average rate over the last 50 years.Estimates vary widely, but many analysts say the economy needs to create roughly 125,000 jobs a month to keep the unemployment rate steady.

## Consumer and business confidence down – kills possibility for growth

Crutsinger 12

 Crutsinger , Martin. "US economy grew at modest 1.9 percent rate - Businessweek." *Businessweek - Business News, Stock Market & Financial Advice*. N.p., n.d. Web. 4 July 2012. <http://www.businessweek.com/ap/2012-06-28/us-economy-grew-at-modest-1-dot-9-percent-rate>.

WASHINGTON (AP) — The U.S. economy expanded at a 1.9 percent annual rate in the first three months of the year, a weak pace that few economists see changing much this year.The Commerce Department on Thursday made no change in its third and final estimate for growth in the January-March quarter. Slower growth in consumer spending was offset by faster growth in businesses investment in buildings, leaving the overall pace the same.Most economists say **growth has likely stayed the same or possibly weakened since then. A sluggish job market and diminished consumer and business confidence have likely kept the economy from accelerating** in the April-June quarter.Growth of around 1.9 percent typically generates roughly 90,000 jobs a month. That's too weak to lower the unemployment rate, which was 8.2 percent last month.Separately, the Labor Department said the number of people seeking weekly unemployment benefits fell but not enough to signal stronger hiring in June.Applications declined by 6,000 to a seasonally adjusted 386,000. When applications rise above 375,000, it generally means that hiring isn't strong enough to rapidly lower the unemployment rate.The government offers three estimates for gross domestic product, or GDP, which is the output of all goods and services. It includes everything from a cup of coffee to production of military jetsConsumer spending accounts for roughly 70 percent of economic activity. It grew at a 2.5 percent annual rate in the first quarter, slightly below the previous 2.7 percent estimate.

## Uniqueness debate is futile. US Economy fluctuates too much to be able to deduce an accurate understanding of the state of the economy.

Ritholtz ‘11

(“The trend is your friend - until that nasty bend at the end” chief executive of FusionIQ, a quantitative research firm. He is the author of ["Bailout Nation"](http://www.amazon.com/gp/product/0470596325?ie=UTF8&tag=washingtonpost-20&linkCode=xm2&camp=1789&creativeASIN=0470596325) and runs a finance blog, [The Big Picture](http://www.ritholtz.com/blog/). Writer for Washington post)

**With these whopping 4 percent swings - up 500 points, down 500 points, up another 500 points, down another 500 points - traders have whiplash.** We saw another huge move down Thursday, when the Dow, Nasdaq and S&P all lost big, plummeting 3.68 percent, 5.22 percent and 4.46 percent, respectively. **What is going on?** It seems that 4 percent - plus or minus - is the new black. According to Justin Walters of the research firm Bespoke Investment Group, **there have been 283 swings in the Dow of at least 4 percent since 1900.** That's less than 1 percent of the 30,414 trading days. More than a tenth - 10.95 percent - of those have come since October 2007. It's the same for the 622 days plus or minus 3 percent and 1,735 plus or minus 2 percent days since 1900. The data confirm what you're probably feeling: This is nuts. It used to be that swings of 1 percent in equity markets were considered normal levels of volatility. And 2 percent moves were even less common. **So if it seems like wild swings in the market are more frequent than ever, that is because they are.** But why all the Sturm und Drang?A few weeks back, we discussed the reasons traders were rethinking risk. A combination of the slowing economy, a potentially weakening profit picture and European bank problems had finally convinced them that stock prices were too high. **But what investors really need to understand comes down to one word: Trend. Markets tend to move in long-term cycles. The overall** **economy oscillates through periods of greater and weaker growth. These are driven by big macro factors that last not for quarters or even years, but decades.** These changes lead to significant economic changes and are often the impetus of major expansions. Then, after a decade or two, they fade and are replaced by periods of softer growth, or worse.

## Stock Market not a feasible tool for measuring the state of the economy.

New York Times ’12

(“Stocks and the Economy, Singing Different Tunes” Section BU; Column 0; Money and Business/Financial Desk; STRATEGIES; Pg. 6)

**The stock market roared through the first quarter of this year, yet most people believe that the economy isn't really healthy. That may not be a contradiction**, but making sense of it may require some awkward mental gymnastics. Certainly, **the market's recent rise has been spectacular. While stocks have dithered in April, the Standard & Poor's 500-stock index returned nearly 30 percent from its low of last Oct. 3 through March this year.** Yet the **economic picture has been mixed at best, with unemployment still above 8 percent and the G**ross **D**omestic **P**roduct growing **at an** estimated **annualized rate of only 2.5 percent in the first quarte**r, according to the Wall Street consensus. The latest New York Times/CBS News poll last week found that unemployment and the economy remain the main concerns of most voters, 70 percent of whom said the economy is ''very'' or ''fairly'' bad. That was an improvement over October, when 86 percent said the economy was ''very'' or ''fairly'' bad, but it's hardly upbeat. **This kind of dichotomy -- market returns that may not accurately reflect the underlying economy -- actually occurs rather often,** and it poses a ticklish problem, both for professional money managers and for the rest of us. For example, if you focus on the economy and find that it's weak, you might think it wise to lighten the risk in your portfolio and concentrate on protecting your assets.

# RAMP AFF UD – Spending DA Answers – Link Turn

## Growth is weak and obstacles prevent full recovery – only infrastructure investment solves

**Censky 12**

Censky, Annalyn. "IMF urges lawmakers to do more to boost U.S. recovery - Jul. 3, 2012." *CNNMoney - Business, financial and personal finance news*. N.p., n.d. Web. 4 July 2012. <http://money.cnn.com/2012/07/03/news/economy/imf-recovery/index.htm>.

NEW YORK (CNNMoney) -- Boost the U.S. economy now and worry about cutting deficits later, the International Monetary Fund recommended Tuesday. The U.S. recovery remains "tepid" and according to the IMF, is expected to grow only 2% this year. Meanwhile, the [fiscal cliff](http://money.cnn.com/2012/05/16/news/economy/fiscal-cliff/index.htm?iid=EL) looms in 2013, threatening to reduce the economy's growth to only 1% next year. [Obama's economy](http://money.cnn.com/galleries/2012/news/economy/1206/gallery.Obama-economy/index.html?iid=EL)Meanwhile, the IMF predicts the job market will improve only at a snail's pace. It expects the [unemployment rate](http://money.cnn.com/interactive/economy/state-unemployment-rates/?iid=EL) to average 8.2% this year and 7.9% in 2013. **Amid that weakness and threats from slower growth abroad, the IMF recommended U.S. policymakers spend more on infrastructure, worker training programs, extended unemployment benefits and fixes for the housing market. "Continued policy action is needed to boost the recovery,**" IMF Managing Director Christine Lagarde said at a news conference. "We believe the U.S. authorities do not have a lot of space available to act, but they should use it to support the recovery in the near term. "The fiscal cliff and other spending cutbacks would not only stunt U.S. growth but also have "significant spillover effects" on the global economy, Lagarde said. The IMF also urged lawmakers to raise the debt ceiling as soon as possible. "At the same time, promptly raising the debt ceiling would help reduce uncertainty and avoid the risk of losses in confidence and financial market instability as the deadline approaches," the IMF report said.

# \*\*\*STATES CP ANSWERS\*\*\*

# RAMP AFF UD – States CP Answers – USFG Key

## Government action > State action. Government action has the capability of restoring consumer/investor confidence with ‘connectors’.

Zakaria Dec ’09

(Received honorary degrees from many universities. Serves on the board of Yale University, The Council on Foreign Relations, The Trilateral Commission, and Shakespeare and Company. B.A. from Yale. Ph.D. in political science from Harvard. “The Secrets of Stability”, http://www.thedailybeast.com/newsweek/ 2009/12/11/the-secrets-of-stability.html)

**A key measure of fear and fragility is the ability of poor and unstable countries to borrow money on the debt markets**. So consider this: **the sovereign bonds of tottering Pakistan have returned 168 percent so far this year.** All this doesn't add up to a recovery yet, but it does reflect a return to some level of normalcy. And that rebound has been so rapid that even the shrewdest observers remain puzzled. "The question I have at the back of my head is 'Is that it?' " says Charles Kaye, the co-head of Warburg Pincus. "We had this huge crisis, and now we're back to business as usual?"**This revival did not happen because markets managed to stabilize themselves on their ow**n. Rather, governments, having learned the lessons of the Great Depression, were determined not to repeat the same mistakes once this crisis hit. **By massively expanding state support for the economy—through central banks and national treasuries—they buffered the worst of the damage.** (Whether they made new mistakes in the process remains to be seen.) The extensive social safety nets that have been established across the industrialized world also cushioned the pain felt by many. Times are still tough, but things are nowhere near as bad as in the 1930s, when governments played a tiny role in national economies. It's true that the massive state interventions of the past year may be fueling some new bubbles: the cheap cash and government guarantees provided to banks, companies, and consumers have fueled some irrational exuberance in stock and bond markets. Yet these rallies also demonstrate the return of confidence, and confidence is a very powerful economic force. When John Maynard Keynes described his own prescriptions for economic growth, he believed **government action could provide** only **a temporary fix until the real motor of the economy started cranking again—the animal spirits of investors, consumers, and companies seeking risk and profit.**

# RAMP AFF UD – States CP Answers – Federalism Answers

## Federalism falling

Shinn 6/29

[Gerald Shinn, writer for Chicago Tribune, http://articles.chicagotribune.com/2012-06-28/news/chi-120628shinn\_briefs\_1\_federalism-arizona-immigration-law-individual-mandate]DShamburger

So the Supreme Court has upheld the individual mandate after striking down most of the Arizona immigration law. This has truly been an historical week. Never before has more power been taken from the states and the people and transferred to Washington in a single week. On Monday the court said thatstates cannot legislate in areas where the federal government legislates, and given how the federal government legislates on just about every issue, this means the states can legislate in very few areas indeed. On Thursday the court ruled that the federal government can compel individuals to engage in commerce, whether they want to or not, and penalize them if they do not purchase whatever the government says they must. In a single week, federalism, the 10th Amendment and any ability of an individual to control his or her own [money](http://articles.chicagotribune.com/2012-06-28/news/chi-120628shinn_briefs_1_federalism-arizona-immigration-law-individual-mandate) were destroyed.

## Federalism Fails- Both negative and Positive feedback creates problems

Milsted No Date

Carl Milsted, Jr. PhD is a theoretical physicist <http://www.nationaldebtsolutions.org/waste/why-federalism-fails/>

Federalism fails because of feedback, both negative and positive. First the negative feedback:

Picture two imaginary American cities: East Fremont and West Fremont. The city council of East Fremont decides to end their homeless problem. They allocate money to build the finest homeless shelters in the state and pass an ordinance requiring the city to expand the shelters as needed. The problem is solved! for a short while. Then the homeless in West Fremont hear about the wonderful treatment the homeless are receiving in East Fremont and migrate eastward. The shelters overflow. Costs rise. Beggars pester pedestrians in downtown East Fremont. Business declines and tax receipts follow. Hearts harden and the council closes the shelters. Homeless advocates give up lobbying local governments. They travel to the state capital and a new State Bureau of Homeless Shelters is born. Thus government moves from local to central.

Libertarians and small government conservatives take note: similar dynamics apply to local charities as well. A generous community attracts the needy, which thus punishes their generosity. Pressure arises to centralize charity as well, with some of the same problems of accountability. But not all: unlike central government, it is possible to have multiple charities operating at the same level. Donors can vote with their dollars. Since a private charity is not constrained to uphold equality under the law, even a monopolistic centralized charity can perform experiments more readily than a central government. And centralized charities can specialize. We have but one federal government. While we can expand departments and bureaus indefinitely, we have but one federal legislature and chief executive. Whether these advantages outweigh the fundraising difficulties of private charity vs. government I leave as an exercise for the reader. This particular failure mode is unpleasant for liberals, but it is not a catastrophic failure for government in general. Government still functions. Local and state governments *can* still innovate and push forward with generosity as long as the additional attraction to the needy is offset by the cost of moving. (Behold how government centralized as transportation technology improved.) Negative feedback constrains the benefits of experimental government. A local or state government which is too successful with its innovation can end up shouldering the load of its neighbors.

Positive feedback magnifies the downsides of experiments gone bad. Consider now “essential” government services, services such as police protection, streets, water, sanitation, schools, parks, etc. (I put the word “essential” in quotes because every one of these services has been successfully been privatized as some place and time. Once again, I leave it to the reader to decide which of these services is “essential” for government to provide.) For the purposes of this feedback loop, an “essential” service is one which serves the taxpayers. A local government which performs these services well attracts businesses and net taxpaying residents. Back to our two imaginary cities: this time the widget factory in West Fremont closes down. Business tax receipts decline. Unemployed widget workers fail to make mortgage payments. Foreclosures rise; property values decline, with property tax receipts following. The city council cancels the annual Cheese Festival. The police department closes down its vice unit and undercover operation and focuses its efforts on property crimes and violence, leaving the dopers and prostitutes alone as long as they are discreet. Libertarians rejoice. Down with Big Government!

But suppose those cuts are not enough? If the city scrimps too much on school funding, parents who can afford it will move out to the suburbs, driving property values down further. If the city cuts the police force too much, theft and vandalism will rise, driving out taxpayers and businesses. If the city cuts back too far on street and sidewalk maintenance, businesses will move out of downtown, driving property values down. If the city raises tax rates to make up for lower property values, then property values will decline further, and more businesses will leave. The city is caught in a death spiral. Bad times beget worse times. Positive feedback ain’t so positive.

This is no mere theory. Behold the [Lost City of Detroit](http://theurbanophile.blogspot.com/2009/08/detroit-urban-laboratory-and-new.html). Such catastrophic local failures cause even staunch conservatives to back away from on their ideals of traditional federalism, and pushing government down to the local level.

## Federalism fails – induces government officials to turn towards opportunistic behavior

Bednar 05

**{**jenna Bednar is an associate professor of political science at the University of Michigan <http://www-personal.umich.edu/~jbednar/WIP/robustCPEcomplete.pdf>} ds

We focus on the activity of member governments: the federal and state governments that

comprise the federation. Because of the second criterion deﬁning a federation, these member

governments are accountable to their constituents. We assume that the elected oﬃcials

within these governments are oﬃce-seeking and electoral accountability motivates them. This

constituent-interest induces elected oﬃcials to generate policy that pleases their constituents;

they focus on the allocative issues in federalism (Filippov, Ordeshook, & Shvetsova 2004),

even if it reduces total utility (Bednar 2006). The allocative focus will cause them to compete with other governments. Elected oﬃcials put the interests of their own constituents above the whole nation; in doing so, they will try to create policy that advantages their voters. At times, this will cause them to either skirt

the existing federal distribution of power, or even readjust it, as they exercise power that is

not theirs. (Claim 5 describes these actions in more detail.) We identify this behavior as

opportunism. Notice that opportunism does not imply that oﬃcials are rent-seeking or wish

to expand the size or power of government (Levinson 2005); here we assume that they are

pure oﬃce-seekers, and opportunism is a behavioral product of this objective. If a federation shows no sign of competitiveness between states and the federal government, then the second criteria of the deﬁnition of federalism may be compromised: the center has been able to accrue an excess of power, and the peripheral states are puppets of its authority. Often, this circumstance coincides with the demise of the democratic process, as in 9Mexico and the USSR. In these cases, to improve the robustness of the federation would be

to improve the performance of the democracy. By refocusing on federal performance, not

practice, we see that opportunism is a natural part of the practice of federalism.

**And opportunistic behavior reduces federalism productivity**

**Bednar 05 {**Jenna Bednar is an associate professor of political science at the University of Michigan <http://www-personal.umich.edu/~jbednar/WIP/robustCPEcomplete.pdf>} ds

There are three approaches to understanding how opportunism could cause a federation

to fail in its performance: ineﬃcient allocation of authority, ineﬃcient allocation of goods,

and ineﬃcient production of goods. First is the notion that the authority within the federation is not well allocated. In the ﬁscal federalism literature taxation and expenditure policy may be eﬃciently distributed

between the federal and state governments to maximize total utility. While this literature is

traditionally non-strategic, marriage of its insights to game-theoretic analysis of the incentives of the political players instructs us about the hazards of opportunism to the federations performance. Because opportunism is intended to serve the electoral interests of a particular government, this new distribution of authority may not—and most often will not—improve the union’s productive eﬃciency. Opportunism shifts the federal system to a less eﬃcacious distribution of authority, reducing the total utility of the federation, and detracting from its

performance. While ﬁscal federalism is concerned with the generation of goods, the second approach

considers the distribution of any divisible good that the federation produces as a by-product of its success. Some recent federalism literature focuses exclusively on allocation as the reason for decentralization (Cr´emer & Palfrey 1996, 1999, 2002, Hafer & Landa 2004). A member government’s evaluation of the allocation may be absolute or relative, and subsequent jealousy from the latter concerns much of the political science of federalism; we see it in Riker’s (1964) concern for the integrity of the “federal bargain,” echoed in Lemco 1991,

Dixit & Londregan 1998, and Watts 1996, and probed in depth in Filippov, Ordeshook, and Shvetsova 2004. Eﬃcient production mitigates output concerns. If the output evaluation is comparative, jealousy is minimized if the overall pie is bigger. But if the initial distribution is fair, then shifts to it that are not Pareto improving are opportunistic, and measures to prevent opportunism will consequently aﬀect the distributive tension.

The second approach brings us squarely to the third: the incentives to produce, given that production involves self-sacriﬁce, which opportunists attempt to skirt. Each of the federalism objectives invites temptations to free ride. Although no state wants to be invaded by a foreign power, each state would prefer that others send money and troops to build a common defense. Although all would like to enjoy the productivity of the common market, each state would like to protect its own industries. Although the market-preserving federalism literature tells

us that a decentralized economy is better able to commit to repayment of loans, and the studies of political culture teach us that a decentralized state may cool ethnic rivalries, federal governments are tempted to steal control from the states to serve their own interests. Federal performance becomes a problem of public good provision. If the member governments have a temptation to shirk on their responsibilities, then the public good may be underprovided, and federal performance will suﬀer