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## Contention 1: Status Quo

#### Current border infrastructure investment is lagging behind export growth

O’Neil, Senior Fellow for Latin American Studies for the Council on Foreign Relations, 13

[Shannon K., 6-18-13, Council on Foreign Relations, “Refocusing U.S.-Mexico Security Cooperation,” http://www.foreign.senate.gov/imo/media/doc/ONeil\_Testimony.pdf, accessed 6-26-13, GSK]

Initiatives to modernize the border and build resilient communities (pillars three and four of the Merida Initiative) are further behind. Though some innovative border management programs, such as the Customs Trade Partnership Against Terrorism—which helps trusted businesses avoid extensive border checks—have improved efficiency, the overall tenor of U.S. policy has been to increase barriers, slowing flows of legal commerce. Financially, investment in border crossings and infrastructure has not matched the exponential increase in trade crossing the border each year. Investment has lagged not only for new construction, but also for basic maintenance on existing infrastructure, leading to overwhelmed and at times downright dangerous facilities (the San Ysidro border crossing roof collapsed in 2011, injuring seventeen people). Stressed infrastructure has also led to traffic jams lasting up to eight hours, and has cost billions of dollars in trade losses, without drastically discouraging or disrupting illegal flows.

#### Inadequate infrastructure on the U.S.-Mexican border causes massive delays- increasing operational capacity is key to competitiveness

Figueroa, Research and Policy Analyst at the North American Center for Transborder Studies, et al 11

[Alejandro, Erik Lee, Associate Director of NACTS, and Rick Van Schoik, Director of NACTS, December 2011, New Policy Institute and North American Center for Transborder Studies, “Realizing the Full Value of Crossborder Trade with Mexico,” http://21stcenturyborder.files.wordpress.com/2011/12/realizing-the-value-of-crossborder-trade-with-mexico2.pdf, pgs. 13-15, accessed 6-25-13, JB]

U.S. - Mexico Border Management: Building World Class Infrastructure for Competitiveness The U.S. and Mexico will be successful at enhancing a prosperous bilateral relationship to the extent that both federal governments and stakeholders are capable of coordinating the development of their border management and infrastructure. The massive and highly complex U.S. and Mexican economies interact and even create value at our shared border. According to a study conducted by Accenture for the U.S. Department of Commerce, today’s level of demand exceeds the physical infrastructure and operating capacity of our ports of entry. Wait times are projected to increase across the five busiest U.S. - Mexico border crossings if volumes continue to grow as expected and if infrastructure and operations remain the same. By 2017, it is estimated that the average wait time will be nearly 100 minutes — an increase of 60%. ¶ “A key component of our global competitiveness is creating a border for the 21st¶ Century...We must develop it and manage it in a holistic fashion and in ways that facilitate¶ the secure, efficient and rapid flow of goods and people and reduce the costs of doing¶ business between our two countries.”¶ —¶ Joint Statement from President Barack Obama and President Felipe Calderón, May 2010¶ Sharing a 2,000 - mile long border needs to be recognized as both a challenge and an opportunity. While land ports of entry between the two nations were first envisioned to process the legitimate crossing of people, goods and services across the border, security has taken a dominant role in recent years, hampering the ability of federal agencies to efficiently manage border traffic. Advances in border infrastructure simply did not happen during the last decade, which is astounding given the greatly expanded post - NAFTA binational commercial relationship. Our border’s infrastructure and capacity today reflects the needs of a bygone era. This became evident as never before when on September 1 4, 2011, the San Ysidro, California port of entry — the busiest land port of entry in the world — had to shut down its 24 north - bound lanes due to the collapse of part of its roof, injuring several people and damaging vehicles trying to cross into the U.S. from Tijuana, Mexico. ¶ According to a report by the San Diego Association of Governments, inadequate infrastructure capacity just at the border crossings between San Diego County and the state of Baja California creates traffic congestion and delays that cost both the U.S. and Mexican economies on average an estimated $7.2 billion in forgone gross output and more than 62,000 jobs on an annual basis. These border delays could cause $86 billion in output losses over the next ten years.

#### Thus the plan: The United States Congress should expand the mandate of the North American Development Bank to include funding for infrastructure improvement projects along the U.S.-Mexico border.

## Advantage 1: Regional Integration

#### Economic collapse coming now—stagnant job growth and lack of capital

ETF Daily News 4-11 [2014, “Evidence Points To An Economic Collapse In 2014”, <http://etfdailynews.com/2014/04/11/evidence-points-to-an-economic-collapse-in-2014/>]

Earlier this week economic strategist Marc Faber warned that some time in the next 12 months the U.S. stock market will experience a crash worse than the massive drop seen in 1987.

He’s not alone. Many contrarian economists seem to agree. And given the state of economic and geo-political affairs they could well be right, much to our detriment.

On the domestic front, the much touted economic recovery is in significant danger of being revealed for the illusion that it really is. Nationwide home sales, for example, have dropped off in record numbers in the last few months and a report released this morning indicates that mortgage originations are as bad today as they were just before the Lehman crisis of 2007. Couple that with a jobs market that is at best stagnating and at worst completely falling apart, and you can probably deduce that if there is any economic growth at all taking place it is about to come to a standstill.

#### Economic vulnerability from slow growth risks global economic collapse

Roubini, Professor at NYU’s Stern School of Business, 13

[Nouriel, 1-21-13, Project Syndicate, “The Economic Fundamentals of 2013,” http://www.project-syndicate.org/commentary/the-global-economy-s-rising-risks-in-2013-by-nouriel-roubini, accessed 7-12-13, ML]

The global economy this year will exhibit some similarities with the conditions that prevailed in 2012. No surprise there: we face another year in which global growth will average about 3%, but with a multi-speed recovery – a sub-par, below-trend annual rate of 1% in the advanced economies, and close-to-trend rates of 5% in emerging markets. But there will be some important differences as well. ¶ Painful deleveraging – less spending and more saving to reduce debt and leverage – remains ongoing in most advanced economies, which implies slow economic growth. But fiscal austerity will envelop most advanced economies this year, rather than just the Eurozone periphery and the United Kingdom. Indeed, austerity is spreading to the core of the Eurozone, the United States, and other advanced economies (with the exception of Japan). Given synchronized fiscal retrenchment in most advanced economies, another year of mediocre growth could give way to outright contraction in some countries. ¶ With growth anemic in most advanced economies, the rally in risky assets that began in the second half of 2012 has not been driven by improved fundamentals, but rather by fresh rounds of unconventional monetary policy. Most major advanced economies’ central banks – the European Central Bank, the US Federal Reserve, the Bank of England, and the Swiss National Bank – have engaged in some form of quantitative easing, and they are now likely to be joined by the Bank of Japan, which is being pushed toward more unconventional policies by Prime Minister Shinzo Abe’s new government.¶ Moreover, several risks lie ahead. First, America’s mini-deal on taxes has not steered it fully away from the fiscal cliff. Sooner or later, another ugly fight will take place on the debt ceiling, the delayed sequester of spending, and a congressional “continuing spending resolution” (an agreement to allow the government to continue functioning in the absence of an appropriations law). Markets may become spooked by another fiscal cliffhanger. And even the current mini-deal implies a significant amount of drag – about 1.4% of GDP – on an economy that has grown at barely a 2% rate over the last few quarters. ¶ Second, while the ECB’s actions have reduced tail risks in the Eurozone – a Greek exit and/or loss of market access for Italy and Spain – the monetary union’s fundamental problems have not been resolved. Together with political uncertainty, they will re-emerge with full force in the second half of the year. ¶ After all, stagnation and outright recession – exacerbated by front-loaded fiscal austerity, a strong euro, and an ongoing credit crunch – remain Europe’s norm. As a result, large – and potentially unsustainable – stocks of private and public debt remain. Moreover, given aging populations and low productivity growth, potential output is likely to be eroded in the absence of more aggressive structural reforms to boost competitiveness, leaving the private sector no reason to finance chronic current-account deficits. ¶ Third, China has had to rely on another round of monetary, fiscal, and credit stimulus to prop up an unbalanced and unsustainable growth model based on excessive exports and fixed investment, high saving, and low consumption. By the second half of the year, the investment bust in real estate, infrastructure, and industrial capacity will accelerate. And, because the country’s new leadership – which is conservative, gradualist, and consensus-driven – is unlikely to speed up implementation of reforms needed to increase household income and reduce precautionary saving, consumption as a share of GDP will not rise fast enough to compensate. So the risk of a hard landing will rise by the end of this year. ¶ Fourth, many emerging markets – including the BRICs (Brazil, Russia, India, and China), but also many others – are now experiencing decelerating growth. Their “state capitalism” – a large role for state-owned companies; an even larger role for state-owned banks; resource nationalism; import-substitution industrialization; and financial protectionism and controls on foreign direct investment – is the heart of the problem. Whether they will embrace reforms aimed at boosting the private sector’s role in economic growth remains to be seen.¶ Finally, serious geopolitical risks loom large. The entire greater Middle East – from the Maghreb to Afghanistan and Pakistan – is socially, economically, and politically unstable. Indeed, the Arab Spring is turning into an Arab Winter. While an outright military conflict between Israel and the US on one side and Iran on the other side remains unlikely, it is clear that negotiations and sanctions will not induce Iran’s leaders to abandon efforts to develop nuclear weapons. With Israel refusing to accept a nuclear-armed Iran, and its patience wearing thin, the drums of actual war will beat harder. The fear premium in oil markets may significantly rise and increase oil prices by 20%, leading to negative growth effects in the US, Europe, Japan, China, India and all other advanced economies and emerging markets that are net oil importers. ¶ While the chance of a perfect storm – with all of these risks materializing in their most virulent form – is low, any one of them alone would be enough to stall the global economy and tip it into recession. And while they may not all emerge in the most extreme way, each is or will be appearing in some form. As 2013 begins, the downside risks to the global economy are gathering force.

#### Infrastructure investment is necessary to expand U.S.-Mexican integration- their comparative advantage relies on efficient movement of goods

Avendano, Research Associate at the Organization for Economic Cooperation and Development, 7

[Rolando, 10-7-07, OECD Development Center, “Latin America’s Asian Opportunity,” http://www.oecd.org/brazil/39564143.pdf, accessed 06-28-13, LV]

Between 1992 and 2002, Mexican exports almost doubled¶ their market share in the United States, the country’s¶ main export destination. Since then, market share has¶ decreased by nearly 10 per cent. At the same time,¶ Mexico’s comparative advantage in manufacturing has¶ been diminishing, leading some to fear that the export¶ model itself is at risk.¶ Latin America lacks infrastructure, and this explains some¶ of Mexico’s problems. Further down the continent, only¶ 5 per cent of Brazilian roads are paved and both railroad¶ and fluvial systems are underdeveloped. Port efficiency differs¶ drastically across the region, and most ports are dramatically¶ surpassed by those of Hong Kong, China and Singapore.¶ These handicaps may have mattered less in the past but¶ the rise of China, and its competitive exports, represents¶ a new challenge. Some concern is certainly justified.¶ Mexico’s annual export growth rate would have been¶ 3 percentage points higher in the early 2000s, if Chinese¶ export capabilities had remained unchanged.¶ Yet, for most Latin American countries, growth in Asia¶ primarily represents an opportunity. The latest Latin American¶ Outlook from the OECD Development Centre looks at¶ 34 countries and shows that for the most part, Latin American¶ economies are much less exposed to Chinese competition¶ than are other emerging economies. This also applies to¶ India. In both cases, Paraguay, Chile, Venezuela and Bolivia¶ figure among the countries least exposed to competition,¶ which is no surprise, since these are exporters of natural¶ resources. Mexico’s exports are similar to those of China,¶ which is why it is likely to face a greater challenge.¶ Somewhere in the middle are Brazil, Argentina and Colombia¶ both in relation to China and to India.¶ Despite the visibility of raw-materials exports, the trade¶ opportunities for Latin America are not limited to¶ commodities. Both the Asian giants have growing¶ domestic markets for Latin American exports, not all of¶ them being exploited. Mexico exports telecommunications¶ and electrical circuit equipment, sectors where China’s¶ and India’s imports are also high, but where little trade is¶ currently taking place. Argentina, Brazil, Chile and Uruguay¶ all have established agricultural industries with expansion¶ potential. Exploiting these opportunities, however, involves¶ ensuring the necessary investments in infrastructure and¶ innovation, and avoiding excessive specialisation in the¶ commodity sectors.¶ A comparison of trade patterns between 2000 and 2005¶ suggests that Latin American comparative advantage in¶ soft commodities (grains, sugar) and hard commodities¶ (metals, oil) has increased. Manufacturing sectors have¶ weakened, overall, as exemplified by the Mexican case,¶ while in Venezuela, Ecuador, Bolivia and Chile, product¶ concentration in exports has increased substantially (see¶ figure). This specialisation can have negative effects on¶ the other sectors of the economy, so-called “Dutch¶ disease”, unless it is managed by responsible¶ macroeconomic policies and well-functioning institutions. The growth of the Chinese and Indian economies and their¶ increased participation in international trade has brought¶ into sharp relief the need for Latin American countries to¶ invest in infrastructure and innovation for the noncommodity sectors to prosper. For countries facing export¶ competition, such as Mexico, it is important and urgent to¶ build infrastructure that will enable efficient trade. In¶ sectors and products where distance and time are key¶ competitive assets, the urgency is acute if exporters are to¶ continue to capitalise on their extraordinary geographical¶ advantage.

#### Trade with Mexico is vital to the economy- almost 6 million U.S. jobs rely on Mexico and our supply lines are entwined

Negroponte, Senior Fellow at the Brookings Institute, 13

[Diana Villiers, 5-2-13, former trade lawyer and professor of history, Brookings Institute: Up Front, “Obama’s Mexico Trip: Putting Trade and Investment at the Top of the Agenda,” http://www.brookings.edu/blogs/up-front/posts/2013/05/02-obama-mexico-trip-trade-investment-negroponte, accessed 6-25-13, JB]

We agree that exports to Mexico both maintain and create jobs in the United States. The U.S. government estimates that each additional billion dollars in new exports supports more than 6,000 new jobs. According to the U.S. Chamber of Commerce, almost 6 million U.S. jobs rely on trade with Mexico, the consequence of which is the potential creation of 107,000 new U.S. jobs. ¶ Furthermore, individual states benefit from exports to Mexico such as Arizona, California and Texas, which hold Mexico as their main export destination. Mexico is also the second destination for exports from 20 other states and is ranked among the top five export destinations for 34 states. ¶ Investment flows are also mutually beneficial. According to the U.S. Trade Representative’s office, sales of services in Mexico by majority U.S. owned affiliates were $34.4 billion in 2010. Sales of services in the United States by majority Mexico-owned firms were $4.8 billion. According to the U.S. Embassy in Mexico, the United States currently provides 41 percent of all foreign direct investment in Mexico, benefiting more than 21,139 companies. ¶ Beyond the numbers, the reality of trade and investment is that the United States and Mexico compete together in the global economy. Production and supply chains in North America are deeply integrated with the U.S. content of Mexico exports to the United States estimated at 40 cents on the dollar. This compares to 25 cents for Canadian exports to the United States and 4 cents for China and 2 cents for the European Union, according to a Wilson Center report. In short, there exists a growing integrated manufacturing platform that takes advantage of geography, time zones and cultural affinity.

#### Economic growth is key to social rights – decline risks retrogression

Friedman 6 (Benjamin, William Joseph Maier Professor of Political Economy at Harvard University, “THE MORAL CONSEQUENCES OF ECONOMIC GROWTH,” February 6, http://www.economics.harvard.edu/faculty/friedman/files/The%20Moral%20Consequences%20of%20Economic%20Growth.pdf)

I believe this thinking is seriously, in some circum- stances dangerously, incomplete. The value of a rising standard of living lies not just in the concrete improve- ments it brings to how individuals live but in how it shapes the social, political and, ultimately, the moral character of a people. Economic growth—meaning a rising standard of liv- ing for the clear majority of citizens—more often than not fosters greater opportunity, tolerance of diversity, social mobility, commitment to fairness, and dedication to democracy. Ever since the Enlightenment, Western thinking has regarded each of these tendencies positively, and in explicitly moral terms. Even societies that have already made great advances in these very dimensions, for example, most of today’s Western democracies, are more likely to make still fur- ther progress when their living standards rise. But when living standards stagnate or decline, most societies make little if any progress toward any of these goals, and in all too many instances they plainly retrogress. Many countries with highly developed economies, including the United States, have experienced alternating eras of economic growth and stagnation in which their demo- cratic values have strengthened or weakened accord- ingly.

## Advantage 2: Hegemony

#### There’s potential for nearshoring now—Mexico is gaining on China but border improvements are key

Rozental, former deputy foreign minister of Mexico, et al 12

[Andres, Margaret Myers, director of the China and Latin America program at The Dialogue, James R. Jones, former ambassador to Mexico, Felipe Canales, no qualifications available, 9-18-12, The Dialogue, “Are Mexican Factories Gaining an Upper Hand Against China's?” http://www.thedialogue.org/page.cfm?pageID=32&pubID=3087, accessed 7-8-13, GSK]

Q: With the rising cost of wages in China, manufacturers are increasingly considering Mexico an attractive location to 'reshore' production, McClatchy reported Sept. 10. Is Mexico gaining a competitive edge over China in terms of manufacturing? Or will other low-wage countries come to replace both China and Mexico as manufacturing destinations? What are the challenges and benefits of moving production facilities to Mexico? Can Mexico leverage the low cost of wages into more sustainable growth? ¶ A: Andrés Rozental, member of the Advisor board, president of Rozental & Asociados in Mexico City and senior fellow at the Brookings Institution: "Low wages have never been the sole determining factor for companies to decide in which country to site manufacturing facilities; otherwise countries such as Haiti or Bangladesh would be the manufacturing capitals of the world. Many other factors, such as availability of skilled labor, infrastructure, certainty of rules and regulations and fairness of the justice system, all play a significant role. True, China's wages are rising and no longer represent an overwhelming advantage for labor-intensive industries, but salaries in Mexico and other middle-income countries are also climbing. Studies show that the all-in cost for an average factory worker in a Chinese industrial zone is more or less equal to a Mexican working in a maquiladora near the U.S. border. Where Mexico does have a clear advantage over China-and this is what is driving companies to relocate facilities to our country-is in our geographic proximity to one of the largest consumer markets in the world, economic and political stability, ability to provide just-in-time sourcing and a relatively transparent regulatory framework in which to do business. One shouldn't forget that Mexico is fundamentally a sophisticated manufacturing economy that is growing at a very acceptable rate when compared to other emerging market economies. While it is true that we depend enormously on the strength of the U.S. economy because of NAFTA and our huge bilateral trade and investment relationship, it is equally true that Mexico, together with Canada, will always be the first to benefit from an economic recovery in our neighbor. Tens of thousands of companies have taken advantage of Mexico's benefits and foreign direct investment flows continue to show robustness even in the face of the insecurity and violence that affect parts of the country as a result of the fight against organized crime and drug trafficking."¶ A: Margaret Myers, director of the China and Latin America program at the Inter-American Dialogue: "China is indeed being priced out of labor-intensive manufacturing in certain cases. Rising wages and renminbi appreciation have made production in China's famed Pearl River Delta much more costly in recent years. Firms once dependent on cheap, low-skilled Chinese labor are now seeking less expensive options in China's poorer inland provinces, elsewhere in Asia (Vietnam and Bangladesh, for example) and in countries like Mexico, which saw an upsurge in manufacturing in 2011. Mexico does appear to have gained a competitive edge over China in manufacturing over the past two years, though specifically in that of the low-skilled, labor-intensive variety. In addition to low wages, well-trained workers and proximity to the United States make Mexico an attractive destination for global producers. Mexico is of growing interest to Chinese firms, even, who seek to benefit from NAFTA-related preferential tariffs. Despite Mexico's labor-intensive manufacturing 'comeback,' China still maintains a competitive edge in investment-intensive, high-technology manufacturing. Furthermore, China's decline in low-skilled manufacturing is largely attributable to national efforts to reduce dependence on low-value-added, export-oriented production. To this end, China has major plans to restructure and promote key industries and to further develop the country's services sector. Sustainable growth in Mexico will require more than an upswing in labor-intensive production. As in China, it will require policies promoting intermediate and high-value manufacturing. It will also require efforts to further position the nation as a hub for regional trade, as well as progress on security, infrastructure, financing and corruption-related challenges. Mexico's manufacturing sector has a skilled workforce and geography on its side, but additional progress will be largely policy-dependent."¶ A: James R. Jones, member of the Advisor board and co-chair of Manatt Jones Global Strategies: "Mexico is clearly regaining its manufacturing base that was lost to China around the turn of this century. Then it was a question of wages as substantially lower Chinese wage rates versus Mexican labor costs attracted auto parts, electronics and other manufacturing away from Mexico. A combination of higher Chinese wages over the last decade, costs and timeliness of transportation and vastly improved quality of production in Mexico is quickly reversing that trend. A dozen years ago, China was distributing advertising pamphlets to U.S. automobile producers that substantially undercut the costs of auto parts produced in Mexico. But it became apparent that the quality and reliability of Mexican production were much better. While labor costs were comparable, transportation costs gave Mexican producers an edge. Today, automobile manufacturing is one of Mexico's fastest growing sectors. Mexico's manufacturing base is also growing in other sectors such as aviation and electronics. This trend will continue, especially if the Canadian, U.S. and Mexican governments find ways to improve regulatory efficiencies and border infrastructure."

#### Mexico is uniquely key for US reshoring – boosts competitiveness

**Weitzman, Staff Writer for the Financial Times, 12**

[Hal, Financial Times, 6-2-12, "Mexico Most Popular for US Reshoring,” http://www.ft.com/cms/s/0/ec164996-ad23-11e1-bb93-00144feabdc0.html, accessed 7-12-13, AR]

Mexico remains a far more popular destination than the US for “reshoring” manufacturing to supply North American demand, according to research by a global business advisory firm. ¶ The report, to be published on Monday by AlixPartners, could damp the hopes generated by [US cheerleaders for reshoring](http://www.ft.com/cms/s/0/115005c6-a225-11e1-a22e-00144feabdc0.html) – where jobs previously outsourced to low-cost emerging economies are brought back home.¶ US job creation [slowed in May](http://www.ft.com/cms/s/0/0a3ed818-abe2-11e1-a8a0-00144feabdc0.html), according to official data on Friday that showed employers created 69,000 posts last month, well below average expectations of about 150,000, while the unemployment rate rose to 8.2 per cent from 8.1 per cent.¶ Barack Obama, US president, has cited reshoring as an example of the country’s increasing economic competitiveness in the face of competition from emerging markets. However, the trend, although real, may not benefit the US as much as some expect, the survey suggests.¶ Nearly half the manufacturers surveyed by AlixPartners said they saw reshoring as a good opportunity, but half also said Mexico was their top choice for relocating factories designed to supply the US market. However, that is down from 70 per cent last year. In addition, 35 per cent said the US was the most attractive place to reshore production – up from 21 per cent last year.¶ Some 15 per cent of respondents said they could relocate factories elsewhere in Latin America or the Caribbean, up from 8 per cent last year.¶ “A lot has been written of late about America’s manufacturing rebound, and there certainly has been a very impressive rebound,” said Foster Finley, co-head of AlixPartners’ transport practice. “However, Mexico still remains the near-shoring locale of choice for companies looking to overcome the higher costs of doing business today in places like China.”¶ Chas Spence, one of the report’s authors, said relatively low wages continued to make Mexico attractive. “Despite the logistic attraction of the US, the labour arbitrage is still a monumental hurdle for the US to overcome,” he said. “Labour costs are such a big part of the equation.”¶ Russell Dillion, his co-author, said Mexico was particularly competitive in low-skill assembly work. “US workers can bring more productivity to the table, so that shrinks the gap between the US and Mexico. But in some industries – such as auto – the productivity and quality gap is not as large as it was two decades ago,” he said. ¶ Mr Spence noted that Mexico had superior infrastructure to support relocating factories. “They have an entire industry dedicated to serving a manufacturing transition,” he said. “The US doesn’t have that to the same extent, because we’ve never really done it – reshoring is a new thing.”¶ Of the companies that said they were considering bringing production closer to the US, almost 90 per cent said they were likely to relocate within three years.¶ About half the companies surveyed were from the automotive or aerospace industries. Respondents said the chief attraction of relocating from Asia was lower freight costs, followed by improved speed to market and lower inventory costs.

#### Strong export market key to US hegemony—foreign debt and primacy of the dollar

Du Boff, Professor of economics at Bryn Mawr college, 03

[Richard, December, “U.S. Hegemony: Continuing Decline, Enduring Danger”, Monthly Review, <http://monthlyreview.org/2003/12/01/u-s-hegemony-continuing-decline-enduring-danger>, accessed 6-25-13, GSK]

Since 1971, when the United States had a deficit in its trade in goods (merchandise) for the first time in seventy-eight years, exports have exceeded imports only in 1973 and 1975. A nation can run deficits in its trade in goods and still be in overall balance in its dealings with foreign countries. Deficits in trade in goods can be offset by having a positive balance in sales of services abroad (financial, insurance, telecommunications, advertising and other business services) and/or income from overseas investments (profits, dividends, interest, royalties, and the like). But the U.S. merchandise deficit has become too big to be paid for by services sold to foreigners plus remittances on investments. The U.S. current account (the sum of the balances in trade in goods and services plus net income from overseas investment), almost constantly in surplus from 1895 to 1977, is now deteriorating sharply; the merchandise deficit has become too big to be paid for by services sold to foreigners. And since 1990, the positive balance on investment income has been shriveling as foreign investment in the United States has grown faster than U.S. investment abroad. In 2002, the balance turned negative: for the first time the United States is paying foreigners more investment income from their holdings here than it receives from its own investments abroad.¶ Like most gaps between income and expenses, the current account deficit is covered by borrowing. In 2002, the United States borrowed $503 billion from abroad, a record 4.8 percent of GDP. When foreigners receive dollars from transactions with U.S. residents (individuals, companies, governments), they can use them to buy American assets (U.S. Treasury bonds, corporate bonds and stocks, companies, and real estate). This is how the United States turned into a debtor nation in 1986; foreign-owned assets in the United States are now worth $2.5 trillion more than U.S.-owned assets abroad. By mid-2003, foreigners owned 41 percent of U.S. Treasury marketable debt, 24 percent of all U.S. corporate bonds, and 13 percent of corporate stock. U.S. companies are continuing to invest abroad, but unlike the British Empire in the decades before the First World War, the United States is unable to finance those investments from its current account. By contrast, Great Britain’s current account was in surplus, averaging 3 to 4 percent of GDP every year from 1850 to 1913, when income from services and foreign investment was larger than its merchandise trade deficits.3¶ So far the global investor class has seemed willing to finance America’s external deficits, but it may not be forever. The deficits are exerting a downward drag on the dollar, arousing suspicion that the United States favors a cheaper dollar to help pay off its ballooning trade deficit. As the dollar declines in value, the return to foreign investors on dollar-denominated assets falls. German investments in choice office properties in New York, San Francisco, and elsewhere were cut back sharply in 2003. While the buildings were becoming cheaper in euros, rents were shrinking when converted from dollars back home. “We can get the same return in Britain and the Nordic countries, so why go to the United States, where the currency risk is greater?” asked the chief investment officer of a Munich-based property fund.4 Until recently all Organization of Petroleum Exporting Countries (OPEC) sold their oil for dollars only; Iraq switched to the euro in 2000 (presumably terminated with extreme prejudice in March 2003), and Iran has considered a conversion since 1999. In a speech in Spain in April 2002, the head of OPEC’s Market Analysis Department, Javad Yarjani, saw little chance of change “in the near future…[but] in the long run the euro is not at such a disadvantage versus the dollar. The Euro-zone has a bigger share of global trade than the US and…a more balanced external accounts position.” Adoption of the euro by Europe’s principal oil producers, Norway and Britain, could create “a momentum to shift the oil pricing system to euros.” Thus, concluded Yarjani, “OPEC will not discount entirely the possibility of adopting euro pricing and payments in the future.”5¶ If foreign investors get cold feet, ceasing to invest in U.S. industries or selling off their dollar holdings, the dollar would start falling faster. Interest rates in the United States might surge, borrowing money would become harder, and consumers would pay more for imported goods, draining income from other purchases and dampening the economy. A dollar rout could cause skittish investors to dump U.S. stocks and bonds, sending Wall Street into a dive. In any event the dollar is now perceived to be as risky an asset as the euro and possibly two or three other currencies (yen, sterling, Swiss franc).

#### Hegemony is key to humanitarianism – only U.S. leadership solves.

Bradley A. Thayer, Associate Professor in the Department of Defense and Strategic Studies at Missouri State University, 2007

["The Case For The American Empire," American Empire: A Debate, Published by Routledge, ISBN 0415952034, p. 44-46]

Humanitarian Missions

If someone were to ask “How many humanitarian missions has the United States undertaken since the end of the Cold War?”, most Americans probably have to think for a moment and then answer “three or four.” In fact, the number is much larger. The U.S. military has participated in over fifty operations since the end of the Cold War, and while wars like the invasion of Panama or Iraq received considerable attention from the world’s media, most of the fifty actions were humanitarian in nature and received almost no media attention in the United States. The U.S. military is the earth’s “911 force”—it serves as the world’s police; it is the global paramedic, and the planet’s fire department. Whenever there is a natural disaster, earthquake, flood, typhoon, or tsunami, the United States assists the countries in need. In 1991, when flooding caused by cyclone Marian killed almost 140,000 people and left 5 million homeless in Bangladesh, the United States launched Operation Sea Angel to save stranded and starving people by supplying food, potable water, and medical assistance. U.S. forces are credited with saving over 200,000 lives in that operation. In 1999, torrential rains and flash flooding in Venezuela killed 30,000 people and left 140,000 homeless. The United States responded with Operation Fundamental Response, which brought water purification and hygiene [end page 44] equipment saving thousands. Also in 1999, Operation Strong Support aided Central Americans affected by Hurricane Mitch. That hurricane was the fourth-strongest ever recorded in the Atlantic and the worst natural disaster to strike Central America in the twentieth century. The magnitude of the devastation was tremendous, with about 10,000 people killed, 13,000 missing, and 2 million left homeless. It is estimated that 60 percent of the infrastructure in Honduras, Nicaragua, and Guatemala was destroyed. Again, the U.S. military came to the aid of the people affected. It is believed to have rescued about 700 people who otherwise would have died, while saving more from disease due to the timely arrival of medical supplies, food, water, blankets, and mobile shelters. In the next phase of Strong Support, military engineers rebuilt much of the infrastructure of those countries, including bridges, hospitals, roads, and schools. On the day after Christmas in 2004, a tremendous earthquake and tsunami occurred in the Indian Ocean near Sumatra and killed 300,000 people. The United States was the first to respond with aid. More importantly, Washington not only contributed a large amount of aid, $350 million, plus another $350 million provided by American citizens and corporations, but also—only days after the tsunami struck—used its military to help those in need. About 20,000 U.S. soldiers, sailors, airmen, and marines responded by providing water, food, medical aid, disease treatment and prevention, as well as forensic assistance to help identify the bodies of those killed. Only the U.S. military could have accomplished this Herculean effort, and it is important to keep in mind that its costs were separate from the $350 million provided by the U.S. government and other money given by American citizens and corporations to relief organizations like the International Committee of the Red Cross/Red Crescent. The generosity of the United States has done more to help the country fight the war on terror than almost any other measure. Before the tsunami, 80 percent of Indonesian opinion was opposed to the United States; after it, 80 percent had a favorable opinion of the United States. In October 2005, an enormous earthquake struck Kashmir, killing about 74,000 people and leaving 3 million homeless. The U.S. military responded immediately, diverting helicopters fighting the war on terror in nearby Afghanistan to bring relief as soon as possible. To help those in need, the United States provided about $156 million in aid to Pakistan; and, as one might expect from those witnessing the generosity of the United States, it left a lasting impression about the United States. Whether in Indonesia or Kashmir, the money was well spent because it helped people in the wake of disasters, but it also had a real impact on the war on terror. There is no other state or international organization that can provide these benefits. The United Nations certainly cannot because it lacks the military and economic power of the United States. It is riven with conflicts and major cleavages that divide the international body time and again on small matters [end page 45] as well as great ones. Thus, it lacks the ability to speak with one voice on important issues and to act as a unified force once a decision has been reached. Moreover, it does not possess the communications capabilities or global logistical reach of the U.S. military. In fact, UN peacekeeping operations depend on the United States to supply UN forces. Simply put, there is no alternative to the leadership of the United States. When the United States does not intervene, as it has not in the Darfur region of Sudan and eastern Chad, people die. In this conflict, Arab Muslims belonging to government forces, or a militia called the Jingaweit, are struggling against Christian and animist black Africans who are fighting for independence. According to the State Department, 98,000 to 181,000 people died between March 2003 and March 2005 as a result of this struggle. The vast majority of these deaths were caused by violence, disease, and malnutrition associated with the conflict.

## Contention 2: Solvency

#### Restructuring NADBank key to solve—boosts FAST lanes, customs agents and physical infrastructure

O'Neil, Senior Fellow of Latin American Studies @ Council on Foreign Relations, 12

[Shannon K, 12-1-2012, Council on Foreign Relations, “Refocusing U.S.-Mexico Security Cooperation”, http://www.cfr.org/mexico/refocusing-us-mexico-security-cooperation/p29595, accessed 7-12-13, GSK]

In addition, U.S. and Mexican joint efforts should concentrate on realizing the other so-far-neglected pillars of the Merida Initiative, particularly modernizing the border and engaging citizens and communities. On the border, the United States should upgrade its roads, bridges, and FAST lanes (express lanes for trusted drivers), as well as increase the number of U.S. customs officers, agricultural specialists, and support staff to help facilitate legal trade and identify and keep out illicit goods. To finance the multibillion dollar cost of modernizing the border, the U.S. Congress should pass the NADBank Enhancement Act (H.R. 2216) or similar legislation, to allow the North American Development Bank to support infrastructure projects in the border regions; currently the bank is limited primarily to environmental initiatives. And it should also reauthorize and refund the Coordinated Border Infrastructure Program, which managed federal funds dedicated for border area roads and infrastructure.

#### **Use of the North American Development Bank solves- expansion develops infrastructure projects that streamline the flow of U.S.-Mexican trade**

Beam, Lieutenant Commander in the US Navy, 11

[Patrick, 10-28-11, Joint Military Operations Department at the Naval War College, “Economics and Migration: NAFTA’s Impact on Mexico,” http://w.dtic.mil/cgi-bin/GetTRDoc?Location=U2&doc=GetTRDoc.pdf&AD=ADA555126ww, accessed 6-25-13, JB]

A strong Mexican economy equates to a more competitive trading partner and a better ¶ destination for U.S. investment. Only one eighth of one percent, or $28 million in USAID ¶ worldwide bilateral economic aid funds in FY 2010 were dedicated to Mexican development ¶ and reform initiatives. This is far less than required to make substantive change. The U.S. ¶ should expand the North American Development Bank (NADBank) and the Border ¶ Environment Cooperation Commission (BECC) to programs that include transportation and ¶ infrastructure projects throughout the whole of Mexico. Additionally, targeted economic ¶ assistance will aid in transitioning Mexico’s state owned oil sector and monopolized ¶ companies into more competitive industries. Furthermore, the U.S. must address the root ¶ cause of illegal immigration, which is the economic disparity between the U.S. and Mexico. ¶ Current U.S. policies are resulting in the opposite desired effect. The U.S. must also target ¶ employers who hire undocumented migrants, which promotes illegal immigration and ¶ undermines the provisions of NAFTA. Finally, infrastructure improvements would not only ¶ streamline the flow of trade between Mexico and the U.S., it would aid in securing the over ¶ 2,000-mile border between the two countries.

#### NADBank’s current objective excludes infrastructure projects- U.S. expansion of its mandate solves economic development on the border

Hereford, Chair of the Border Trade Alliance Transportation Committee, et al 11

[Jesse, and Nelson Balido, President, Sam F. Vale, Chair of Board of Directors, Border trade Alliance, August 9, 2011, Letter to Rep. Spencer Bachus and Rep. Barney Frank, “Border Trade Alliance, NADBank expansion,” http://www.thebta.org/wp-content/uploads/file/NADBank%20expanded%20mandate%20-%20Hinojosa%20bill%20-%20ltrhd.pdf, [Accessed 6/29/20113], JB.

We write to you to urge you to support H.R. 2216, a bill introduced by Rep. Rubén Hinojosa that would expand the authority of the North American Development Bank (NADBank). This bill would authorize changes to the agreement between the United States and Mexico that established the NADBank, allowing it to finance a broader array of infrastructure projects in the U.S.-Mexico border region that promote trade and foster economic development and job growth in the region. Over the past sixteen years of operation, the NADBank has been vitally important to improving basic services in the border region by financing numerous water, wastewater, solid waste and street paving projects, among others. To date, NADBank has provided approximately US$1.24 billion in loans and grants to support 149 infrastructure projects in the border region, which represents a total investment of US$3. 26 billion and will benefit more than 12.8 million residents of the region. One particularly notable accomplishment is the significant improvement in wastewater treatment coverage on the Mexican side of the border. In 1995, it was estimated that 27 percent of wastewater generated in border communities was being treated. According to Mexico’s National Water Commission (CONAGUA), wastewater treatment coverage has now reached approximately 85 percent. This dramatic improvement is in large part due to the work of NADBank. The bank remains limited, however, in the projects it can finance. Its charter permits the bank only to get involved in projects deemed to have a significant positive environmental impact. There have been cases where the NADBank has taken interest in projects involving international ports of entry that would benefit an area’s economy and create new jobs. Yet the bank has been unable to deliver financing to such projects over the objections of its board of directors, for not demonstrating a sufficient environmental benefit to merit NADBank financing. H.R. 2216 seeks to rectify these constraints on the NADBank by allowing the bank to engage in projects that are broader in their scope than what the bank traditionally finances, including projects that promote increased trade and commerce between the U.S. and Mexico and sustainable economic development. Many infrastructure projects benefiting efficiencies at our ports of entry are outside the boundaries of metropolitan planning organizations. Therefore, there are no funding categories available for planning projects for these communities. Without the ability to fund planning expenses, the communities cannot fund transportation projects. This legislation would give those border communities a chance to do advance planning, including environmental impact studies, project development, traffic studies, schematics and feasibility studies. This is not a question of whether to fund NADBank. The Bank does not require additional funding. Nor would the bill increase the federal deficit. Rather, the bill will help ensure NADBank’s existing capital is more fully utilized for the benefit of the U.S.-Mexico border region, and ultimately for the benefit of both the United States and Mexico. Please join border communities from San Diego to Brownsville in supporting H.R. 2216. The NADBank is a critical element of a thriving, more prosperous border community, but we must expand its ability to engage in other areas in order to ensure its continued contributions to the U.S.-Mexico border region.

# 2AC

### 2AC States

#### Perm do both

#### Only expanding NADBank solves—states are legally blocked from investing in ports of entry in the status quo

Hendricks, My San Antonio staff writer, 12

[David, 7-13-12, My San Antonio, “Choked border crossings need this bill”, <http://www.mysanantonio.com/business/business_columnists/david_hendricks/article/Choked-border-crossings-need-this-bill-3705492.php>, accessed 7-17-13, GSK]

Municipal and state governments, along with the San Antonio-based North American Development Bank, are willing to help pay for or finance new bridges, lanes and government agency staffing. The private sector is willing to invest, too, as long as it can recoup its investments in tolls.

But guess what?

The U.S. government agencies involved in border facilities and trade — the General Services Administration and Customs and Border Protection — cannot accept any funding other than dollars appropriated by Congress.

Hence, the introduction last month of the “Cross-Border Trade Enhancement Act of 2012” by U.S. Rep. Henry Cuellar, D-Laredo, U.S. Sen. John Cornyn, R-Texas, and other lawmakers.

The bill would authorize GSA to evaluate border-crossing projects that would include funding and financing by non-federal government sources.

“The days of free money are over,” said Nelson Balido, president of the San Antonio-based Border Trade Alliance, on Friday. Balido was referring to the days when the general public and businesses could rely on government to build and operate border crossings from their general budgets.

Balido said border-crossing projects are stalled on U.S. borders with both Mexico and Canada.

One example is the Anzalduas International Bridge connecting McAllen/Mission with Reynosa, Mexico. The four-lane bridge opened in January 2010, Balido said, for passenger cars and pedestrians, but area businesses and cities want to add freight trucks by 2015.

That would require at least a southbound inspection station. The Texas Department of Transportation is willing to help pay, Balido said, and the Rio Grande Valley municipalities want to assist, too. Private investors also are ready.

The cities are willing to help pay government staff overtime so that high volumes of agricultural and manufactured goods, produced on seasonal basis, can cross on a timely basis.

Customs and Border Protection, however, has said it cannot accept the financial help. The agency is not authorized to do so.

“Today, there are no options,” Balido said. “By that I mean there is no (federal) money.”

NADBank, already experienced with transportation projects, especially paving dirt roads to improve air quality along the border, is ready to help finance border-crossings if the Cuellar-Cornyn bill becomes law.

“We hope we'll be part of it,” said Gerónimo Gutiérrez, NADBank managing director and CEO, on Friday to the Latin America Caribbean Forum breakfast meeting.

Along with the alliance, others supporting the legislation are Texas Border Coalition and numerous Rio Grande Valley mayors.

#### States already are facing deficit problems

Lambert, correspondent for the Huffington post, 12

[Lisa, 1-9-12, Huff Post, “Budget gaps exceed revenues in over half U.S states by delay”, <http://www.huffingtonpost.com/2012/01/09/new-us-state-budget-gaps-exceed-revenues-states-july_n_1195138.html>, accessed 7-18-13, CSO]

Jan 9 (Reuters) - More than half the U.S. states will not have enough revenues to cover spending demands in the fiscal year starting in July, according to a think tank report released on Monday. Altogether, the budget gaps for 29 states will total $44 billion, the Center on Budget and Policy Priorities found. Among them are California and Texas, the two most populous states in the United States. "This number is almost certain to grow as governors release new gap projections along with their proposed budgets in the coming months," said the liberal-leaning group, which monitors states' fiscal conditions. Over the past four years, states have had to close more than $530 billion in budget gaps, according to CBPP. All states except Vermont must end their fiscal years with balanced budgets, which has forced them to slash spending, raise taxes, borrow and turn to the federal government for help. As the recession took its toll, many had to call emergency legislative sessions to fill new budget holes. Last week California said it is projecting a shortfall of $9.2 billion. Texas also has one of the largest budget gaps in terms of dollars, $9 billion, which represents 20.4 percent of its budget. But CBPP noted that states with biennial budgets, such as Texas, have addressed some of their shortfalls already. Still, Texas shorted its Medicaid healthcare program for the poor in its biennial budget for fiscal years 2012 and 2013, "leaving a roughly $4 billion budget hole that will need to be filled in fiscal year 2013," according to CBPP. Connecticut's gap is only $2.7 billion, but that represents 14.4 percent of the state budget, and Maine's $470 million gap constitutes 15.5 percent of its budget. The group said the $1.2 billion gap it reported for Nevada, representing 37 percent of the state's budget, is "the midpoint of several estimates." "These shortfalls are all the more daunting because states' options for addressing them are fewer and more difficult than in recent years," it said.

#### State budget difficulties lead to spending cuts which removes demand from the economy

Oliff et al., Policy Analyst with the State Fiscal Project, 12

[Phil, prior Fellow in Governmental Finance with New York State’s Division of Budget, Chris Mai, Research Assistant with the State Fiscal Project., and Vincent Palacios, Research Associate for the State Fiscal Project, prior Research Assistant on issues related to economic development and environmental policy at the World Resources Institute, States Continue to Feel Recession’s Impact,” Center on Budget and Policy Priorities, June 27th] DMD

In states facing budget gaps, the consequences are severe in many cases — for residents as well as the economy. To date, budget difficulties have led at least 46 states to reduce services for their residents, including some of their most vulnerable families and individuals.[[4]](http://www.cbpp.org/cms/index.cfm?fa=view&id=711" \l "_ftn4" \o ")  More than 30 states have raised taxes to at least some degree, in some cases quite significantly. If revenues remain depressed, as is expected in many states, additional spending and service cuts are likely. Indeed, a number of states have made substantial cuts to balance their budgets for fiscal year 2013. While data are not yet available that would show the mix of state actions to resolve their budget gaps for 2013, the data through 2012 show that states have enacted more and more spending cuts every year since 2008. Federal aid and state tax increases have played diminishing roles in addressing the gaps, as the emergency federal aid ended and the elections of 2010 changed the political leadership in a number of states.[[5]](http://www.cbpp.org/cms/index.cfm?fa=view&id=711" \l "_ftn5" \o ")  Spending cuts are problematic during an economic downturn because they reduce overall demand and can make the downturn deeper. When states cut spending, they lay off employees, cancel contracts with vendors, eliminate or lower payments to businesses and nonprofit organizations that provide direct services, and cut benefit payments to individuals. In all of these circumstances, the companies and organizations that would have received government payments have less money to spend on salaries and supplies, and individuals who would have received salaries or benefits have less money for consumption. This directly removes demand from the economy.

### DA

#### Going through NADBank uniquely means there’ll be special attention paid to the environmental impact because it will get scrutinized by the BECC- key to sustainability in the border region.

Reed, Project Director, and Kelly, Executive Director, 2K

(Cyrus and Mary, July 2000, Texas Center for Policy Studies, “Expanding the Mandate: Should the Border Environment Cooperation Commission and North American Development Bank go beyond Water, Wastewater and Solid Waste Management Projects and How Do They Get There?: Comments on Utilizing the Lending Capacity of the NADB,“ p.17 ,<http://www.texascenter.org/publications/expansion.pdf>, [Accessed 7/9/13], JB).

No matter what type of expansion into "related matters" or "environmental infrastructure projects" or even "other infrastructure projects" might occur, the Charter requires -- and many interested parties desire -- that the BECC certification process be applied to these new projects. Thus, BECC certification should continue to be a prerequisite for NADBank financing. If not, the danger is that like most development banks, environmental assessments will be a cursory review rather than a fundamental part of the process, and that concepts of sustainability, appropriate technology and public participation and approval will not be considered.

#### Gets spun as strengthening ports of entry- It’s the most popular form of border security

Center for Biological Diversity 11

( July 14, 2011“New Poll: Americans Support Greater Investment in Ports of Entry, Not Border Walls; Majority Also Opposes Waiving Laws for New Wall Construction.” <http://www.biologicaldiversity.org/news/center/articles/2011/border-wall-07-14-2011.html>, [Accessed 7/10/13], JB).

WASHINGTON— An overwhelming number of Americans believe strengthening U.S. ports of entry is a better approach to border security than building additional border walls, a new poll by YouGov for Tucson-based Sky Island Alliance has found. The poll also found that a large majority of Americans also oppose waiving laws to build additional infrastructure and do not believe the U.S. Department of Homeland Security has the expertise necessary to do the job safely and properly.

“In examining this data, it is clear that the vast majority of Americans (92 percent) strongly prefer beefing up the ports of entry to spending billions on hundreds of miles of fencing in between the ports,” said Thom Riehle, senior vice president for public affairs with YouGov, the international, internet-based market research firm that conducted the online poll of 1,000 adults May 10-12, 2011. The poll’s margin of error is plus or minus 3.1 percent.

#### PC theory is wrong – winners win

Hirsh 13 – National Journal chief correspondent, citing various political scientists

[Michael, former Newsweek senior correspondent, "There’s No Such Thing as Political Capital," National Journal, 2-9-13, www.nationaljournal.com/magazine/there-s-no-such-thing-as-political-capital-20130207, accessed 2-8-13, mss]

The idea of political capital—or mandates, or momentum—is so poorly defined that presidents and pundits often get itwrong. On Tuesday, in his State of the Union address, President Obama will do what every president does this time of year. For about 60 minutes, he will lay out a sprawling and ambitious wish list highlighted by gun control and immigration reform, climate change and debt reduction. In response, the pundits will do what they always do this time of year: They will talk about how unrealistic most of the proposals are, discussions often informed by sagacious reckonings of how much “political capital” Obama possesses to push his program through. Most of **this** talk **will have** no bearing on what actually happens over the next four years. Consider this: Three months ago, just before the November election, if someone had talked seriously about Obama having enough political capital to oversee passage of both immigration reform and gun-control legislation at the beginning of his second term—even after winning the election by 4 percentage points and 5 million votes (the actual final tally)—this person would have been called crazy and stripped of his pundit’s license. (It doesn’t exist, but it ought to.) In his first term, in a starkly polarized country, the president had been so frustrated by GOP resistance that he finally issued a limited executive order last August permitting immigrants who entered the country illegally as children to work without fear of deportation for at least two years. Obama didn’t dare to even bring up gun control, a Democratic “third rail” that has cost the party elections and that actually might have been even less popular on the right than the president’s health care law. And yet, for reasons that have very little to do with Obama’s personal prestige or popularity—variously put in terms of a “mandate” or “political capital”—chances are fair that both will now happen. What changed? In the case of gun control, of course, it wasn’t the election. It was the horror of the 20 first-graders who were slaughtered in Newtown, Conn., in mid-December. The sickening reality of little girls and boys riddled with bullets from a high-capacity assault weapon seemed to precipitate a sudden tipping point in the national conscience. One thing changed after another. Wayne LaPierre of the National Rifle Association marginalized himself with poorly chosen comments soon after the massacre. The pro-gun lobby, once a phalanx of opposition, began to fissure into reasonables and crazies. Former Rep. Gabrielle Giffords, D-Ariz., who was shot in the head two years ago and is still struggling to speak and walk, started a PAC with her husband to appeal to the moderate middle of gun owners. Then she gave riveting and poignant testimony to the Senate, challenging lawmakers: “Be bold.” As a result, momentum has appeared to build around some kind of a plan to curtail sales of the most dangerous weapons and ammunition and the way people are permitted to buy them. It’s impossible to say now whether such a bill will pass and, if it does, whether it will make anything more than cosmetic changes to gun laws. But one thing is clear: The **political tectonics** have **shift**ed **dramatically** in very little time. Whole new possibilities exist now that didn’t a few weeks ago. Meanwhile, the Republican members of the Senate’s so-called Gang of Eight are pushing hard for a new spirit of compromise on immigration reform, a sharp change after an election year in which the GOP standard-bearer declared he would make life so miserable for the 11 million illegal immigrants in the U.S. that they would “self-deport.” But this turnaround has very little to do with Obama’s personal influence—his political mandate, as it were. It has almost entirely to do with just two numbers: 71 and 27. That’s 71 percent for Obama, 27 percent for Mitt Romney, the breakdown of the Hispanic vote in the 2012 presidential election. Obama drove home his advantage by giving a speech on immigration reform on Jan. 29 at a Hispanic-dominated high school in Nevada, a swing state he won by a surprising 8 percentage points in November. But the movement on immigration has mainly come out of the Republican Party’s recent introspection, and the realization by its more thoughtful members, such as Sen. Marco Rubio of Florida and Gov. Bobby Jindal of Louisiana, that without such a shift the party may be facing demographic death in a country where the 2010 census showed, for the first time, that white births have fallen into the minority. It’s got nothing to do with Obama’s political capital or, indeed, Obama at all. The point is not that “political capital” is a meaningless term. Often it is a synonym for “mandate” or “momentum” in the aftermath of a decisive election—and just about every politician ever elected has tried to claim more of a mandate than he actually has. Certainly, Obama can say that because he was elected and Romney wasn’t, he has a better claim on the country’s mood and direction. Many pundits still defend political capital as a useful metaphor at least. “It’s an unquantifiable but meaningful concept,” says Norman Ornstein of the American Enterprise Institute. “You can’t really look at a president and say he’s got 37 ounces of political capital. But the fact is, it’s a concept that matters, if you have popularity and some momentum on your side.” The real problem is that the idea of political capital—or mandates, or momentum—is so poorly defined that presidents and pundits often get it wrong. “Presidents usually over-estimate it,” says George Edwards, a presidential scholar at Texas A&M University. “The best kind of political capital—some sense of an electoral mandate to do something—is very rare. It almost never happens. In 1964, maybe. And to some degree in 1980.” For that reason, **political capital** is a concept that **misleads** far more than it enlightens. **It is** **distortionary**. It conveys the idea that we know more than we really do about the ever-elusive concept of political power, and it discounts the way unforeseen events can suddenly change everything. Instead, it suggests, erroneously, that a political figure has a concrete amount of political capital to invest, just as someone might have real investment capital—that a particular leader can bank his gains, and the size of his account determines what he can do at any given moment in history. Naturally, any president has practical and electoral limits. Does he have a majority in both chambers of Congress and a cohesive coalition behind him? Obama has neither at present. And unless a surge in the economy—at the moment, still stuck—or some other great victory gives him more momentum, it is inevitable that the closer Obama gets to the 2014 election, the less he will be able to get done. Going into the midterms, Republicans will increasingly avoid any concessions that make him (and the Democrats) stronger. But the abrupt emergence of the immigration and gun-control issues illustrates how suddenly shifts in mood can occur and how political interests can align in new ways just as suddenly. Indeed, the pseudo-concept of political capital masks a larger truth about Washington that is kindergarten simple: You just don’t know what you can do until you try. Or as Ornstein himself once wrote years ago, “**Winning wins.”** In theory, and in practice, depending on Obama’s handling of any particular issue, even in a polarized time, he could still deliver on a lot of his second-term goals, depending on his skill and the breaks. Unforeseen catalysts can appear, like Newtown. Epiphanies can dawn, such as when many Republican Party leaders suddenly woke up in panic to the huge disparity in the Hispanic vote. Some **political scientists** **who study** the elusive calculus of **how to pass legislation** and run successful presidencies **say** that **political capital is**, at best, **an empty concept**, and that **almost nothing in** the **academic literature** successfully quantifies or even defines it. “It can refer to a very abstract thing, like a president’s popularity, but there’s no mechanism there. That makes it kind of useless,” says Richard Bensel, a government professor at Cornell University. Even Ornstein concedes that the calculus is far more complex than the term suggests. **Winning** on one issue often **changes the** **calculation** for the next issue; there is never any known amount of capital. “The idea here is, if an issue comes up where **the conventional wisdom is that president is not going to get what he wants**, and [they]he gets it, then each time that happens, it changes the calculus of the other actors” Ornstein says. “If they think he’s going to win, they may change positions to get on the winning side. **It’s a bandwagon effect**.” ALL THE WAY WITH LBJ Sometimes, a clever practitioner of power can get more done just because [they’re]he’s aggressive and knows the hallways of Congress well. Texas A&M’s Edwards is right to say that the outcome of the 1964 election, Lyndon Johnson’s landslide victory over Barry Goldwater, was one of the few that conveyed a mandate. But one of the main reasons for that mandate (in addition to Goldwater’s ineptitude as a candidate) was President Johnson’s masterful use of power leading up to that election, and his ability to get far more done than anyone thought possible, given his limited political capital. In the newest volume in his exhaustive study of LBJ, The Passage of Power, historian Robert Caro recalls Johnson getting cautionary advice after he assumed the presidency from the assassinated John F. Kennedy in late 1963. Don’t focus on a long-stalled civil-rights bill, advisers told him, because it might jeopardize Southern lawmakers’ support for a tax cut and appropriations bills the president needed. “One of the wise, practical people around the table [said that] the presidency has only a certain amount of coinage to expend, and you oughtn’t to expend it on this,” Caro writes. (Coinage, of course, was what political capital was called in those days.) Johnson replied, “Well, what the hell’s the presidency for?” Johnson didn’t worry about coinage, and he got the Civil Rights Act enacted, along with much else: Medicare, a tax cut, antipoverty programs. He appeared to understand not just the ways of Congress but also the way to maximize the momentum he possessed in the lingering mood of national grief and determination by picking the right issues, as Caro records. “Momentum is not a mysterious mistress,” LBJ said. “It is a controllable fact of political life.” Johnson had the skill and wherewithal to realize that, at that moment of history, he could have unlimited coinage if he handled the politics right. He did. (At least until Vietnam, that is.)

#### Healthcare rollout crushing Obamas capital now

Dovere 10-25 [EDWARD-ISAAC, 2013, “Democrats' united front cracks”, Politico, <http://www.politico.com/story/2013/10/the-democratic-crackup-98832.html>, accessed 10-31-13]

The problems with the Obamacare website have transformed the president from a man who seemed to have gotten a sudden infusion of political capital to a man who’s been pushed back on his heels. He was firm, and he was setting the agenda. Now he’s back to trying to beating back the latest frame Republicans have forced on him, inadvertently providing evidence to support the doubts they’ve been trying to sow from the beginning. He spent last week against the backdrop of a shutdown that made people appreciate all the things government can do for them. Now he has a website which shows how little it can.

And Democrats have scattered, raising the question of whether the president will be able to preserve any of the new cohesion he inspired earlier in the month, or whether the rift is going to widen again.

With every day, there was more impatience and dismay with the botched rollout of the website. Meanwhile, the White House spent much of the week dealing with a bizarre episode with Sen. Dick Durbin (D-Ill.) over whether an unnamed Republican insulted the president, forced to support Speaker John Boehner’s denial over the insistent statement of one of its closest allies on the Hill.

#### Obama aggressively spending capital to ward off Sanctions now—pressure still high despite reports

Pecquet 2-4

(Julian, reporter for The Hill. “White House defends Iran deal before Senate” 2-4-14 http://thehill.com/blogs/global-affairs/middle-east-north-africa/197414-white-house-defends-iran-deal-before-senate//wyoccd)

The Obama administration aggressively defended its preliminary nuclear deal with Iran to a skeptical Senate on Tuesday, ramping up its efforts to ward off new sanctions.¶ The president's top nuclear negotiator and top sanctions official dismissed reports that Iran's economy is on the mend during their first congressional appearance since a six-month interim deal went into effect on Jan. 20.¶ They downplayed Iranian comments that have minimized that country's obligations under the deal, notably President Hassan Rouhani's remarks that he would not agree to destroy any of Iran's approximately 20,000 centrifuges.¶ “I believe that is for domestic consumption and an opening, maximalist negotiating position,” said Undersecretary of State for Political Affairs Wendy Sherman. “And I wouldn't expect any less. What I will care about — what we should all care about — is what Iran does.”¶ Republicans were having none of it.¶ “I do not support what's been done. I think this thing's a disaster,” said Sen. Jim Risch (R-Idaho). “I was stunned when I saw what the agreement was. I've been disgusted as we've gone forward and I hope that you will prove me dead wrong but I don't think [you] will, given the history of these people.”¶ The contentious hearing comes as 59 senators have signed onto new sanctions that would set in if Iran reneges on the interim deal or fails to sign a final one in six months that meets their demands. President Obama has said he would veto the bill, arguing that it would doom negotiations.¶ Sen. Bob Corker (R-Tenn.), the top Republican on the panel, accused the White House of using the sanctions bill as a “red herring” to avoid telling Congress how much it is willing to cede to Iran in a final deal.¶ “I think it avoids the topic of you, candidly, clearly laying out to us what the end state is that you're trying to negotiate,” he told Sherman.¶ And Sen. Marco Rubio (R-Fla.) asked what the administration's “line in the sand” was on uranium enrichment, which the Iranians say they will not abandon.¶ “Our line in the sand on the enrichment issue is that any comprehensive agreement should give us full confidence and assurance, in a verifiable manner, that Iran cannot obtain a nuclear weapon,” Sherman said.¶ Sherman said the administration believes Iran cannot justify its underground, fortified enrichment facility at Fordow or its heavy water reactor at Arak as part of a peaceful nuclear program. But she played down the usefulness of having Iran dismantle all its installations, arguing that Iranian scientists cannot unlearn their knowledge.¶ Risch said that the White House should demand the release of imprisoned Pastor Saeed Abedini, a constituent, and two other Americans before the Iranians get “another penny” under the interim deal. The deal allows Iran to recuperate about $4.2 billion in frozen assets, the first $500 million of which were released over the weekend.¶ Risch also slammed reports that business executives have begun flocking to Iran.¶ “The optics of this are such that the rest of the world says, it's back to business as usual,” Risch said. “Whose job is it going to be to put the genie back in the bottle when this thing fails?”¶ Sherman said the administration has warned foreign leaders that trade delegations to Iran are not helpful to a nuclear deal. She said business executives are putting their reputations on the line if they strike deals with Iran before a final deal is reached and U.S. and international sanctions are removed.¶ “We hope people don't go to Tehran — that is our preference,” Sherman said. “But those who go raise hopes that the Rouhani administration is going to have to deliver on. And the only way they can deliver on those hopes is a comprehensive agreement that we will have agreed to.”¶ She also dismissed a Reuters report that Iran and Russia are negotiating an oil-for-goods swap worth $1.5 billion per month.¶ “We are very crystal clear that anything like such an agreement between Russia and Iran might have potential sanctionable action,” Sherman said. “My own sense is that it’s not moving forward at this time.”¶ David Cohen, the Treasury Department's undersecretary for terrorism and financial intelligence, said the Iranian economy has been improving since Rouhani's June election. He said there had been “essentially no change at all” in the inflation rate or the value of the Iranian rial since the interim nuclear deal was struck in November.¶ Other lawmakers pressed Sherman on how many nuclear centrifuges would have to be shut down under a final deal and whether it would require inspections of Iran's military installation at Parchin, a suspected site of nuclear weaponization.¶ Sherman wouldn't give a number regarding the number of centrifuges that would remain operational in a final deal, but told Senate Foreign Relations Committee Chairman Bob Menendez (D-N.J.) that it would have to be fewer than the current 20,000. And she rejected his claim that Iran has turned down the administration's request to open up Parchin for inspection over the next six months.¶ “They have not rejected it,” she said. “I hope it is addressed within the six months while we are addressing the comprehensive agreement.”

**Forcing controversial fights key to Obama’s agenda—the alt is gridlock**

**Dickerson ’13** John Dickerson, Slate, 1/18/13, Go for the Throat!, [www.slate.com/articles/news\_and\_politics/politics/2013/01/barack\_obama\_s\_second\_inaugural\_address\_the\_president\_should\_declare\_war.single.html](http://www.slate.com/articles/news_and_politics/politics/2013/01/barack_obama_s_second_inaugural_address_the_president_should_declare_war.single.html), CMR

On Monday, President Obama will preside over the grand reopening of his administration. It would be altogether fitting if he stepped to the microphone, looked down the mall, and let out a sigh: so many people expecting so much from a government that appears capable of so little. A second inaugural suggests new beginnings, but this one is being bookended by dead-end debates. **Gridlock** over the fiscal cliff **preceded** it and **gridlock** over the debt limit, sequester, and budget will follow. After the election, **the same people are in power in all the branches of government and they don't get along. There's no indication that** the president's **clashes with** House Republicans **will end soon**. Inaugural speeches are supposed to be huge and stirring. Presidents haul our heroes onstage, from George Washington to Martin Luther King Jr. George W. Bush brought the Liberty Bell. They use history to make greatness and achievements seem like something you can just take down from the shelf. Americans are not stuck in the rut of the day. But this might be too much for Obama’s second inaugural address: After the last four years, how do you call the nation and its elected representatives to common action while standing on the steps of a building where collective action goes to die? That bipartisan bag of tricks has been tried and it didn’t work. People don’t believe it. Congress' approval rating is 14 percent, the lowest in history. In a December Gallup poll, 77 percent of those asked said the way Washington works is doing “serious harm” to the country. **The challenge for** President **Obama’s** speech is the challenge of his **second term: how to be great when the environment stinks. Enhancing the president’s legacy requires** something **more than** simply the clever application of **predictable stratagems**. Washington’s **partisan rancor**, the size of the problems facing government, **and the limited amount of time before Obama is a lame duck all point to a single conclusion: The president** who came into office speaking in lofty terms about bipartisanship and cooperation **can only cement his legacy if he destroys the GOP**. If he wants to transform American politics, **he must go for the throat**. President Obama could, of course, resign himself to tending to the achievements of his first term. He'd make sure health care reform is implemented, nurse the economy back to health, and put the military on a new footing after two wars. But he's more ambitious than that. He ran for president as a one-term senator with no executive experience. In his first term, he pushed for the biggest overhaul of health care possible because, as he told his aides, he wanted to make history. He may already have made it. There's no question that he is already a president of consequence. But there's no sign he's content to ride out the second half of the game in the Barcalounger. He is approaching gun control, climate change, and immigration with wide and excited eyes. He's not going for caretaker. How should the president proceed then, if he wants to be bold? The Barack **Obama** of the first administration **might have approached the task by finding** some **Republicans to deal with and** then start agreeing to some of their demands in hope that he would **win some of their votes**. It's the traditional approach. Perhaps he could add a good deal more schmoozing with lawmakers, too. **That's the old way. He has abandoned that.** **He doesn't think it will work** and **he doesn't have the time.** As Obama explained in his last press conference, he thinks the **Republicans are dead set on opposing him**. **They cannot be unchained by schmoozing**. **Even if Obama were wrong about Republican intransigence, other constraints will limit the chance for cooperation**. **Republican lawmakers worried about primary challenges** in 2014 **are not going to be willing partners.** He probably has at most 18 months before people start dropping the lame-duck label in close proximity to his name. **Obama’s only remaining option is to pulverize**. Whether he succeeds in passing legislation or not, given his ambitions, his goal should be to delegitimize his opponents. **Through a series of clarifying fights over controversial issues, he can force Republicans to** either side with their coalition's most extreme elements or **cause a rift in the party that will leave it**, at least temporarily, **in disarray**.