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### ADV 1: Trade

#### Bali success not sufficient to trump all uncertainties but provides momentum – now key to advance Doha or collapses the system

Larry Elliott 4/8/14 [Guardian's economics editor, Time running out for international trade deal, says WTO boss, <http://www.theguardian.com/world/2014/apr/08/time-international-trade-deal-wto-boss>, ml]

The World Trade Organisation (WTO) has eight months to prove its has a future, its director-general warned on Tuesday as he insisted it was time to break out of the "cycle of failures" that have dogged 12 years of its attempts to open up global markets. Roberto Azevedo said it was vital that trade negotiators exploited the limited success achieved last December in Bali and devised a work programme to complete the Doha round of liberalisation talks, which began in November 2001. In an interview with the Guardian, Azevedo said he could understand why politicians in Europe, North America and Asia were considering cutting bilateral trade deals, but he insisted that it was still possible to make progress with a multilateral package involving all the organisation's 159 members. The European Union and the US are negotiating a transatlantic trade and investment partnership, the talks in part motivated by frustration at the impasse in the Doha process. "They are looking at bilateral deals, for sure. Frankly, I would do the same if I was them. They all want the multilateral negotiations to move forward. What they want is to avoid a repetition of the cycle of failures that we had before." After 12 years of fruitless negotiations, the WTO finally secured agreement in Bali for a package that involved streamlining customs procedures and providing assistance to the world's poorest nations. Azevedo told David Cameron, the British prime minister, in talks in London on Tuesday that he thought it possible to complete the bulk of the Doha round, which involves opening up trade in agriculture, manufacturing and services. "We have until December to elaborate a work programme. If we are specific enough with the numbers, the methodology and the targets, then we should be in a position to conclude negotiations very quickly," he said. Asked what would happen to the WTO if the Doha talks stalled again, Azevedo said: "It would definitely be challenging. If we cannot resume negotiations and cannot prove that Bali was the beginning of a positive cycle, and not just a fluke – which I don't believe it was – then we have to sit down and think seriously about the future of the system." The WTO said that the response to the crash of 2008-09 had been different to that during the depression of the 1930s, when countries put up tariff barriers to guard their domestic markets. But he said protectionism was "mutating", with countries using regulations rather than tariffs and subsidies to keep out foreign competition. Azevedo said the growing importance of the big emerging economies, such as China, Brazil and India, had changed the nature of trade negotiations. It was no longer possible for Europe and the United States to reach an agreement and then expect every other country to sign up to it.

#### The Plan spurs trade negotiations

**Pastor et al 12** (Jorge G. Castañeda, Former Secretary of Foreign Relations, United Mexican States, and Robert A. Pastor is the Professor and Director of the Center for North American Studies at American University, James F. Hoge Jr. is the Counselor, Council on Foreign Relations, <http://www.cfr.org/mexico/evolution-future-us-mexico-relations/p28162?cid=oth_partner_site-atlantic>)

But more importantly, I think the one lesson that should be drawn from NAFTA was when we were first confronted with this idea of NAFTA, we also had the Uruguayan Round of trade negotiation -- the world trade negotiations. The question is, which should come first? It turns out that **by going to NAFTA first**, **we create**d **an incentive** **for** the Europeans and the **Japanese to come to us and negotiate** the conclusion of that round, which wouldn't have happened the other way around. So the proper way to have done a good trade policy internationally is go to our two neighbors first, **deepen economic integration significantly** among our neighbors, and **then Asia would be creeping over to us and** the **world trade negotiations would be rushing to us**. So we've got it completely backwards.

#### That’s key to the US-Japan alliance and jumpstarts the Doha – prevent hostile regional trade blocks

Bergsten 04, of the Peterson Institute for International Economics, 5-12-4 (C. Fred, “The Resurgent Japanese Economy and a Japan–United States Free Trade Agreement,” http://www.iie.com/publications/papers/paper.cfm?ResearchID=208)

Both Japan and the United States have dramatically reversed their trade policies in recent years. Both have traditionally been strong advocates of the multilateral trading system, rejecting preferential pacts and criticizing those adopted by the European Community and others. Both, however, have now begun aggressive programs of regional and bilateral liberalization. The United States started with Canada in 1988 and NAFTA in 1994. It has recently completed agreements with 10 more countries (including five in Central America) and is now negotiating actively with about 10 more. It is also seeking a Free Trade Area of the Americas (FTAA) with 34 nations in the Western Hemisphere. Japan has completed only one bilateral agreement, with Singapore, but is actively pursuing several others (Korea, Mexico, Thailand, Malaysia, and the Philippines) as well as a regional initiative with ASEAN. It is also involved in officially sanctioned studies of a comprehensive East Asia Free Trade Area (the “10 + 3” initiative), or EAFTA, with ASEAN, China, and Korea. These American and Japanese initiatives will have important effects on trade flows, and trade **relations**, between them. NAFTA already discriminates significantly against Japan and was a major motivation for Japan to launch its FTA effort with Mexico. US pursuit of FTAs elsewhere in Asia, already with Thailand but potentially (as advocated by several key Senators and Congressmen) with Korea and even Taiwan, would have much greater impact on Japan and virtually force Japan to seek its own FTA with the United States. Likewise, any Japanese FTAs with major Asian countries would have sizable repercussions on the United States and induce it to seek equal treatment. A comprehensive EAFTA would immediately cost the United States about $25 billion annually in lost exports with much more to follow as investment was diverted to the region. Even a Japanese bilateral deal with Korea, a major trading partner of the United States, would probably be significant enough to induce the United States to seek equal treatment. Hence there is a strong case for Japan and the United States, as they pursue their numerous bilateral FTAs with other countries, to anticipate these developments and to avoid the increasingly serious frictions that will otherwise affect their relationship, by launching a bilateral FTA negotiation themselves. Such an initiative, which could be labeled a “barrier-free economic relationship” like the one that the Trans-Atlantic Business Dialogue is seeking for the Europe–United States economic relationship, would also have numerous positive effects. For Japan, the straightforward economic benefits of an FTA with the United States would be considerable; a recent study for the Institute for International Economics by Scott Bradford and Robert Lawrence (Has Globalization Gone Far Enough?) shows gains of about 3 percent of total Japanese GNP from any initiatives that could produce convergence between its high prices and the much lower levels that prevail in the United States and other industrial countries. In addition, the insurance policy represented by assured access to the US market would be a major plus for Japanese exports; America’s recent safeguard tariffs on steel, for example, hit Japan but exempted FTA partners Canada and Mexico. Another major plus for Japan would be the provision of an economic counterweight to China through reaffirmation of the security relationship with the United States. Indeed, the renewed US focus on relations with Japan that would be implied by a bilateral FTA would represent decisive rejection of the “bypass Japan” strategy that so many Japanese now fear from the United States because of the rise of China. These factors should be politically powerful enough in Japan to enable it to finally overcome domestic resistance to liberalization of agriculture, along with key services sectors, both of which would surely be required by the United States to conclude such an FTA. More generally, genuine opening to the United States would greatly enhance the pressures of competition on the Japanese economy, both generating the huge economic benefits noted above (adding a full 3 percent to the level of GDP) and reinforcing the current reforms that are beginning to revitalize its prospects. For the United States, there would be enormous gains in pursuing an FTA to address “behind the border” barriers to true market access in numerous sectors in Japan. For the American Congress, an FTA with a major trading partner—especially a large purchaser of agricultural products—would be far more attractive than the currently planned agreements with Bahrain, the Dominican Republic, or even Thailand. Such an agreement would provide an enormous boost to United States Trade Representative Robert Zoellick’s strategy of “competitive liberalization” and a major boost to reviving the Doha Round of multilateral liberalization in the World Trade Organization by raising the alternative specter of major trade discrimination emanating from the world’s two largest economies. On the geopolitical side, an FTA with Japan **would** of course **strengthen the most important US alliance in the region** and help sustain domestic political support for American engagement in Asia. For both countries, the opportunity to implement a new dispute settlement mechanism (à la NAFTA) would hold considerable promise. Such an agreement, along with several smaller transpacific FTAs (including Australia–United States, Japan-Mexico and Chile-Korea) could also provide a spur to the currently moribund APEC prospects for achieving “free and open trade and investment” in the region by the 2010 target set in the Bogor Declaration in 1994. It would reduce or even eliminate the risk that the current FTA strategies of the two countries will lead to the creation of two megaregional blocs, an FTAA and an EAFTA (perhaps partly in response to an FTAA), which would truly "draw a line down the middle of the Pacific" and create a three-bloc world economy (and perhaps world polity) with all the instabilities that would imply—and with the very major risks it would also imply for overall relations between the United States and Japan (and indeed all of East Asia).

#### US-Japan Alliance solves extinction

Armitage 2K - former Deputy Secretary of State, 10-11-2K (Richard, “The United States and Japan: Advancing Toward a Mature Partnership,” INSS Special Report, Institute for National Strategic Studies at National Defense University)

Asia, in the throes of historic change, should carry major weight in the calculus of American political, security, economic, and other interests. Accounting for 53 percent of the world’s population, 25 percent of the global economy, and nearly $600 billion annually in two-way trade with the United States, Asia is vital to American prosperity. Politically, from Japan and Australia, to the Philippines, South Korea, Taiwan, and Indonesia, countries across the region are demonstrating the universal appeal of democratic values. China is facing momentous social and economic changes, the consequences of which are not yet clear. Major war in Europe is inconceivable for at least a generation, but the prospects for conflict in Asia are far from remote. The region features some of the world’s largest and most modern armies, nuclear-armed major powers, and several nuclear-capable states. Hostilities that could directly involve the United States in a major conflict could occur at a moment’s notice on the Korean peninsula and in the Taiwan Strait. The Indian subcontinent is a major flashpoint. In each area, war has the potential of nuclear escalation. In addition, lingering turmoil in Indonesia, the world’s fourth-largest nation, threatens stability in Southeast Asia. The United States is tied to the region by a series of bilateral security alliances that remain the region’s de facto security architecture. In this promising but also potentially dangerous setting, the U.S.-Japan bilateral relationship is more important than ever. With the world’s second-largest economy and a well equipped and competent military, and as our democratic ally, Japan remains the keystone of the U.S. involvement in Asia. The U.S.-Japan alliance is central to America’s global security strategy. Japan, too, is experiencing an important transition. Driven in large part by the forces of globalization, Japan is in the midst of its greatest social and economic transformation since the end of World War II. Japanese society, economy, national identity, and international role are undergoing change that is potentially as fundamental as that Japan experienced during the Meiji Restoration. The effects of this transformation are yet to be fully understood. Just as Western countries dramatically underestimated the potential of the modern nation that emerged from the Meiji Restoration, many are ignoring a similar transition the effects of which, while not immediately apparent, could be no less profound. For the United States, the key to sustaining and enhancing the alliance in the 21st century lies in reshaping our bilateral relationship in a way that anticipates the consequences of changes now underway in Japan. Since the end of World War II, Japan has played a positive role in Asia. As a mature democracy with an educated and active electorate, Japan has demonstrated that changes in government can occur peacefully. Tokyo has helped to foster regional stability and build confidence through its proactive diplomacy and economic involvement throughout the region. Japan’s participation in the United Nations peacekeeping mission in Cambodia in the early 1990s, its various defense exchanges and security dialogues, and its participation in the Association of Southeast Asian Nations Regional Forum and the new “Plus Three” grouping are further testimony to Tokyo’s increasing activism. Most significantly, Japan’s alliance with the United States has served as the foundation for regional order. We have considered six key elements of the U.S.-Japan relationship and put forth a bipartisan action agenda aimed at creating an enduring alliance foundation for the 21st century. Post-Cold War Drift As partners in the broad Western alliance, the United States and Japan worked together to win the Cold War and helped to usher in a new era of democracy and economic opportunity in Asia. In the aftermath of our shared victory, however, the course of U.S.-Japan relations has wandered, losing its focus and coherence— notwithstanding the real threats and potential risks facing both partners. Once freed from the strategic constraints of containing the Soviet Union, both Washington and Tokyo ignored the real, practical, and pressing needs of the bilateral alliance. Well intentioned efforts to find substitutes for concrete collaboration and clear goal-setting have produced a diffuse dialogue but no clear definition of a common purpose. Efforts to experiment with new concepts of international security have proceeded fitfully, but without discernable results in redefining and reinvigorating bilateral security ties. This lack of focus and follow-through has been evident in both countries. Some in Japan have been drawn to the notion of “Asianization” and the hope that economic interdependence and multilateral institutions would put the region on a path similar to that of Europe. Many in the United States regarded the end of the Cold War as an opportunity to return to economic priorities. The early 1990s was a period of heightened bilateral tensions, primarily over the question of access to Japanese markets. Some Americans saw economic competition from Japan as a threat. In the past five years, however, trade tensions have diminished. Envy and concern over Japanese economic prowess have turned to dismay over the Japanese recession and building financial crisis. Neither country dealt with the need to redefine and reinvigorate the alliance. In fact, both took it for granted. The drift in the alliance was obvious until the mid-1990s when the crisis on the Korean peninsula—punctuated by the horror of the Okinawa rape incident— captured the attention of policymakers in Washington and Tokyo. These episodes prompted them to recognize belatedly the costs of neglecting the bilateral relationship. The subsequent Taiwan Strait confrontation in March 1996 gave even more impetus to efforts on both sides of the Pacific to reaffirm the bilateral security alliance. The 1996 U.S.-Japan Joint Security Declaration went a long way toward directing attention in both capitals toward the need to refurbish the alliance, and led to concrete changes that updated defense ties in the form of the revised Guidelines for U.S.-Japan Defense Cooperation, the 1996 report of the Special Action Committee on Okinawa, and the bilateral agreement to cooperate in theater missile defense research. But the symbolism of the 1996 declaration stood alone, unsupported by sustained high-level attention. As a result, the United States and Japan soon returned to bickering and poor policy coordination. The costs of the deterioration in the U.S.- Japan relationship have been insidious as well as obvious. By the end of the 1990s, many U.S. policymakers had lost interest in a Japan that appeared incapable of renewing itself. Indeed, Japan’s prolonged recession has discouraged or dispirited even some Japanese officials. In Tokyo, many see Washington as arrogant and unable to recognize that its prescriptions are not universally applicable to others’ economic, political, and social needs. A number of government officials and opinion-makers perceived the U.S. approach as a self-serving rationale for commercial and economic interests and grew resentful of a United States seemingly preoccupied with its own self-centered version of globalization. It has been obvious that U.S. attention and interests have turned elsewhere in Asia. More recently, the principal focus of American policymakers has been the bilateral relationship with China—a relationship characterized by a series of crises ever since the 1989 Tiananmen Square pro-democracy demonstrations. Neither Washington nor Tokyo followed through aggressively on the security agenda set forth in the 1996 declaration, in large measure because of concerns over Beijing’s hostile reaction to the reinvigoration of the security partnership. Beijing let it be known in no uncertain terms that it regarded the U.S.-Japan partnership as an important element of a broader effort by Washington to constrain its regional diplomacy. And as the United States and—to a lesser extent—Japan sought to improve relations with China, both demonstrated a clear desire to downplay the notion of a containment strategy. In fact, the only active security dialogue between the United States and Japan has been a byproduct of a desire to coax North Korea out of its self-imposed isolation. The United States, Japan, and the Republic of Korea all concur that close cooperation and unity of purpose offer the most effective strategy to deal with Pyongyang. This record of diffidence, uncertainty, and indirection has no single father, nor does it support an oversimplified laying of blame. Rather, it demands a recognition that the time has arrived for renewed attention to improving, reinvigorating, and refocusing the U.S.- Japan alliance. Both the United States and Japan face an uncertain security environment in Asia at a time of political transition and important change in both countries—for the United States, a new national leadership, and for Japan, a continuing process of economic, political, and social transformation. At the same time, political and economic uncertainties in China and Russia, the fragile nature of detente on the Korean peninsula, and the prospect of protracted instability in Indonesia— all pose shared challenges. For those who argue that Japan is a “wasting asset” in irreversible decline, it might be useful to recall that it has been only a decade since it was taken as an article of faith that American power was ebbing on the international scene. It would be foolhardy to underestimate the enduring dimensions of Japanese power, much as it was unwise for some Japanese to dismiss the latent and enduring qualities of American power in the 1980s and 1990s. Politics Over the past decade, the ruling Liberal Democratic Party (LDP), faced with internal divisions, a clash of traditional interest group agendas, and a growing split among key constituencies, has focused primarily on hanging on to its dwindling power. At the same time, the political opposition has failed to produce credible, well-conceived policy proposals. The net effect is an LDP struggling to maintain its grip on the reins of government, an opposition unable to provide a governing alternative, and a Japanese public, faced with a lack of credible alternative leadership, reluctantly returning the LDP to office. The result has been a govern government stuck in neutral, incapable of more than muddling through. Nevertheless, the necessity of economic reform and restructuring, driven by the pressures of a relentless globalization of the international economy, are likely to lead to political change. These economic forces are breaking apart the monopoly power of the so-called Iron Triangle—the heretofore collusive relationships among politicians, business, and the bureaucracies—and making power more diffuse. The Japanese political order is experiencing protracted change. Political changes in Japan could lead to unprecedented opportunities to reinvigorate the U.S.-Japan relationship—as well as test it further. The end of bipolar ideological confrontation in Japanese politics and the emergence of a new pragmatism about security affairs among a younger generation of elected officials provide fertile soil for creative new approaches to leadership. It would be unrealistic to expect the current leadership suddenly to embrace reform or to assume a higher profile on the global stage. The demands of Japan’s parliamentary system make it difficult to implement policies, that require short-term pain in exchange for longterm gain. The political system is risk-averse. But the successor generations of politicians and the public-at-large also recognize that economic power alone will no longer be enough to secure Japan’s future. Moreover, the Japanese public, by giving official standing to the national flag and anthem, and in focusing on such territorial claims as the Senkaku islands, has evidenced a new respect for the sovereignty and integrity of the nation state. The implications for the U.S.-Japan relationship stemming from these changes are profound. A similar process is at work in the United States. The growing role of Congress as a force in foreign policy, the rising influence of state and local governments, and the dramatic transformation of the private sector as the initiator of economic change—driven by technology and the empowerment of the individual— are altering the influence of once-central foreign policymaking institutions. But, just as Japan’s risk-averse political leadership has held back the nation’s economic transformation, the lack of clear direction from Washington also has taken a toll. Episodic executive branch leadership has failed to produce a well-conceived game plan for America’s relationship with Japan. This, in turn, has accelerated the erosion of political support and popular understanding of the importance of the alliance. In short, the political, economic, and social changes underway in the United States put an even greater premium on executive branch leadership in foreign affairs. If the United States can exercise leadership— that is to say, excellence without arrogance— in its relations with Japan, the two countries will be better able to realize the full potential for cooperation nurtured during the past 50 years. If the changes underway in Japan ultimately produce a stronger, more responsive political and economic system, the synergy in U.S.-Japan relations will enhance our abilities to play an engaged, mutually supportive, and fundamentally constructive role in regional and global arenas in the years to come Security Because the stakes are so high in Asia, it is urgent that the United States and Japan develop a common perception and approach regarding their relationship in the 21st century. The potential for conflict in Asia is lowered dramatically by a visible and “real” U.S.-Japan defense relationship. The use of bases granted by Japan allows the U.S. to affect the security environment from the Pacific to the Persian Gulf. The revised Guidelines for U.S.-Japan Defense Cooperation, the basis for joint defense planning, should be regarded as the floor—not the ceiling—for an expanded Japanese role in the transpacific alliance, and the uncertainties of the post-Cold War regional setting require a more dynamic approach to bilateral defense planning. Japan’s prohibition against collective self defense is a constraint on alliance cooperation. Lifting this prohibition would allow for closer and more efficient security cooperation. This is a decision that only the Japanese people can make. The United States has respected the domestic decisions that form the character of Japanese security policies and should continue to do so. But Washington must make clear that it welcomes a Japan that is willing to make a greater contribution and to become a more equal alliance partner. We see the special relationship between the United States and Great Britain as a model for the alliance. This arrangement requires the following elements: Reaffirming the defense commitment. The United States should reaffirm its commitment to the defense of Japan and those areas under the administrative control of Japan, including the Senkaku Islands. Diligent implementation of the revised Guidelines for U.S.-Japan Defense Cooperation, including passage of crisis management legislation. Robust cooperation of all three U.S. armed services with their Japanese counterparts. The U.S. and Japan should strive for greater jointness in the use of facilities and for integration of training activities and should review and update the roles and missions of the Armed Forces agreed upon in 1981. Both partners should invest in training that replicates reality, rather than follows old patterns. They also should define how to assist each other with emerging new challenges, such as international terrorism and transnational criminal activity, as well as longstanding potential threats, and how to collaborate in peacekeeping and peacemaking activities. Full participation in peacekeeping and humanitarian relief missions. Japan would need to remove its 1992 self-imposed restraints on these activities so as not to burden other peacekeeping nations. Development of a force structure that has the characteristics of versatility, mobility, flexibility, diversity, and survivability. Any adjustments should not be based on an artificial number, but should reflect the regional security environment. As this process unfolds, changes to force structure should be made through a process of consultation and dialogue, and be mutually agreeable. The United States should take advantage of technological changes and regional developments to restructure its force presence on the archipelago. We should strive to reduce the American military footprint in Japan as long as our capabilities can be maintained. This includes continued consolidation of U.S. bases and rapid implementation of the terms of the 1996 U.S.-Japan Special Action Committee on Okinawa (SACO) agreement. Making priority availability of U.S. defense technology to Japan. Defense technology must be seen as an essential component of the overall alliance. We should encourage the American defense industry to make strategic alliances with Japanese companies to facilitate a greater two-way flow of cutting-edge military and dual-use technologies. Broadening the scope of U.S.-Japan missile defense cooperation. There will be a healthy debate in both countries arising from the larger role that we advocate for Japan. And U.S. Government officials and lawmakers will have to recognize that Japanese policy will not be identical to American policy in every instance. It is time for burden sharing to evolve into power-sharing and this means that the next administration will have to devote the considerable time that will be necessary to bring this into being. Okinawa A large concentration of U.S. forces in Japan—approximately 75 percent— are stationed on Okinawa. They are situated there because in matters of security, distance matters. Okinawa is positioned at the intersection of the East China Sea and the Pacific Ocean—only about one hour’s flying time from Korea, Taiwan, and the South China Sea. The U.S. Air Force base at Kadena provides a critical link to American power projection throughout the region. It is also crucial to the defense of Japan. The III Marine Expeditionary Force on Okinawa provides a self-sustaining, joint forward echelon for rapid response to problems in the region, ranging from evacuation of noncombatant personnel to serving as cutting edge combat elements to enable large formations to defeat aggression. But the heavy concentration of U.S. forces on Okinawa also creates an obvious burden for Japan and a less obvious one for the United States, arising, for example, from restrictions, such as those on training. Because of their intense operational tempo and younger demographic profile, the Marines have drawn particular scrutiny from a Japanese public ready for some changes in the U.S. military presence in the southernmost prefecture of the country. For their part, the Marines have striven to be better neighbors, but readiness and training have suffered with the growing constraints imposed on them by encroachment around the bases. And while statistics on incidents of misconduct by American service personnel are sharply down, in the current political climate, attention to episodes of deeply unfortunate behavior that do occur is sharply magnified. In 1996, the U.S.–Japan Special Action Committee on Okinawa (SACO) agreement called for a realignment, consolidation, and reduction of U.S. bases on Okinawa. The United States and Japan must complete implementation of that accord, which will reduce U.S. assets by about 5,000 hectares and 11 facilities, including the Marine Corps Air Station at Futenma. We believe the SACO agreement should have had an important fourth goal— diversification throughout the Asia-Pacific region. From a military perspective, it is important for U.S. forces to have broad and flexible access across the region. But from a political perspective, it is essential to ease the burden borne by the Okinawans so that our presence is sustainable and credible. American thinking about force structure in Japan must not stop with the SACO accord. The United States should consider broader and more flexible deployment and training options for the Marines throughout the region.

#### Leaving Doha behind causes lost income gains, protectionism, destruction of WTO dispute settlement mechanism

Matthews 13

(Alan, DOHA NEGOTIATIONS ON AGRICULTURE ¶ AND FUTURE OF THE WTO MULTILATERAL ¶ TRADE SYSTEM, <http://ageconsearch.umn.edu/bitstream/160370/2/01-Matthews%20-%20EAAE%20135.pdf>)

There are, nevertheless, strong arguments that simply letting things drift could ¶ be a dangerous course of action for the multilateral trading system. First, there ¶ are the opportunities foregone. The review of quantitative studies earlier showed ¶ that concluding the Doha Round on something close to the current modalities ¶ would yield real income gains, even if the size of these gains in terms of what ¶ we can measure is relatively small. But also important are the insurance gains ¶ against a relapse to protection. Concluding Doha can help to reinforce policy ¶ stability by locking in current low applied tariff rates and reducing the ¶ probability that governments will resort to protectionism taking advantage of the ¶ wide gaps between bound and applied rates. ¶ ¶ Second, there is the danger that letting things drift may have negative systemic ¶ implications in the medium terms. If members cannot make the WTO’s ¶ legislative and rule-making function work, there is the fear that this could have ¶ negative knock-on effects on its effective dispute settlement mechanism (e.g. ¶ greater recourse to unilateral retaliation; non-compliance with rulings). Also, ¶ while regionalism and multilateralism have arguably been fairly compatible up ¶ to now, a general loss of confidence in the WTO could encourage regionalism to ¶ take a more protectionist direction. There is an apt analogy with cycling that, ¶ unless you are moving forward, you are likely to fall off. ¶ ¶ A third consequence of a Doha failure is likely delay and difficulty in dealing ¶ with new trade challenges, such as the possibility of resort to trade policies in ¶ the context of divergent responses to climate change, preferential government ¶ procurement in the context of economic stimulus programs, and new ¶ nationalistic export restrictions in the context of food and financial crises ¶ (Hoekman et al. 2010b).

#### Current Doha talks kill WTO and multilateralism cred – that’s key to increase trade and solve protectionism

Anil Kumar Kanungo 11/7/13 [Indian Institute of Foreign Trade, Reviving multilateralism through the WTO, Reviving multilateralism through the WTO <http://www.eastasiaforum.org/2013/11/07/reviving-multilateralism-through-the-wto/>,

In a world of such disparity and inequality, the appointment of a Brazilian as head of the WTO has generated hope among the two-thirds of the world population and three-fourths of the WTO membership who belong to the developing world. But working to appease the developing world and restoring faith in the WTO’s ability to settle long-running disputes in world trade negotiations will be a monumental task. The biggest challenge before Azevêdo now is to strengthen multilateral cooperation — because it is the only international mechanism that can be acceptable to all. It’s well recognised that multilateralism, especially in the economic- and trade-related spheres, has yielded rich dividends for a large number of countries. The gains accrued from the system have led these beneficiaries to adopt complementary policies and integrate further with the world economy. The WTO’s rule-based arrangements and institutional mechanisms have strengthened multilateralism and enabled countries to reduce tariffs to a reasonable level, allowing world trade to flourish. Multilateralism has thus helped to restore confidence among countries ever since the WTO’s inception in 1995. However, the current Doha round of multilateral trade negotiations has not delivered the expected benefits. Critical issues like negotiations in agriculture, non-agricultural market access and the services sector still remain unresolved. The inability to finalise these negotiations has raised doubts about the role of multilateralism in world trade today. The challenges before Azevêdo are therefore many and varied. Significant tariff reductions may have increased global trade, but the simultaneous rise in non-tariff barriers is equally decreasing such prospects. Non-tariff barriers such as rules of origin, sanitary and phytosanitary requirements, licensing, and technical qualifications are curtailing the export prospects of developing countries. US and EU campaigns to enforce a range of ecological standards and green technologies are further restricting developing countries’ integration with the world market. While the spectre of the global financial crisis may be receding, protectionist policies in industrialised countries and a lack of trade finance are still curtailing the export interests of developing states. The unfulfilled desires and expectations of the world’s least-developed countries seem to question how well the international trade regime is functioning. Many of these countries feel the institutional make-up of the WTO — that is, the procedural requirements — is too costly and beyond their technical expertise. The stalled Doha negotiations have also resulted in a proliferation of regional trade agreements and trade blocs that are slowly eroding the importance of multilateralism. A number of countries are becoming more insular. They are fostering domestic demand-driven growth models, after the global financial crisis revealed that high export-led growth could be problematic for developing countries. Such inward-looking models may slow down the progress of multilateralism. The present uncertainty over the Doha negotiations and global developments since 2008 have given rise to greater apprehension among developing countries as to how the global economy will behave in the foreseeable future. Economic slowdown, volatility and uncertainty in the world economy have impacted almost all nations, and the impact has been particularly severe in those economies with deeper and more extensive global relationships. Many feel that the largely unregulated and irresponsible behaviour of multilateral financial institutions, which led to the financial crisis, has been instrumental in damaging the current progress of multilateralism. Many countries are adhering to exchange rate management policies to help their exports. This mechanism is currently being used by a number of countries because the WTO has prevented member states from indulging in other trade-promoting measures like subsidies or export incentives. There is a growing apprehension that such exchange rate mechanisms may lead to procedural currency problems among some countries. Uncooperative behaviour in the currency market may also lead to confusion and mistrust among WTO member states. **Issues** like trade facilitation, environmental standards and government procurement are currently taking centre stage in trade negotiations, which is sidelining core issues like development — on which the foundations of the Doha talks were laid. Developmental concerns like food security and rural employment need to be settled first before negotiations on non-developmental issues can take off. Given that multilateral arrangements are by their very nature inclusive and non-discriminatory, the benefits of pursuing this form of interaction accrue to all, and particularly to less-developed nations. There is a real need to recognise the importance of maintaining a highly interdependent and interconnected world, and that multilateralism is the only means of creating such a world — because human progress is multilateral. The task before Azevêdo is to restore confidence and trust in multilateralism, by actively consulting with all WTO member states before the ninth ministerial summit in December 2013.

#### Great power war

Panzer 8 (Michael J., Faculty – New York Institute of Finance, Financial Armageddon: Protect Your Future from Economic Collapse, p. 137-138)

The rise in isolationism and protectionism will bring about ever more heated arguments and dangerous confrontations over shared sources of oil, gas, and other key commodities as well as factors of production that must, out of necessity, be acquired from less-than-friendly nations. Whether involving raw materials used in strategic industries or basic necessities such as food, water, and energy, efforts to secure adequate supplies will take increasing precedence in a world where demand seems constantly out of kilter with supply. Disputes over the misuse, overuse, and pollution of the environment and natural resources will become more commonplace. Around the world, such tensions will give rise to full-scale military encounters, often with minimal provocation. In some instances, economic conditions will serve as a convenient pretext for conflicts that stem from cultural and religious differences. Alternatively, nations may look to divert attention away from domestic problems by channeling frustration and populist sentiment toward other countries and cultures. Enabled by cheap technology and the waning threat of American retribution, terrorist groups will likely boost the frequency and scale of their horrifying attacks, bringing the threat of random violence to a whole new level. Turbulent conditions will encourage aggressive saber rattling and interdictions by rogue nations running amok. Age-old clashes will also take on a new, more heated sense of urgency. China will likely assume an increasingly belligerent posture toward Taiwan, while Iran may embark on overt colonization of its neighbors in the Mideast. Israel, for its part, may look to draw a dwindling list of allies from around the world into a growing number of conflicts. Some observers, like John Mearsheimer, a political scientists at the University of Chicago, have even speculated that an “intense confrontation” between the United States and China is “inevitable” at some point. More than a few disputes will turn out to be almost wholly ideological. Growing cultural and religious differences will be transformed from wars of words to battles soaked in blood. Long-simmering resentments could also degenerate quickly, spurring the basest of human instincts and triggering genocidal acts. Terrorists employing biological or nuclear weapons will vie with conventional forces using jets, cruise missiles, and bunker-busting bombs to cause widespread destruction. Many will interpret stepped-up conflicts between Muslims and Western societies as the beginnings of a new world war.

#### There’s no alternative to multilateral trade – it is a pre-requisite for global stability

**Panitchpakdi, 4** – Secretary-General of the UN Conference on Trade and Development (Supachai, “American Leadership and the World Trade Organization: What is the Alternative?” 2/26/2004, http://www.wto.org/english/news\_e/spsp\_e/spsp22\_e.htm)

The second point is that strengthening the world trading system is essential to America's wider global objectives. Fighting terrorism, reducing poverty, improving health, integrating China and other countries in the global economy — all of these issues are linked, in one way or another, to world trade. This is not to say that trade is the answer to all America's economic concerns; only that meaningful solutions are inconceivable without it. The world trading system is the linchpin of today's global order — underpinning its security as well as its prosperity. A successful WTO is an example of how multilateralism can work. Conversely, **if it weakens or fails, much else could fail with it**. This is something which the US — at the epicentre of a more interdependent world — cannot afford to ignore.

These priorities must continue to guide US policy — as they have done since the Second World War. America has been the main driving force behind eight rounds of multilateral trade negotiations, including the successful conclusion of the Uruguay Round and the creation of the WTO. The US — together with the EU — was instrumental in launching the latest Doha Round two years ago. Likewise, the recent initiative, spearheaded by Ambassador Zoellick, to re-energize the negotiations and move them towards a successful conclusion is yet another example of how essential the US is to the multilateral process — signalling that the US remains committed to further liberalization, that the Round is moving, and that other countries have a tangible reason to get on board. The reality is this: when the US leads the system can move forward; when it withdraws, the system drifts.

The fact that US leadership is essential, does not mean it is easy. As WTO rules have expanded, so too has as the complexity of the issues the WTO deals with — everything from agriculture and accounting, to tariffs and telecommunication. The WTO is also exerting huge gravitational pull on countries to join — and participate actively — in the system. The WTO now has 146 Members — up from just 23 in 1947 — and this could easily rise to 170 or more within a decade. Emerging powers like China, Brazil, and India rightly demand a greater say in an institution in which they have a growing stake. So too do a rising number of voices outside the system as well. More and more people recognize that the WTO matters. More non-state actors — businesses, unions, environmentalists, development NGOs — want the multilateral system to reflect their causes and concerns. A decade ago, few people had even heard of the GATT. Today the WTO is front page news. A more visible WTO has inevitably become a more politicized WTO. The sound and fury surrounding the WTO's recent Ministerial Meeting in Cancun — let alone Seattle — underline how challenging managing the WTO can be.

But these challenges can be exaggerated. They exist precisely because so many countries have embraced a common vision. Countries the world over have turned to open trade — and a rules-based system — as the key to their growth and development. They agreed to the Doha Round because they believed their interests lay in freer trade, stronger rules, a more effective WTO. Even in Cancun the great debate was whether the multilateral trading system was moving fast and far enough — not whether it should be rolled back. Indeed, it is critically important that we draw the right conclusions from Cancun — which are only now becoming clearer. The disappointment was that ministers were unable to reach agreement. The achievement was that they exposed the risks of failure, highlighted the need for North-South collaboration, and — after a period of introspection — acknowledged the inescapable logic of negotiation. Cancun showed that, if the challenges have increased, it is because the stakes are higher.

The bigger challenge to American leadership comes from inside — not outside — the United States. In America's current debate about trade, jobs and globalization we have heard a lot about the costs of liberalization. We need to hear more about the opportunities. We need to be reminded of the advantages of America's openness and its trade with the world — about the economic growth tied to exports; the inflation-fighting role of imports, the innovative stimulus of global competition. We need to explain that freer trade works precisely because it involves positive change — better products, better job opportunities, better ways of doing things, better standards of living. While it is true that change can be threatening for people and societies, it is equally true that the vulnerable are not helped by resisting change — by putting up barriers and shutting out competition. They are helped by training, education, new and better opportunities that — with the right support policies — can flow from a globalized economy. The fact is that for every job in the US threatened by imports there is a growing number of high-paid, high skill jobs created by exports. Exports supported 7 million workers a decade ago; that number is approaching around 12 million today. And these new jobs — in aerospace, finance, information technology — pay 10 per cent more than the average American wage.

We especially need to inject some clarity — and facts — into the current debate over the outsourcing of services jobs. Over the next decade, the US is projected to create an average of more than 2 million new services jobs a year — compared to roughly 200,000 services jobs that will be outsourced.

I am well aware that this issue is the source of much anxiety in America today. Many Americans worry about the potential job losses that might arise from foreign competition in services sectors. But it’s worth remembering that concerns about the impact of foreign competition are not new. Many of the reservations people are expressing today are echoes of what we heard in the 1970s and 1980s. But people at that time didn’t fully appreciate the power of American ingenuity. Remarkable advances in technology and productivity laid the foundation for unprecedented job creation in the 1990s and there is no reason to doubt that this country, which has shown time and again such remarkable potential for competing in the global economy, will not soon embark again on such a burst of job-creation.

America's openness to service-sector trade — combined with the high skills of its workforce — will lead to more growth, stronger industries, and a shift towards higher value-added, higher-paying employment. Conversely, closing the door to service trade is a strategy for killing jobs, not saving them. Americans have never run from a challenge and have never been defeatist in the face of strong competition. Part of this challenge is to create the conditions for global growth and job creation here and around the world.

I believe Americans realize what is at stake. The process of opening to global trade can be disruptive, but they recognize that the US economy cannot grow and prosper any other way. They recognize the importance of finding global solutions to shared global problems.

Besides, what is the alternative to the WTO? Some argue that the world's only superpower need not be tied down by the constraints of the multilateral system. They claim that US sovereignty is compromised by international rules, and that multilateral institutions limit rather than expand US influence. Americans should be deeply sceptical about these claims. Almost none of the trade issues facing the US today are any easier to solve unilaterally, bilaterally or regionally. The reality is probably just the opposite. What sense does it make — for example — to negotiate e-commerce rules bilaterally? Who would be interested in disciplining agricultural subsidies in a regional agreement but not globally? How can bilateral deals — even dozens of them — come close to matching the economic impact of agreeing to global free trade among 146 countries? Bilateral and regional deals can sometimes be a complement to the multilateral system, but they can never be a substitute.

There is a bigger danger. By treating some countries preferentially, bilateral and regional deals exclude others — fragmenting global trade and distorting the world economy. Instead of liberalizing trade — and widening growth — they carve it up. Worse, they have a domino effect: bilateral deals inevitably beget more bilateral deals, as countries left outside are forced to seek their own preferential arrangements, or risk further marginalization. This is precisely what we see happening today. There are already over two hundred bilateral and regional agreements in existence, and each month we hear of a new or expanded deal. There is a basic contradiction in the assumption that bilateral approaches serve to strengthen the multilateral, rules-based system. Even when intended to spur free trade, they can ultimately risk undermining it.

This is in no one's interest, least of all the United States. America led in the creation of the multilateral system after 1945 precisely to avoid a return to hostile blocs — blocs **that had done so much to fuel interwar instability and conflict.** America's vision, in the words of Cordell Hull, was that “enduring peace and the welfare of nations was indissolubly connected with the friendliness, fairness and freedom of world trade”. **Trade would bind nations together, making another war unthinkable.** Non-discriminatory rules would prevent a return to preferential deals and closed alliances. A network of multilateral initiatives and organizations — the Marshal Plan, the IMF, the World Bank, and the GATT, now the WTO — would provide the institutional bedrock for the international rule of law, not power. Underpinning all this was the idea that freedom — free trade, free democracies, the free exchange of ideas — was essential to peace and prosperity, a more just world.

It is a vision that has emerged pre-eminent a half century later. Trade has expanded twenty-fold since 1950. Millions in Asia, Latin America, and Africa are being lifted out of poverty, and millions more have new hope for the future. All the great powers — the US, Europe, Japan, India, China and soon Russia — are part of a **rules-based multilateral trading** system, greatly increasing the chances for world prosperity and peace. There is a growing realization that — in our interdependent world — sovereignty is constrained, not by multilateral rules, but by the absence of rules.

All of these were America’s objectives. The US needs to be both clearer about the magnitude of what it has achieved, and more realistic about what it is trying to — and can — accomplish. Multilateralism can be slow, messy, and tortuous. But it is also indispensable to managing an increasingly integrated global economy. Multilateralism is based on the belief that all countries — even powerful countries like the United States — are made stronger and more secure through international co-operation and rules, and by working to strengthen one another from within a system, not outside of it. Multilateralism's greatest ideal is the ideal of negotiation, compromise, consensus, not coercion. As Churchill said of democracy, it is the worst possible system except for all the others.

I do not believe America's long-term economic interests have changed. Nor do I believe that America's vision for a just international order has become blurred. If anything, the American vision has been sharpened since the terrorist attacks on New York and Washington; sharpened by the realization that there is now a new struggle globally between the forces of openness and modernity, and the forces of separatism and reaction. More than ever, America's interests lie in an open world economy resting on the foundation of a strong, rules-based multilateral system. More and more, America's growth and security are tied to the growth and security of the world economy as a whole. American leadership today is more — not less — important to our increasingly interconnected planet. A recent successful, and much needed, example is the multilateral agreement on intellectual property rights and access to medicines for poor countries, in which the US played a pivotal role.

It would be a tragic mistake if the Doha Round, which offers the world a once-in-a-generation opportunity to eliminate trade distortions, to strengthen trade rules, and open markets across the world, were allowed to founder. We need courage and the collective political will to ensure a balanced and equitable outcome.

What is the alternative? It is a fragmented world, with greater conflict and uncertainty. A world of the past, not the future — one that America turned away from after 1945, and that we should reject just as decisively today. America must lead. The multilateral trading system is too important to fail. The world depends on it. So does America.

#### Free trade solves war – studies

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Our more globalized world has also yielded a “peace dividend.” It may not be obvious when our daily news cycles are dominated by horrific images from the Gaza Strip, Afghanistan and Libya, but our more globalized world has somehow become a more peaceful world. The number of civil and international wars has dropped sharply in the past 15 years, along with battle deaths. The reasons behind the retreat of war are complex, but again the spread of trade and globalization have played a key role. Trade has been seen as a friend of peace for centuries. In the 19th century, British statesman Richard Cobden pursued free trade as a way not only to bring more affordable bread to English workers but also to promote peace with Britain’s neighbors. He negotiated the Cobden-Chevalier free trade agreement with France in 1860 that helped to cement an enduring alliance between two countries that had been bitter enemies for centuries. In the 20th century, President Franklin Roosevelt’s secretary of state, Cordell Hull, championed lower trade barriers as a way to promote peaceful commerce and reduce international tensions. Hull had witnessed first-hand the economic nationalism and retribution after World War I. Hull believed that “unhampered trade dovetail[s] with peace; high tariffs, trade barriers and unfair economic competition, with war.” Hull was awarded the 1945 Nobel Prize for Peace, in part because of his work to promote global trade. Free trade and globalization have promoted peace in three main ways. First, trade and globalization have reinforced the trend towards democracy, and democracies tend not to pick fights with each other. A second and even more potent way that trade has promoted peace is by raising the cost of war. As national economies become more intertwined, those nations have more to lose should war break out. War in a globalized world not only means the loss of human lives and tax dollars, but also ruptured trade and investment ties that impose lasting damage on the economy. Trade and economic integration has helped to keep the peace in Europe for more than 60 years. More recently, deepening economic ties between Mainland China and Taiwan are drawing those two governments closer together and helping to keep the peace. Leaders on both sides of the Taiwan Straight seem to understand that reckless nationalism would jeopardize the dramatic economic progress that region has enjoyed. A third reason why free trade promotes peace is because it has reduced the spoils of war. Trade allows nations to acquire wealth through production and exchange rather than conquest of territory and resources. As economies develop, wealth is increasingly measured in terms of intellectual property, financial assets, and human capital. Such assets cannot be easily seized by armies. In contrast, hard assets such as minerals and farmland are becoming relatively less important in high-tech, service economies. If people need resources outside their national borders, say oil or timber or farm products, they can acquire them peacefully by freely trading what they can produce best at home. The world today is harvesting the peaceful fruit of expanding trade. The first half of the 20th century was marred by two devastating wars among the great powers of Europe. In the ashes of World War II, the United States helped found the General Agreement on Tariffs and Trade in 1947, the precursor to the WTO that helped to spur trade between the United States and its major trading partners. As a condition to Marshall Plan aid, the U.S. government also insisted that the continental European powers, France, Germany, and Italy, eliminate trade barriers between themselves in what was to become the European Common Market. One purpose of the common market was to spur economic development, of course, but just as importantly, it was meant to tie the Europeans together economically. With six decades of hindsight, the plan must be considered a spectacular success. The notion of another major war between France, Germany and another Western European powers is unimaginable. Compared to past eras, our time is one of relative world peace. According to the Stockholm International Peace Research Institute, the number of armed conflicts around the world has dropped sharply in the past two decades. Virtually all the conflicts today are civil and guerilla wars. The spectacle of two governments sending armies off to fight in the battlefield has become rare. In the decade from 1998 through 2007, only three actual wars were fought between states: Eritrea-Ethopia in 1998-2000, India-Pakistan in 1998-2003, and the United States-Iraq in 2003. From 2004 through 2007, no two nations were at war with one another. Civil wars have ended or at least ebbed in Aceh (in Indonesia), Angola, Burundi, Congo, Liberia, Nepal, Timor-Leste and Sierra Leone. Coming to the same conclusion is the Human Security Centre at the University of British Colombia in Canada. In a 2005 report, it documented a sharp decline in the number of armed conflicts, genocides and refugee numbers in the past 20 years. The average number of deaths per conflict has fallen from 38,000 in 1950 to 600 in 2002. Most armed conflicts in the world now take place in Sub-Saharan Africa, and the only form of political violence that has worsened in recent years is international terrorism. Many causes lie behind the good news – the end of the Cold War, the spread of democracy, and peacekeeping efforts by major powers among them – but expanding trade and globalization appear to be playing a major role in promoting world peace. In a chapter from the 2005 Economic Freedom of the World Report, Dr. Erik Gartzke of Columbia University compared the propensity of countries to engage in wars to their level of economic freedom. He came to the conclusion that economic freedom, including the freedom to trade, significantly decreases the probability that a country will experience a military dispute with another country. Through econometric analysis, he found that, “Making economies freer translates into making countries more peaceful. At the extremes, the **least free states are about 14 times as conflict prone as the most free. A 2006 study** for the institute for the Study of Labor in Bonn, Germany, **found** the same pacific effect of trade and globalization. Authors Solomon Polachek and Carlos Seiglie found that “trading nations cooperate more and fight less.” In fact, a doubling of trade reduces the probability that a country will be involved in a conflict by 20 percent. Trade was the most important channel for peace, they found, but investment flows also had a positive effect. A democratic form of government also proved to be a force for peace, but primarily because democracies trade more. All this helps explain why the world’s two most conflict-prone regions – the Arab Middle East and Sub-Saharan Africa – are also the world’s two least globally and economically integrated regions. Terrorism does not spring from poverty, but from ideological fervor and political and economic frustration. If we want to blunt the appeal of radical ideology to the next generation of Muslim children coming of age, we can help create more economic opportunity in those societies by encouraging more trade and investment ties with the West. The U.S. initiative to enact free trade agreements with certain Muslim countries, such as Morocco, Jordan, Bahrain and Oman, represent small steps in the right direction. An even more effective policy would be to unilaterally open Western markets to products made and grown in Muslim countries. A young man or woman with a real job at an export-oriented factory making overcoats in Jordan or shorts in Egypt is less vulnerable to the appeal of an Al-Qaida recruiter. Of course, free trade and globalization do not guarantee peace or inoculation against terrorism, anymore than they guarantee democracy and civil liberty. Hot-blooded nationalism and ideological fervor can overwhelm cold economic calculations. Any relationship involving human beings will be messy and non-linear. There will always be exceptions and outliers in such complex relationships involving economies and governments. But deeper trade and investment ties among nations have made it more likely that democracy and civil liberties will take root, and less likely those gains will be destroyed by civil conflict and war.

#### Free trade is key to international cooperation – changes mindsets and solves war

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In an indirect way, the cultural impact of economic globalization stimulates political globalization. Economic globalization has long introduced aspects of foreign cultures - especially American culture - either directly by the sale of merchandise such as movies and musical recordings, or indirectly through exposure to foreigners. n77 More than in the past, the opening of new markets through economic globalization has brought a flood of people and companies into foreign lands. Personal contact, always **so important in understanding other humyn beings**, has made foreigners less inscrutable. More business personnel are assigned to overseas offices, more consumers travel abroad as tourists, and more students study in foreign countries. n78 Local residents are more likely than ever before to work for, do business with, or personally know foreigners. In some cases, this transnational encounter may lead to a personal [\*454] affinity with or an **in-depth understanding** of foreign cultures. n79 [\*455] Further, economic globalization has generated an interest in learning foreign languages, primarily English. Perhaps irreversibly, English has become the international language of business and science, with a broader usage than any other language. n80 At the same time, the ability to speak a foreign language other than English gives one a competitive advantage in doing business in nonEnglish-speaking countries. n81 Doing business with foreigners, in their country or in one's own, requires that one communicate with them, cooperate with them, and be exposed to their political and business values. n82 The political values of democracy and human rights, as well as aspects of foreign cultures, are often inseparable (though secondary) components of economic globalization. Thus, countries that seek to benefit from economic globalization must frequently tolerate political globalization and exposure to foreign cultures. As people know more about foreign cultures, some familiarity with foreign political values is bound to arise. II. Technology's Vital Role in Converging Values The advanced communication technology that links much of the world together continues to be crucial to the convergence of economic and political values. This technology is utilized primarily by business entities to facilitate economic globalization. n83 Modern technology has also tended to promote democracy and human rights by making it easier and cheaper for [\*456] people to communicate without censorship across national boundaries. Communication technology not only exposes a national population to foreign ideas, but also concurrently exposes domestic conditions to a global audience. This has occurred because economic globalization involves communication technologies with multiple uses. The same technology that transmits a business proposal may also communicate politically embarrassing or other non-business information. These multiple uses of advanced technology cannot easily be separated from each other, making it difficult to restrict the technology to purely business purposes. A country that wishes to participate in international business cannot isolate itself from all uses of communication technologies unrelated to business dealings. n84 The internet n85 is a recent communication medium with tremendous potential for linking people across national boundaries, furthering mutual interests of the international community, and a myriad of other uses. n86 The internet will become, or may already be, an important or even critical technological medium for business, as well as for scientific research and consumer enjoyment. n87 The internet is the essential part of the "informa- [\*457] tion superhighway," a source of information that promises to change fundamentally human lives. n88 E-mail and computer file transmission on the internet can potentially provide a more powerful (e.g., faster, cheaper, more convenient) business tool than such conventional devices as the postal service, telephones, and faxes. Internet users can transmit and download data, articles, images, movies, speeches, sound recordings, and other information. n89 By providing a forum for the transfer of such information, the internet will help protect the freedoms of expression and choice for followers of any ideological persuasion. n90 Unfortunately, however, it may shield criminal, obscene, [\*458] racist, and terrorist activities as well. n91 A government might attempt to control the content of information transfers. It could screen large numbers of telephone calls, faxes, or computer data; it could restrict access to or intercept messages on the internet. Total censorship, however, would bring a halt to international business. n92 Firms might object if government surveillance is too pervasive. For example, companies might not want government officials to be privy to proprietary information. n93 A certain amount of freedom of communication is therefore assured if a country wishes to be part of a global economy: international firms will leave a nation if censorship prohibitively increases the cost of doing business. This will remain true even if governments attempt to censor communications using the most advanced and cost-effective surveillance technology available. n94 [\*459] Communication technologies not essential to international business transactions also serve to bolster humanitarian political values. International news reporting utilizes communication technologies to broadcast major domestic events of all types on a worldwide screen. There are numerous journalists, broadcasters, and commentators whose professional livelihood depends upon bringing newsworthy stories to a foreign, if not international, audience. While most publicized stories may not involve political events, many do. The competitive members of the news media are unlikely to let stories of outrageous acts completely escape the attention of the international public. Furthermore, these news articles may be read by anyone in the world who has access to the internet. n95 At the same time, news stories alone would not generate international repercussions against repressive governments if purely theoretical political values were involved. There must be influential constituencies that place high priority on the existence of democracy and human rights, that seek to spread those values, and that are galvanized into action upon news of deplorable political conditions. Neither value would flourish unless there were constituencies, either domestic or abroad, that strongly supported it. The presence of democratic governments and strong protections for human rights in the industrialized countries means that these values are expressed to some degree in their business transactions with other countries. n96 Sizable populations in the industrialized countries also attempt to support democracy and human rights abroad through private means. n97 Moreover, as the living standards of developing countries improve, the citizenry of these countries seem to expect more democratization (first) and [\*460] human rights (later). n98 III. The Importance of Globalization Because globalization promotes common values across nations and can make foreign problems, conditions, issues, and debates as vivid and captivating as national, state, and local ones, it contributes to a sense of **world community**. n99 It develops a **feeling of empathy** for the conditions of people abroad, enlarging the group of human beings that an individual will identify with. Globalization thus helps to bring alive persons in foreign lands, making them **fellow humyn beings** who simply live in different parts of the world rather than abstract statistics of deaths, poverty, and suffering. The convergence of basic political and economic values is thus **fundamentally important** because it helps to establish a **common bond a**mong people in different countries, facilitating **understanding and encouraging cooperation**. All other things being equal, the commonality among countries - whether in the form of basic values, culture, or language - enhances their attractiveness to each other. n100 In addition, convergence increases [\*461] the possibility that a transformation of attitude will take place for those who participate in transnational activities. People will begin to regard foreigners in distant lands with the same concern that they have for their fellow citizens. n101 They will endeavor to help these foreigners obtain basic political rights even though the status of political rights in other countries will have no tangible beneficial impact at home. n102 Convergence does not mean that there is a single model of a market economy, a single type of democracy, or a single platform of human rights. They exist in different forms, and nations may have different combinations of these forms. n103 [\*462] A. The Perspective of One Human Race The convergence of fundamental values through globalization has profound consequences because it increases the chance that a new perspective will develop, one which views membership in the human race as the most significant societal relationship, except for nationality. n104 A person owes his or her strongest collective loyalties to the various societies with which he or she most intensely identifies. Today, this societal identification can be based on numerous factors, including nationality, race, religion, and ethnic group. n105 While it is unlikely that nationality will be surpassed as the most significant societal relationship, globalization and the convergence of values may eventually convince people in different countries that the second most important social group is the human race, and not a person's racial, religious, or ethnic group. n106 One of the first steps in the formation of a society is the recognition by prospective members that they have common interests and bonds. An essential commonality is that they share some fundamental values. A second is that they identify themselves as members belonging to the same community on the basis of a number of common ties, including shared fundamental values. A third commonality is the universality of rights - the active application of the "golden rule" - by which members expect that all must be entitled to the same rights as well as charged with the same responsibilities to ensure that these rights are protected. Globalization promotes these three types of commonalities. Globalization establishes common ground by facilitating the almost universal acceptance of market economies, the widespread emergence of democratic governments, and the extensive approval of human rights. The most visible example is economic. With the end of the Cold War, the free market economy has clearly triumphed over the command economy in the battle of the [\*463] economic paradigms. Because some variant of a market economy has taken root in virtually all countries, there has been a convergence of sorts in economic systems. n107 Further, because it often requires exposure to and pervasive interaction with foreigners - many of whom share the same fundamental values - globalization can enlarge the group that one normally identifies with. Globalization makes many of its participants empathize with the conditions and problems of people who in earlier years would have been ignored as unknown residents of remote locations. This empathy often leads to sympathy and support when these people suffer unfairly. Finally, the combination of shared values and identification produce the third commonality, universality of rights. n108 Citizens of one country will often expect, and work actively to achieve, the same basic values in other countries. They will treat nationals of other nations as they would wish to be treated. The effects of shared values, identification, and universality of rights in globalization could have a pivotal long-term effect - the possibility that a majority of human beings will begin to believe that they are truly part of a single global society - the human race. This is not to say that people disbelieve the idea that the human race encompasses all human beings. Of course, they realize that there is only one human species. Rather, the human race does not usually rank high on the hierarchy of societies for most people. Smaller societies, especially those based on nationality, race, religion, or ethnicity, command more loyalty. n109 The idea of the human race, the broadest and all-inclusive category of the human species, is abstract and has little, if any, impact on the lives of human beings. To believe in the singular importance of the human race requires an attitudinal shift in which a person views the human race seriously. [\*464] This may occur because the convergence of values does not only mean that the people of different countries will share the same basic values. It may also lead to the greater promotion of these values for the people of other countries. Historically and certainly today, America and the other industrial democracies have attempted to foster democracy and human rights in other countries. n110 While some part of this effort has been attributable to "self interest," it has also been due to the empathy that the industrialized democracies have had for other countries. n111 The magnitude of these efforts in the future, as in the past, will depend not solely upon the available financial and human resources of the industrialized democracies. It will also depend upon their national will - a factor undoubtedly influenced by the intensity with which the people of the industrialized democracies identify with people in foreign lands. The perspective that the humyn race matters more than its component divisions would accelerate cooperative efforts among nations to attack global problems that adversely affect human rights and the quality of human life. n112 Obviously, there is no shortage of such problems. Great suffering still occurs in so many parts of the world, not just from internal armed conflicts, n113 but also from conditions of poverty. n114 There are severe health problems in much of the world which can be mitigated with relatively little cost. n115 There are the lives lost to the AIDS epidemic, and [\*465] the deaths and disabilities caused by land mines. n116 Russia, a nuclear superpower that could end life on this planet, has severe social, economic, and political problems. n117 Making the human race important would not just promote liberal democratic values but would also reduce human suffering and perhaps eliminate completely the risk of nuclear war. B. General Convergence of Values Assuming that the formation of a single human society is a possible outcome, two broad questions should be answered: what kind of human society is being created, and is this society desirable. The answer to the latter question will depend on an evaluator's subjective judgment of the society that is being formed. Undoubtedly, the great majority of human beings would abhor a world society that was being created by the conquests of a totalitarian government. Presumably, most Americans (and many citizens of other countries) would reject even a benevolent, democratic global society in which a world government dominated by other countries dictated laws that governed the lives of all human beings. If either outcome were present, many would call for a halt to globalization. Thus the direction that globalization follows is critical for assessing its appeal. What globalization has brought is a general convergence of fundamental economic and political systems among many nations. These systems are not identical. There are still innumerable differences among countries with market economies, democratic governments, and respectful of human rights. n118 The practices of one country may be intolerable to another coun- [\*466] try. n119 Furthermore, it is unlikely and probably undesirable that economic and political systems will ever exactly converge. Nor is it foreseeable that the nations of the world will coalesce into one. Even among the industrialized democracies, there are enough dissimilarities in market economies, democratic governments, and attitudes towards human rights that make some believe that the differences between these nations outweigh the similarities. For example, Japan is frequently characterized as having a producer-oriented market economy, as compared with the consumer-oriented market economy of the United States. n120 In general, the members of the European Union more extensively regulate their economies than the United States, engaging at times in social engineering that seems contrary to market principles as interpreted by Americans. n121 In the area of criminal justice, the United States is virtually alone in permitting the death penalty and imprisons a much higher percentage [\*467] of its population than other industrialized democracies. n122 Nonetheless, the basic economic and political systems of different countries clearly share more similarities than ever before. When asked to characterize their existing economic and political systems, more people in more countries than ever before will respond that they have a "market" economy, that their government is "democratic," and that they protect "human rights." Importantly, the convergence of values seems to be accompanying the convergence of systems. Certainly, most people in the industrialized democracies would view their existing economic and political systems as expressing the foundational values of their societies - the values that define their society. n123 The convergence of values along liberal demo- [\*468] cratic lines means that nations are better situated to negotiate wealth-maximizing trade agreements and to resolve political disputes peacefully. But in countries in transition from authoritarian to liberal democracy, many people may not yet fully accept their newly established economic and political systems as reflecting fundamental values of what is correct, proper, or right. Whether these transitional countries continue to establish or possess liberal democracies will depend upon how well the systems of liberal democracy work, an outcome that the industrialized democracies should strive vigorously to achieve. Workable systems can evolve into entrenched values. Obviously, the implantation of the values of liberal democracy in Russia is of paramount concern. n124 Nurturing a democratic Russia is in the vital national interest of the United States (and the rest of the world) for very practical reasons - only Russia and the United States possess sufficient nuclear weapons to end human civilization. n125 Whether by unilateral or multilateral extensions of financial assistance or political inclusion, the industrialized democracies should do their utmost to make Russia a strong liberal democracy. Economic aid should be generous, and Russia should be incorporated into the activities of the industrialized democracies as much as possible. n126 Not all basic values are converging and nor, perhaps, should they. Religious values are not converging in the sense that the same general religion, such as Christianity, is taking root in a preponderance of countries. n127 Nevertheless, the convergence of economic and political values means that there is a greater basis for cooperation. For that reason, the [\*469] "West" n128 - that is, the United States and the other industrialized democracies - should support the process of value convergence. Sharing the same values creates similar expectations and a common ground for understanding. The more prevalent reliance upon market forces to direct production and consumption means that nations are more likely to trade with and invest in each other. The relative sameness of political values, for example, the prevelant use of negotiation rather than military force in settling disputes, means that nations can have greater trust in and less to fear from each other.The similarity of basic values also means that the different peoples of humanity are one step closer to viewing themselves primarily as part of one human society - the human race - though represented by different governments.

### Plan

#### The United States federal government should substantially increase its North American Free Trade Agreement infrastructure investment towards Mexico.

### ADV 2: Heg

#### Plan key to manufacturing and US-Mexico trade

**Eaton 97** (David Eaton, National Law Center for Inter-American Free Trade, “TRANSFORMATION OF THE MAQUILADORA INDUSTRY: THE DRIVING FORCE BEHIND THE CREATION OF A NAFTA REGIONAL ECONOMY”, Arizona Journal of International and Comparative Law, Lexis)

The vast majority of goods moved between the United States and Mexico are transported via highway. [n307](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n307) Long lines and frustrating delays are the [\*800] norm at most highway border crossings. A broad coalition has been formed to promote the creation of a "**NAFTA superhighway**" designed to facilitate the movement of cargo in North America. [n308](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n308) The denominated "NAFTA Superhighway" is supported by business groups, trucking companies, and state and local governments in the United States, Mexico, and Canada. Backers of the plan envision "streamlined governmental procedures and technological innovations along U.S. Interstate 35 and highway improvements in Mexico" as a way to facilitate and expedite cross-border shipments. [n309](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n309) Supporters of the NAFTA superhighway estimate that the average shipping time between Chicago and Mexico City could be reduced by as much as forty percent through the use of advanced customs procedures, highway improvements, and modern vehicle tracking devices. [n310](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n310) Expeditious transportation between the United States and Mexico would be of **enormous importance** to maquilas in the interior of the United States as they seek to transport their goods to large U.S. population centers. **Maquilas** traditionally have been located in the border region because Mexico **lacked** the **necessary transportation infrastructure to locate** these **plants in the interior**. [n311](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n311) The NAFTA superhighway would facilitate the establishment of maquilas in the interior of the country in two fundamental ways. First, the importation of inputs to maquilas in the interior would be greatly expedited. Second, the exportation of maquila products would not be unnecessarily delayed because of poorly constructed and maintained highway infrastructure. [n312](http://w3.nexis.com/new/frame.do?reloadEntirePage=true&rand=1364415768910&returnToKey=20_T17029604211&parent=docview&target=results_DocumentContent&tokenKey=rsh-20.772149.4227174218#n312)

#### The Plan is key – be skeptical of neg ev – we’re the newest study – the newest one before ours was conducted in 1998

**Harrison et al 07** (Robert Harrison is the Deputy Director at the Center for Transportation Research (CTR), The University of Texas at Austin. He has worked in the area of transportation planning for over 35 years on research studies funded by various organizations, including: the Texas Department of Transportation (TxDOT), the University Transportation Centers Program (UTCP), the U.S. Department of Transportation, the Federal Highway Administration, Department of Homeland Security, and the World Bank. He has also undertaken a number of trade and transportation studies in a variety of Latin American and African countries, Cambridge Systematics, Inc. with Alliance Transportation Group, Delcan Inc., C&M, LopezGarcia Group, and Bomba Associates

The following conclusions and recommendations are presented based on the findings of this NAFTA study: 1. A projected quadrupling of NAFTA highway demand will significantly impact Texas highway planning and investments; the TTC-35 will be the single most important Texas transportation improvement to support NAFTA trade. 2. Highway NAFTA trade growth through the Lower Rio Grande Valley, and the growing NAFTA traffic from Laredo to Houston and on to the northeast support development of the IH-69/TTC corridor. 3. The large increase in NAFTA demand suggests that improved trucking productivity through allowance of heavier units (e.g., longer combination vehicles or LCVs) on the TTC corridors could produce both public and private industry benefits. 4. Key private and public rail investments in bottleneck removal, in intermodal facilities, and in mainline capacity will be needed to allow freight rail to accommodate its share of NAFTA trade growth and to prevent further pressure on Texas highways. 5. Growing NAFTA trade, including growth of inland ports and large warehousing distribution centers in the major Texas metropolitan areas for both trucking and intermodal transfers will need to be recognized in TxDOT and MPO planning and decision-making. 6. Binational border and corridor planning will continue to demand TxDOT’s attention to key rail capacity and key highway bridge additions as well as to supporting improvements to connections on both sides of the border. 7. Proactive engagement with Mexico’s Federal transportation agency (SCT) and Mexican border states will help to assure seamless NAFTA connections and trade movements. 8. Border trade facilitation and security will also require continuing coordination between TxDOT, the Texas DPS, and the U.S. Departments of Transportation and Homeland Security. The recent announcement that the U.S. government will now permit Mexican trucks beyond the commercial zone on a pilot basis will immediately require increased coordination between Texas authorities and Federal agencies. 9. Given that Texas bears the brunt of U.S. NAFTA trade now and into the future, TxDOT should proactively advocate its interests toward the next surface transportation reauthorization. Texas’ interests include the core Federal-aid programs as well as the targeted programs for borders, corridors, and projects of national significance in the current Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). These targeted programs are designed to address NAFTA and other trade and competitiveness issues. Texas, as the most important North American Free Trade Agreement (NAFTA) state gateway and as the largest single U.S. trading partner with Mexico, has a special interest in the current and future levels of NAFTA trade. This report details the current and projected future NAFTA flows and describes the current effect and future implications for the Texas highway and rail systems. The intent of this report is to provide the Texas Department of Transportation (TxDOT) and other policy makers at the State and Federal level with insight into the current conditions and projected future impacts of NAFTA trade on the Texas highway and rail transportation systems. Ultimately, this document provides valuable information to enable planners and legislators to develop solutions to existing and emerging challenges. „ 1.1 NAFTA Trade Background Since the implementation of the North American Free Trade Agreement in 1994, trade between the United States, Mexico, and Canada has grown significantly as the three economies integrate.3 The implementation of NAFTA created a free-trade area in North America, and reduced barriers in the cross-border movement of goods and services between Mexico, the United States, and Canada. NAFTA immediately eliminated duties on many goods shipped between the member countries, gradually phasing out duties on all trade among the countries by 2008. The Mexican maquila production—which imports components duty free, adds value typically through assembly, and then exports—has continued to expand following NAFTA initiation. With 23 international bridges along a 1,254-mile border with Mexico, Texas is the predominant port of entry and exit for U.S.-Mexico surface trade.4 The U.S. government, the State of Texas, local governments, and private entities own and operate the bridges on the U.S. side, which are located in Brownsville, Del Rio, Eagle Pass, El Paso, Fabens, Hidalgo, Laredo, Presidio, Progreso, Rio Grande City, and Roma. In 2005, the number of trucks entering Texas from Mexico along these 23 crossings, and traveling on the Texas highway network, topped 3.2 million.5 While railroads carry less transborder trade than the Texas highway network, Brownsville, Eagle Pass, El Paso, Laredo, and Presidio also have railroads that link Texas directly to Mexico and in 2005 the number of trains entering the U.S. through Texas from Mexico totaled 7,946.6 These general trends of NAFTA trade provide only a starting point for analyzing the effects of the agreement on the State’s multimodal transportation network. This report describes NAFTA trade and its effects in detail and serves as an update to TxDOT’s 1998 study “Effect of the North American Free Trade Agreement on the Texas Highway System.” NAFTA truck vehicle miles of travel (VMT) is projected to more than quadruple by 2030—with highways carrying an even larger share of total NAFTA trade than at present. This poses a significant challenge to the Texas highway transportation system, particularly the corridors serving high volumes of NAFTA trade. At the same time, the Texas rail system faces capacity shortfalls and will be challenged to serve the projected growth of NAFTA trade served by rail. NAFTA Trade Data – Defining “NAFTA” For this report, the term “NAFTA” generally means trade moving between the United States and Mexico that utilizes either the Texas highway or rail system for at least a portion of its journey. This definition is used to describe the flows of NAFTA freight and should not be confused with the North American Free Trade Agreement itself, including its broader relationship to trade between all three NAFTA partners (U.S., Mexico, and Canada). While most trade described as “NAFTA” freight in this report falls under the traditional definition of goods moving between the United States and Mexico, a portion of the freight volume is actually part of a longer international move that is transiting the U.S. en route to or from Mexico. For example, there are certainly trip origins for commodity classes like intermodal containers from California that use the Texas highway system to reach a Mexican destination—but that have a true origin not in California but in China. These types of trips are not distinguished from a move, for example, between Michigan and Guadalajara that is more likely to have its true origin in the United States or Mexico. Globalization has made the tracing of true cargo origins and destinations more difficult—especially when the freight move is part of a global supply chain that results in a product manufactured from international components from multiple country origins. Ultimately, this report focuses on freight movement between the U.S. and Mexico via Texas, regardless of whether the cargo strictly fits within the traditional definition of NAFTA. „ 1.2 TxDOT’s NAFTA Role NAFTA and its related trade policies have obvious economic, political, and social impacts on the three participating countries. As congestion on the Texas highways, particularly in the metropolitan areas, continues to increase, the impacts of NAFTA trade on the Texas multimodal transportation network remain a high priority for TxDOT and the State of Texas. The impacts of NAFTA trade important to TxDOT’s mission – To provide safe, effective, and efficient movement of people and goods – include both the direct and indirect effects of the agreement on the Texas transportation system. For example, the increase in truck traffic on Texas highways as a result of NAFTA is of great concern for TxDOT as they plan for, build, operate, and maintain statewide transportation infrastructure. Safety of these movements is also a high priority. The related economic effects of NAFTA-related transportation are also important as are the effects of the events of September 11, 2001 (9/11) on the Texas transportation network. Following the terrorist attacks of 9/11, international trade movements, specifically trade security, have taken even higher priority. It is also important that TxDOT continue to integrate its programs and cooperate with statewide and Federal agencies that operate and manage border infrastructure, including border cities, counties, and, on the Federal side, the U.S. Department of Transportation Federal Highway Administration (FHWA) and the Department of Homeland Security (DHS) Customs and Border Protection (CBP). By integrating this NAFTA trade study with TxDOT’s other plans, programs, and policies, TxDOT works to ensure high system performance for all transportation movements while supporting international trade and the statewide and national economies. As trade patterns, movements, and policies continue to evolve, TxDOT will continue to adjust its programs and polices to facilitate safe and efficient movement of people and goods including NAFTA trade movements. „ 1.3 Report Structure The goals of the study are to provide TxDOT with: • A detailed assessment of the existing conditions for both road and rail as it relates to NAFTA; • A projection of the future impacts of both highway and rail; and • An analysis of the impacts on trade resulting from the events of 9/11. This report represents a summary of the findings and work performed to accomplish these goals. These findings are presented in the following chapters, which were delivered to TxDOT as Technical Memoranda and compiled as the NAFTA trade study final report: • Chapter 2 – NAFTA Trade on Texas Highways: This chapter summarizes the current condition and use of the Texas highway network as it relates to NAFTA shipments to and from Texas border crossings. This chapter also includes a summary of freight origins and destinations as well as summaries and findings from extensive freight shipper/industry interviews, which were conducted for this study. • Chapter 3 – NAFTA Trade on Texas Railways: Chapter 3 details the current condition and use of the Texas rail network as it relates to NAFTA shipments to and from border crossings and Texas ports. This chapter includes a summary of data analyzed to determine usage as well as rail industry and shipper interviews, which were conducted as part of this study. Texas NAFTA Study Update – Final Report Chapter 4 – 9/11 Effects: This chapter explores the effects of the events of 9/11 on the Texas transportation system, and includes a summary of technologies and programs implemented since 9/11 to increase freight security and facilitate the efficient flow of people and goods. • Chapter 5 – Future Growth: Chapter 5 summarizes the results of the forecasts prepared for the NAFTA trade study through and 2030 and includes an analysis of potential trade patterns and implications of developing international trade policies. • Chapter 6 – Policy Findings, Conclusions, and Recommendations: As trade patterns, movements, and policies continue to evolve, TxDOT will need to adjust its programs and polices to facilitate safe and efficient NAFTA trade movements. This chapter explores the potential policy implications and possible changes TxDOT should consider relative to future NAFTA trade movement By all measures, the Texas highway system is the single most important infrastructure link between the economies of the United States and Mexico. In 2003, the Texas highway system carried more than $196 billion in trade between the United States and Mexico—roughly equivalent to 83 percent of the value of all U.S.- Mexico trade and 10 percent of all U.S. international trade for that year.7 Texas is the single largest state trading partner with Mexico, and its highway system supports NAFTA-related economic growth within the State—but Texas’ highway system also supports the economies of other U.S. states that use the system to access gateways with Mexico. NAFTA truck traffic that is merely passing ‘through’ Texas en route between other states and Mexico accounts for more than 52 percent of all trucks and 62 percent of all NAFTA value moved over Texas highways. These are important considerations for state and national policy makers when determining financial allocations to highway maintenance and expansion and one of the principal reasons the State of Texas commissioned this report. This chapter provides details on the current conditions of the Texas NAFTA highway system— consisting of gateways (bridge crossings), corridors, intermediate activity centers (transfer locations), origins, and destinations used to move goods between the United States and Mexico. The trucking industry that operates over the NAFTA highway system is also an important component of the NAFTA highway trade system, since it affects highway pavements and operations. Other key stakeholders—including industrial shippers and brokers or other agents that facilitate most international moves—make many of the decisions that affect the highway system within Texas. Each of these elements—the physical system, the users, and those who arrange trip routes—has an impact on the intensity of NAFTA truck traffic in Texas. In order to assist Texas highway officials determine how best to plan for the future of NAFTA truck demand on their State’s highway system, this chapter focuses on the following topics: • Texas NAFTA highway system overview; • Methodology for estimating NAFTA truck volumes in Texas; • A summary of NAFTA truck flows on the current Texas highway network and the impact of the NAFTA truck traffic on the system; • Corridor profiles of the most important NAFTA trade routes; • NAFTA Mexico highway system overview; • NAFTA truck trade, including the top commodities and trading partners using Texas highways; and • Industry perspectives on the current condition and usage of the Texas system for NAFTA trade, including bottlenecks and routing. „ 2.1 Texas NAFTA Highway System Overview The Texas highway network serves as the primary medium of transportation for both personal and freight travel within the State. Texas has the largest state highway system in the country with 79,649 (2006) centerline miles of highway owned and operated by the State, as well as the largest total highway system of any state.8 Key transportation corridors within the Lone Star State support local, domestic, and international trade movements and are the means by which two of the world’s largest economies—the U.S. and Mexico—are linked physically, culturally, and economically. Figure 2.1 illustrates the extent of the Texas highway system and highlights important national and regional corridors, international gateways, and Texas’ large urban centers. Figure 2.1 – Texas Highway System with International Border Crossings Texas International Gateways Of the 40 active highway border crossings between the U.S. and Mexico, 26 (65 percent) are located on the Texas-Mexico international border and are owned and operated by either the U.S. government, the State of Texas, local governments, or private entities. The Texas crossings include 23 vehicular bridges, two dam crossings, and one hand-drawn ferry.9 Of these crossings, 13 bridges and one dam crossing allow commercial vehicle traffic. Figure 2.2 shows the location of these 14 NAFTA freight crossings in Texas. Table 2.2 corresponds to the reference codes on the map and contains additional information on the characteristics of the crossings—including the number of truck-only lanes, the 2005 northbound truck crossings, and the percentage of total truck traffic relative to the total truck crossings.10 The top four bridge crossings account for nearly 75 percent of all northbound NAFTA truck crossings. As shown in Table 2.2, the World Trade Bridge in Laredo had the most truck crossings (1.14 million trucks) and carried over 36 percent of all northbound truck crossings. The Pharr-Reynosa International Bridge (Pharr), Bridge of the Americas (El Paso), and YsletaZaragoza Bridge (El Paso) represent 15.3 percent, 12.4 percent, and 11.0 percent of total northbound truck crossings, respectively. Figure 2.3 graphically depicts the magnitude of crossings at each gateway community and shows that Laredo and El Paso accommodated the most truck traffic in 200 Role of Gateway Communities in NAFTA Trade NAFTA gateways in Texas serve as intermediate activity centers in typically much longer distance moves between Mexican and U.S. origins and destinations. Texas gateway communities—including their Mexican counterparts—typically function in one of two ways in NAFTA supply chains—either as a support center for transportation of locally produced manufactured goods or as an intermediate service center for goods transported long distances. El Paso and McAllen are the best examples of the first type of gateway community—supporting local manufacturing in the fast-growing maquila production cities of Ciudad Juarez, Chihuahua and Reynosa, Tamaulipas, respectively. Laredo and Eagle Pass typify the long-distance service center typology. In either case, Texas border communities specialize in the facilitation of international trade, including activities associated with clearing U.S. or Mexican customs. In each of the major gateway communities, large industrial parks and distribution centers have been established near international crossings in locations with good access to major NAFTA corridors. Upon arrival in the border community southbound truck shipments, for example, are typically dropped in industrial parks from which they are subsequently transferred across the U.S.-Mexico border by a local drayage carrier to a similar transfer or warehousing or manufacturing facility on the Mexican side. The same is true of northbound moves—which are typically dropped by a Mexican long-haul carrier at a brokerage warehouse in Mexico and then drayed to a similar facility on the U.S. side where a U.S. long-haul carrier retrieves the load and travels northward. Laredo is the best example of this type of move. Manufacturing-based gateway communities such as Ciudad Juarez or Reynosa generate fewer long-haul moves because the manufacturing or distribution activities are occurring near the border and are serving growing urban populations (the Lower Rio Grande Valley and El Paso regions are home to more than 1 million and 750,000 residents, respectively). NAFTA freight flows on the Texas highway system were estimated by assigning a database of international and domestic truck trips to the TxDOT’s Statewide Analysis Model (SAM) and the Texas-North American Freight Flow Model (Tx-NAFF). The Tx-NAFF model is used in concert with the SAM to extend the SAM’s analysis capabilities into Mexico. The SAM is the primary analysis platform used by State and local planners to forecast passenger and freight flows on the State’s highway network and is one of the most powerful statewide models of its kind in the United States. Through this study, the freight element of the SAM was updated for the first time since its initial development in 1998. The Tx-NAFF model is used in concert with the SAM to extends the SAM’s analysis capabilities into Mexico. Tx-NAFF was first developed in 2002 and through this study several of its network and geographic characteristics were updated. The TRANSEARCH database, a product of Global Insight, was the primary input for the SAM U.S.- Mexico and U.S. domestic truck flows. The process of estimating the NAFTA flows using the SAM and Tx-NAFF required three major steps, each of which is summarized in this section: • Development of a trip table of NAFTA flows; • Preparation of the highway network, and • Assignment of the trip table flows to the highway network. Trip Table Development The trip table prepared for the SAM and Tx-NAFF was derived from a TRANSEARCH database developed by Global Insight (GI). This database contains statewide commodity flow information for 2003 drawn from existing proprietary, commercial, and publicly available data sources and is supplemented by economic forecasting techniques. The TRANSEARCH database was organized and analyzed using Freight Toolscs a proprietary software tool developed by Cambridge Systematics, Inc. to quickly and uniformly process and manage large freight data sets. Freight Toolscs was used to describe commodity flows moving into, out of, within, and through the State of Texas, including flows to and from Mexico. The TRANSEARCH domestic and international flows include: • Domestic U.S. Flows – freight flows originating and terminating in the United States that utilize Texas highways for at least part of their route and include: o Texas Internal Flows – intrastate trade between Texas counties (provided at the county level); o Texas – U.S. Flows – trade between Texas and other U.S. states (provided at the county level in Texas and the state level for other U.S. states); o U.S. through Flows – trade between U.S. states that passes through Texas; U.S. – Mexico (NAFTA) Flows – freight flows originating or terminating in Mexico; o Texas – Mexico Flows – trade between Texas and Mexico (provided at the county level for Texas and the state level for Mexico); o U.S.-Mexico Through Flows – trade between U.S. states and Mexican states passing through Texas. While this study focuses on the estimation of U.S. – Mexico (referred to as “NAFTA”) flows, the process of setting up the trip table and calibrating the SAM model required the inclusion of domestic freight flows on the network. It should also be noted that NAFTA flows include freight moving over any part of the Texas highways to access Mexico—which largely consists of trips that use Texas international border crossings but also includes trips through gateways in other southern border states (California, Arizona, and New Mexico) that pass through Texas—usually on a major east-west corridor like IH-10 or IH-20—en route to other U.S. states. While TRANSEARCH is generally accepted as the best available commodity flow database, there are some limitations which affect how the database should be used and interpreted. As explained in the following section, considerable data reconciliation was necessary to get an acceptable base year highway assignment. Data Comparison and Reconciliation During the preparation of the trip table for the SAM and Tx-NAFF, the TRANSEARCH database was rigorously compared to publicly available state, national, and international freight flow data to ensure the reasonableness of the data going into the model. This iterative and lengthily process compared and reconciled the TRANSEARCH data with the Bureau of Transportation Statistics’ Border Crossing and Transborder data, the existing truck trip tables of the SAM model (last updated in 1998); and the Federal Highway Administration’s newly released Freight Analysis Framework2 dataset. Upon initial receipt of the TRANSEARCH data, wide variations were discovered between it and the aforementioned national data sets, especially for domestic truck movements to and from Texas. Specific commodity discrepancies were identified and rectified. Subsequent rounds of correction by Global Insight yielded a suitable database for integration into the SAM. Part of this iterative reconciliation activity required the “test fitting” of corrected TRANSEARCH datasets to the SAM network several times. This section will summarize the process of assigning the trip table to the SAM and Tx-NAFF networks. Ultimately, a suitable TRANSEARCH data set was established and organized into a trip table for integration into the SAM and Tx-NAFF. The TRANSEARCH data were summarized as commodity flows according to eleven SAM commodity classes shown in Table 2.3: Other adjustments to the trip table included the computation of several Texas-specific factors, such as truck tonnage and value payloads (tons and value-per-truck) by commodity class. These values were calculated for semi-trailer combination units in order to more closely approximate the NAFTA trucking industry in which long-haul trucks predominate. Empty mileage is factored into the trip table as a percentage of each commodity class. Model Preparation Concurrent with trip table development, the SAM and Tx-NAFF were updated to the 2003 base year. The demographics of the SAM were updated with data obtained from the Texas State Demographer. Since the SAM network is used on a continuous basis for many TxDOT products, its network structure was updated through 2003. Both the SAM and Tx-NAFF were revised to function with the most recent transportation modeling software—TransCAD version 4.8. The geography of the Tx-NAFF model was modified to match the geography of the TRANSEARCH database: Texas Counties, U.S. States, and Mexican states. The Mexican highway network was updated in the Tx-NAFF using the North American Transportation Atlas Database’s Mexico Highways data. Additional attributes of the key Mexican highways connecting to the Texas system were updated using information obtained from Mexico’s Secretaría de Transportes y Comunicaciones (SCT) including physical and operational characteristics (speed, lanes, tolls, and truck counts). Assignment of Flows With the trip table and model updates complete, the commodity flow data was loaded into the SAM and Tx-NAFF and the models were “run” to assign truck flows to the highway network. The Tx-NAFF was run first to generate Mexican flows and then to assign the flows to the appropriate Texas gateways. The SAM model was run subsequently, with some further adjustment made at the international crossings using a Border Accessibility Index that was developed specifically to improve the accuracy of this project’s assignment. The assignment process, complicated in part by the reconciliation activities to the trip tables, also required several iterations and adjustments to properly allocate flows. During the validation process, the data used to confirm the reasonableness of the flows included TxDOT Vehicle Classification and Traffic Counts; SCT (Mexico) Vehicle Counts on key corridors; Bureau of Transportation Statistics Border Crossings data and Transborder value data (converted to truck units); other bridge crossing data; previous studies; information from industry interviews with trucking companies; and data on NAFTA and non-NAFTA truck volumes derived from the origin-destination intercept surveys and associated truck counts collected for this study. Collectively, these data sources led to additional adjustments to the trip table and routing and required subsequent model runs to reach a satisfactory assignment on the statewide network. Most of the data sources used to assess the reasonableness of the highway assignment were collected as part of other efforts, including state and national traffic and freight programs. Two additional data sources—the industry interviews and origin-destination intercept surveys and associated truck counts—were developed specifically for this study and were helpful in assessing the validity of the assignment on key NAFTA corridors. Origin-Destination Surveys and Industry Interviews Vehicle intercept surveys were conducted at 12 sites near the border (see the Figure 2.4) and used as a supplemental source of data for the NAFTA study—including the assignment validation process. Surveys were conducted during October and November 2005 for approximately 10 hours per site (daylight hours) between the hours of 7:30 am and 6:30 p.m. All survey sites were located at Border Patrol Checkpoints with the exception of Sites 5.2, which was located at a Texas Department of Public Safety weigh station facility on IH-35 south of Devine. The twelve sites are displayed on the map in Figure 2.4. The commercial vehicle intercept surveys were complimented by traffic counts taken at the same location and used for expanding the data. The surveys ascertained characteristics of truck trips and cargoes, including origin, destination, cargo type, intermediate transfer points, and truck physical attributes. The team also classified each trip as NAFTA or non-NAFTA based on several criteria to estimate percentage NAFTA truck volumes by corridor. Results were used for calibration in the assignment process. Information collected from industry interviews with shippers, carriers, brokers, and public officials engaged in NAFTA trade in the border regions of Texas was used to further validate truck data on the network. Assignment Limitations Overall, the resulting assignment reflects the goal of accurately estimating order of magnitude flows on primary NAFTA corridors. Because the assignment routing focuses on major corridors, NAFTA flows on some rural corridors—especially those oriented north-south—may be underestimated. While the model correctly estimated flows on most primary NAFTA routes some manual assignment changes were made, including corrections to IH-40 and IH-37. Summary results of the assignment are presented in the subsequent section. Based on the assignment of the final TRANSEARCH data for 2003 to the current highway system, the following are major findings concerning current NAFTA truck impacts on the Texas Highway System: • Most NAFTA trucks use Texas ports of entries. The majority of NAFTA truck freight between the U.S. and Mexico is carried on Texas highways. Recent Bureau of Transportation Statistics (BTS) data show that 68 percent of northbound NAFTA trucks crossed at Texas bridges in 2005. Data for U.S. southbound crossings are not available from BTS, but the proportion of exports by truck through Texas ports is presumably higher based on a U.S.-Mexico Binational Transportation Planning and Programming Study, which estimated that 79 percent of all U.S.-Mexico trucks crossed the border at Texas ports of entry in 1995. • An even higher percentage of NAFTA trucks use Texas highways when all U.S.- Mexico ports of entry are considered. An estimated 83 percent of all NAFTA truck freight through all ports of entry—representing more than 3 million truck units per year—uses Texas highways during some part of their journey to reach Mexico. • A significant portion of NAFTA trucks pass through Texas to other destinations. TRANSEARCH data acquired for this study show that 52 percent of NAFTA truck tonnage, and 62 percent of NAFTA truck value passes through Texas en route to destinations and origins in other U.S. states and Mexico. • NAFTA trucks are a significant portion of truck traffic in Texas. Based on SAM modeled volumes as shown in Figure 2.5, NAFTA truck traffic comprised 9 percent of all truck traffic on Texas highways in 2003, with a total of nearly 4 million truck vehicle miles of travel daily. Approximately 96 percent of NAFTA truck traffic was on Interstate, U.S., and other State Highways. The remaining four percent was on farm to market and local roads. • NAFTA trucks are concentrated on a small number of highways. Seven highway corridors—which comprise less than two percent of all Texas roadway mileage—carry almost 83 percent of the NAFTA truck traffic on the Texas highway system. IH-35, the major north-south corridor, carries 37 percent of all Texas NAFTA traffic; IH-10, the major east-west corridor, carries 22 percent of all NAFTA trucks; U.S. 59 and U.S. 281 each carry about 6 percent, while IH-20 accommodates about 5 percent, and IH-30 and U.S. 77 account for an additional 4 percent each of total Texas NAFTA traffic. • Highways with the highest NAFTA truck percentage are concentrated near the border. Highways carrying a high percentage of NAFTA trucks (See Figure 2.6) generally fall within two categories: 1) rural highways beginning at or near the border that are used chiefly by the trucks as lateral routes (typically north-south, sometimes eastwest) to reach major corridors; and 2) major long-distance highways—such as IH-35, U.S. 59, and U.S. 281 from the border region until they intersect with another major national freight corridor or a large urban area where the relative share of NAFTA trucks diminishes against the background of many types of commercial vehicles serving the local population. • The NAFTA trade axis runs in a Southwest – Northeast orientation. Most NAFTA trade moves between the center of U.S. and Mexican centers of manufacturing and population—the Midwestern and Northeast U.S. and Central Mexico. Flow volumes on Texas highways reflect this orientation NAFTA truck results are calculated for long-distance type combination unit trucks and exclude VMT for small trucks (local delivery, construction, and municipal/utility type trucks). All percentages, including the NAFTA percentage map (Figure 2.6) are calculated for NAFTA trucks/total trucks (excluding small trucks). The last study examining the “Effects of the North American Free Trade Agreement on the Texas Highway System” was completed in 1998. As directed by the Texas Department of Transportation, the study evaluated the impact of NAFTA truck traffic on the Texas highway system. The goal of the “TxDOT NAFTA Study” is to update the findings from 1998. Since 1998, several other studies have also been conducted related to NAFTA and Texas highways. These studies include:

#### Now is key to sustaining the Mexico manufacturing industry

Minter 4/11- Steve, Writer for IndustryWeek, News Cite specializing in the advancement of the business of manufacturing, Citing Willy Shih, Harvard Business School Professor (“Manufacturing Innovation Bill Advances in Senate” http://www.industryweek.com/competitiveness/professor-shih-gives-manufacturing-renaissance-c?page=1\\CLans)

Willy Shih is still worried. Five years ago, the Harvard Business School professor and his colleague Gary Pisano wrote that “restoring the ability of enterprises to develop and manufacture high-technology products in America --is the only way the country can hope to pay down its enormous deficits and maintain, let alone raise, its citizens’ standard of living.” But when IndustryWeek asked Shih to assign a grade to our nation’s efforts to reverse the impact of decades of manufacturing offshoring and lost production capability, he answered, “C-.” Shih certainly isn’t all doom and gloom. He says there is much greater recognition of the problem now in Washington and among manufacturers than in 2009 when he and Pisano wrote “Restoring American Competitiveness” for the Harvard Business Review. “That’s very important progress,” he notes. “Until you recognize a problem, you don’t have much chance of addressing it.” He points to the promise by Walmart to source more merchandise from U.S. manufacturers as a positive sign. Walmart has pledged to spend $250 billion on U.S. products over the next 10 years. But Shih remains concerned that much of the recent improvement in manufacturing has not come from policy changes designed to make the U.S. a more attractive location for manufacturing but from changes in the economic environment that have made competitors less attractive. For example, wage inflation in China and wage stagnation in the U.S. has taken away some of the benefit of labor arbitrage. Another factor, he says, is the rising cost of transportation for manufacturers which has driven a transition from air to ocean freight and increased the amount of inventory in supply chain pipelines stretching from Asia to the U.S. That is causing some companies to bring manufacturing back to the U.S. or Mexico to serve the domestic market. Those trends have contributed to auto manufacturers such as Honda, BMW and Daimler increasing their footprint in the U.S. Manufacturing also has benefitted from the energy boom in the U.S. caused by fracking, turning the nation from an energy debtor to a leading oil and natural gas producer, and making the cost of energy much lower than for U.S. competitors in Japan and Europe. “We recall [in 2007] when GE sold off their plastics and engineered materials group to SABIC because we didn’t have the oil here and that is such a big component of the cost,” said Shih. Now, major chemical projects are underway or planned in the U.S. because it has become a low-cost source for feedstocks. While all this is consequential, says Shih, it has been a case of overseas locations becoming less attractive. He cautions, “Those negatives can turn relatively quickly.” Shih said some industries such as consumer electronics are likely gone from the U.S. He said the country needs to focus on industries that could be at risk. “We are still very strong in aerospace but we are coming up on a wave of retirements of a generation of aerospace workers,” he said. “Do we have the talent in the pipeline to maintain our strength there?” Shih is also concerned about the biotechnology manufacturing sector. There is a mentality among venture capital firms, he said, not to make these products but to have companies “get through phase 1 and phase 2 trials, monetize it, sell the company and let somebody offshore do it. That is not good for the long term.” Years of offshoring and outsourcing badly damaged the “industrial commons” in the U.S., Shih and Pisano warned in their HBR article and then in their 2012 book, “Producing Prosperity: Why America Needs a Manufacturing Renaissance.” The commons are the networks of suppliers of a vast range of products from production tooling to specialized components, the skilled workers, the engineers and academic researchers who all contribute to a vital manufacturing sector. “The idea of a commons transcends a cluster. The commons is the core capabilities in the supplier base like metalworking - castings, forgings, the ability to produce microstructure alloys,” Shih explains. “Some of them seem very ordinary but they are used by multiple industries.” When companies begin to outsource production, Shih and Pisano observed, it creates a snowball effect that eventually can cripple a manufacturing sector. “When a major player in an industry outsources an activity, cuts funding for long-term research and gains a short-term cost advantage, competitive pressure often forces rivals to follow suit,” they wrote in their HBR article. “As potential employment opportunities shrink, experienced people change jobs, moving out of the region, and students shy away from entering the field. Eventually, the commons loses a critical mass of work, skills and scientific knowledge and can no longer support providers of upstream and downstream activities…” Shih and Pisano argued that this outsourcing did more than reduce the U.S.’s ability to competitively manufacture advanced products such as laptop computers or advanced rechargeable batteries. They said it also damaged the nation’s capacity for developing new products and technologies because it failed to recognize the critical role of production in innovation. In many industries, Shih explained, important improvements in products come after the first prototype is developed. The interaction between designers and production personnel can help improve the manufacturability of the product as well as improve quality and lower cost. “It’s not just that the parts get cheaper,” said Shih. “It’s that I learn to do it better or I simplify the parts or get rid of parts that aren’t necessary. All of that requires a close interaction between the people who are building it and the people who designed the product.” Shih said as a manufacturer for 28 years, he appreciated the value of close ties between engineering and development, and the production floor. He spent the 1980s at IBM, where he recalls his manufacturing director being proud that the engineers were situated across the street from the manufacturing site in one case and just off the production floor at another. The value of this close linkage has been understood for decades, Shih said, with the Toyota Production System serving as an important lesson in its value. The counterargument has been that issues of distance could be overcome through telecommunications and flying people to China and other manufacturing sites. Shih said a generational gap has developed where manufacturing becomes a matter of purchasing components rather than making them. “There is very much a belief among many managers that if I design it, someone else can make it,” said Shih. “That fails to value how much of the overall product innovation actually happens in production.” Shih and Pisano have called for both government and industry to increase support of basic and applied research. Shih noted that government support of the human genome project, for example, had “catapulted the U.S. to world leadership in biotech.” He said the Obama administration’s efforts to develop a network of manufacturing innovation centers are on the right track. “I like what they are doing in terms of recognizing where the future is going such as with additive manufacturing,” Shih said, adding that the administration was taking a “thoughtful approach” to identifying important emerging technologies and supporting early stage research. He noted that companies shy away from such investments because the risk they won’t capture a return on their investment is too high. He said he agreed with many economists that the government should invest in these “long-term, R&D public goods” and then let the market commercialize technologies and determine winners and losers. But Shih said Washington has failed to tackle major issues such as taxes and regulations which are inhibiting the growth of manufacturing in the U.S.

#### The plan is key to aerospace 2 internal links:

#### 1. Mexican manufacturing key to US aerospace

Mecham 7/16 (Michael is apace writer for Gannett News, California Bureau Chief and correspondent for Congress, Aviation Week, 7/16/13, “Mexico’s Welcome Mat Attracts Aerospace Manufacturers”, <http://www.aviationweek.com/Article.aspx?id=/article-xml/AW_04_01_2013_p44-562383.xml>\)

The aerospace influx has not happened overnight. Its roots date to the mid-1970s when U.S. companies, a mix of multinationals and lower-tier suppliers, began sending basic parts manufacturing and assembly tasks across the border, mostly to border towns like Tijuana and Mexicali but also deeper into the country to cities like Monterrey. Service operations followed, as did company research activities. However, it has been in the past decade that Mexico's aerospace manufacturing growth has mushroomed. Political reform led it to pursue a global free trade agenda vigorously and its 1994 signing of the North American Free Trade Agreement (Nafta) benefitted Mexico greatly. Still, it took about a decade for the aerospace sector to take off. Until 2004, growth was scattered, says Queretaro state Gov. Jose Calzada. Not anymore. “We've seen incredible changes in just the last five years,” he says The boom times are a testament to Mexico's geography, its embrace of free trade and adoption of legal mechanisms that provide a “soft landing” for foreign-owned factories. Local leaders clear red tape and amaze U.S. and European executives at how quickly they can put up factories. A typical response comes from Peter Huij, a senior Fokker Aerostructures executive in Chihuahua, about how quickly the company went from bare earth in May 2011 to a completed 75,000-sq.-ft. factory in November: “It would be impossible in Europe.” Behind all of this is Mexico's Maquiladora factory system for supporting foreign companies, which allows them to control their own destiny, importing raw materials such as aerospace-quality alloys, or wiring and then exporting the finished product tax-free. Foreign manufacturers commonly turn to a large service provider—Intermex and American Industries Group are leaders for the aerospace sector—that lease buildings to their clients and handle their human resources, tax and other business needs under Mexican law. About 80% of the aerospace companies in Mexico use such services. Of the 36 Maquiladoras registered by the Mexican government last year, six were in aerospace, including a GKN Aerospace plant in Mexicali, Latecoere in Hermosillo, coatings specialist Ellison Surface Technologies and Rolls-Royce turbine supplier JJ Churchill in Guaymas and a fourth division for Zodiac in Chihuahua. Under the Maquiladora system, Mexico allows resident foreign companies to control 100% of their businesses. They do not face the “local partner” rules so common elsewhere that limit foreigners to a maximum 49% share “They make it easy for you to do business down here,” says John Gardner, strategic program manager at Kaman Aerostructures, another newcomer in Chihuahua. “They provide a 'soft landing,' to get a quick startup—a good startup. We got a lot of support up front and afterward.”

#### 2. Aerospace dependent on NAFTA corridor infrastructure

McDearman et al 13- Brad, Brookings Institute, Fellow and Director of the Metropolitan Export Initiative with the Metropolitan Policy Program, His areas of expertise include exports and trade, state and metropolitan area economic development, market assessment and strategic planning, and project and relationship management (“The 10 Traits of Globally Fluent Metro Areas”, October 29, 2013 http://www.brookings.edu/research/reports/2013/06/26-global-metro-traits-mcdearman-clark-parilla\\CLans)

Perhaps the most important determinant of San Antonio’s economic success has been military investment. In the early to mid-20th century the Air Force built multiple bases in San Antonio, which, along with the Army’s Fort Sam Houston, make up the cluster of facilities that earned San Antonio the title of “Military City, USA.” When the Base Closure and Realignment Commission closed Kelly Air Force Base in 1995, the city responded by building Port San Antonio, a massive inland manufacturing hub, on its grounds.16 The port has more than 7.7 million square feet for its customer population, with a large number of aerospace companies such as Boeing and Lockheed Martin, and IT serves as a logistics point along the NAFTA corridor. 17 Finally, San Antonio has always relied on its history and culture as economic development tools. The two largest tourist attractions in Texas – the Riverwalk and the Alamo – have been utilized to their fullest extent to drive the hotel and leisure industry. 3) Elements of international and global orientation - In what ways is the city globally connected and relevant? What sort of trade patterns does it exhibit? San Antonio follows the economic development model that many southern U.S. metro areas employ to attract global firms: cheaper labor costs, reasonable taxes, and a low cost of living for employees. The region’s rail connectivity was bolstered in 2008 when Union Pacific opened the San Antonio Intermodal Terminal. The development of Port San Antonio, which sits at the crossroads of three interstate highways and two Class I railroads, is a concerted effort to make San Antonio a manufacturing and maintenance hub. Its position along the NAFTA corridor is critical. More than 50 percent of the goods flowing between the United States and Mexico move through San Antonio.18 Indeed, San Antonio’s proximity to the Dallas/Houston/Austin triangle and the Mexican maquiladoras that line the border mark room for growth in the logistics sector. San Antonio exported $6.7 billion in goods and services in 2010, making it one of the least export-intensive metro areas in the country (ranked 79th out of the top 100 metropolitan areas). Nearly a quarter of San Antonio’s exports came in the transportation equipment sector, followed by travel and tourism (12 percent) and business services (11 percent). Its role in transportation equipment manufacturing has blossomed after Toyota chose to locate a pickup truck manufacturing facility in San Antonio in 2003, and it sits squarely in the Texas-Mexico Automotive SuperCluster.19 Boeing has also concentrated jobs in the region by deciding to partly produce its 787 Dreamliner there and move its aircraft maintenance, modification, and support work from Wichita to San Antonio.20 While it has a low export base, the region has experienced the seventh-fastest export growth of any U.S. metropolitan area post-recession,21 partly because manufacturing employment rose 6 percent over the past two years.22

#### Aerospace key to hegemony

Lexington Institute 13

[Public policy think tank, “America Is A Superpower Because It Is An Air Power”, 1/24, <http://www.defense-aerospace.com/article-view/release/142016/air-power-makes-america-a-superpower.html>] \*we don’t defend the gendered discourse of this evidence

There is no question that the United States has the best military in the world. The United States is unique in its ability to project military power to multiple regions of the world simultaneously, conduct multiple major combined and joint operations at a time and both defend the homeland and provide ongoing support to civil agencies. Europe, which spends about sixty percent of the U.S. defense budget and actually has more man and woman in uniform, was unable without significant U.S. support to conduct a single, modest campaign in Libya. The U.S. military continues to set the world standard with respect to most major military systems: nuclear-powered aircraft carriers, large deck amphibious warfare ships, nuclear attack submarines, strategic bombers, fifth-generation fighters, air and missile defenses, tanks and armored fighting vehicles and space and airborne ISR. Even though we don’t talk much about it the military’s cyber warfare capabilities are truly impressive. While the U.S. has the best ground, naval and amphibious forces in the world, one thing makes it a 21st Century superpower: its dominance as an air power. The United States alone is capable of deploying its aerial assets anywhere in the world. U.S. air power can hold at risk any target set in any country and can do so from multiple directions. The U.S. Air Force is the only one capable of delivering specially-designed conventional bombs large enough to destroy deeply buried and hardened structures.  Over the past two decades, the U.S. military has repeatedly demonstrated that it can destroy an adversary’s air force and air defenses in a matter of weeks. After that, hostile ground units were toast. The ability to rapidly seize control of the air means that no soldier has died in an air attack since 1953. Over a decade of wars, American air power from the land and sea provided continual responsive fire support for tactical units on the ground. Other nations have fighters and bombers, although America’s are the best. The U.S. also has the largest and most capable fleets of air transports, refueling aircraft and airborne ISR assets in the world. During Operation Iraqi Freedom, the Air Force flew soldiers and heavy armor deep into Iraq to seize a critical target, the Haditha Dam. Since 2001, the Air Force has maintained a continuous air bridge to Afghanistan, more than 8,000 miles from CONUS. U.S. C-17 transports are today flying French troops and equipment into Mali. The U.S. Navy has a fleet of fixed wing transports, the C-2 Greyhounds, specifically for the purpose of moving parts and people to and from its aircraft carriers. The United States has crafted an ISR and strategic warning capability based on a sophisticated array of satellites, manned platforms and unmanned aerial systems.  Dominant air power is about much more than just platforms and weapons. It requires also the trained people and processes to plan and manage air operations, process, exploit and disseminate intelligence, identify targets and plan attacks, move supplies and route transports and repair and maintain complex systems. The U.S. had to send hundreds of targeteers to NATO to support the Libyan operation. Over decades, the U.S. military has developed an unequalled training establishment and set of ranges that ensure the highest quality pilots and other personnel. Finally, the U.S. is the dominant air power in the world because of its aerospace industrial base. Whether it is designing and producing fifth-generation fighters such as the F-22 and F-35, providing an advanced tanker like the new KC-46 or inventing high-flying unmanned aerial systems like the Global Hawk, the U.S. aerospace industry continues to set the bar. In addition, the private and public parts of the aerospace industrial base, often working together based on collaborative arrangements such as performance-based logistics contracts, is able to move aircraft, weapons and systems through the nationwide system of depots, Air Logistics Centers and other facilities at a rate unmatched by any other nation. The ability to rapidly repair or overhaul aircraft is itself a force multiplier, providing more aircraft on the flight line to support the warfighters. The U.S. military can go where it is ordered, respond rapidly to the crisis of the moment, move men, equipment and supplies around the world and dominate any place on the face of the earth as long as it desires because it is dominant in the air. As the Pentagon, Congress and the White House struggle with budget issues that could well require deep cuts to the military, they would be well advised to remember that it is air dominance that enables this country to remain a superpower.

#### Nuclear war

Brooks, Ikenberry and Wohlforth 13

Stephen Brooks, Associate Professor of Government at Dartmouth College, John Ikenberry, Albert G. Milbank Professor of Politics and International Affairs at Princeton University and Global Eminence Scholar at Kyung Hee University in Seoul, John Wohlforth, Daniel Webster Professor of Government at Dartmouth College, Jan/Feb 2013, Foreign Affairs, Lean Forward, EBSCO

Of course, even if it is true that the costs of deep engagement fall far below what advocates of retrenchment claim, they would not be worth bearing unless they yielded greater benefits. In fact, they do. The most obvious benefit of the current strategy is that it reduces the risk of a dangerous conflict. The United States' security commitments deter states with aspirations to regional hegemony from contemplating expansion and dissuade U.S. partners from trying to solve security problems on their own in ways that would end up threatening other states. Skeptics discount this benefit by arguing that U.S. security guarantees aren't necessary to prevent dangerous rivalries from erupting. They maintain that the high costs of territorial conquest and the many tools countries can use to signal their benign intentions are enough to prevent conflict. In other words, major powers could peacefully manage regional multipolarity without the American pacifier. But that outlook is too sanguine. If Washington got out of East Asia, Japan and South Korea would likely expand their military capabilities and go nuclear, which could provoke a destabilizing reaction from China. It's worth noting that during the Cold War, both South Korea and Taiwan tried to obtain nuclear weapons; the only thing that stopped them was the United States, which used its security commitments to restrain their nuclear temptations. Similarly, were the United States to leave the Middle East, the countries currently backed by Washington--notably, Israel, Egypt, and Saudi Arabia--might act in ways that would intensify the region's security dilemmas. There would even be reason to worry about Europe. Although it's hard to imagine the return of great-power military competition in a post-American Europe, it's not difficult to foresee governments there refusing to pay the budgetary costs of higher military outlays and the political costs of increasing EU defense cooperation. The result might be a continent incapable of securing itself from threats on its periphery, unable to join foreign interventions on which U.S. leaders might want European help, and vulnerable to the influence of outside rising powers. Given how easily a U.S. withdrawal from key regions could lead to dangerous competition, advocates of retrenchment tend to put forth another argument: that such rivalries wouldn't actually hurt the United States. To be sure, few doubt that the United States could survive the return of conflict among powers in Asia or the Middle East--but at what cost? Were states in one or both of these regions to start competing against one another, they would likely boost their military budgets, arm client states, and perhaps even start regional proxy wars, all of which should concern the United States, in part because its lead in military capabilities would narrow. Greater regional insecurity could also produce cascades of nuclear proliferation as powers such as Egypt, Saudi Arabia, Japan, South Korea, and Taiwan built nuclear forces of their own. Those countries' regional competitors might then also seek nuclear arsenals. Although nuclear deterrence can promote stability between two states with the kinds of nuclear forces that the Soviet Union and the United States possessed, things get shakier when there are multiple nuclear rivals with less robust arsenals. As the number of nuclear powers increases, the probability of illicit transfers, irrational decisions, accidents, and unforeseen crises goes up. The case for abandoning the United States' global role misses the underlying security logic of the current approach. By reassuring allies and actively managing regional relations, Washington dampens competition in the world s key areas, thereby preventing the emergence of a hothouse in which countries would grow new military capabilities. For proof that this strategy is working, one need look no further than the defense budgets of the current great powers: on average, since 1991 they have kept their military expenditures as A percentage of GDP to historic lows, and they have not attempted to match the United States' top-end military capabilities. Moreover, all of the world's most modern militaries are U.S. allies, and the United States' military lead over its potential rivals .is by many measures growing. On top of all this, the current grand strategy acts as a hedge against the emergence regional hegemons. Some supporters of retrenchment argue that the U.S. military should keep its forces over the horizon and pass the buck to local powers to do the dangerous work of counterbalancing rising regional powers. Washington, they contend, should deploy forces abroad only when a truly credible contender for regional hegemony arises, as in the cases of Germany and Japan during World War II and the Soviet Union during the Cold War. Yet there is already a potential contender for regional hegemony--China--and to balance it, the United States will need to maintain its key alliances in Asia and the military capacity to intervene there. The implication is that the United States should get out of Afghanistan and Iraq, reduce its military presence in Europe, and pivot to Asia. Yet that is exactly what the Obama administration is doing. MILITARY DOMINANCE, ECONOMIC PREEMINENCE Preoccupied with security issues, critics of the current grand strategy miss one of its most important benefits: sustaining an open global economy and a favorable place for the United States within it. To be sure, the sheer size of its output would guarantee the United States a major role in the global economy whatever grand strategy it adopted. Yet the country's military dominance undergirds its economic leadership. In addition to protecting the world economy from instability, its military commitments and naval superiority help secure the sea-lanes and other shipping corridors that allow trade to flow freely and cheaply. Were the United States to pull back from the world, the task of securing the global commons would get much harder. Washington would have less leverage with which it could convince countries to cooperate on economic matters and less access to the military bases throughout the world needed to keep the seas open. A global role also lets the United States structure the world economy in ways that serve its particular economic interests. During the Cold War, Washington used its overseas security commitments to get allies to embrace the economic policies it preferred--convincing West Germany in the 1960s, for example, to take costly steps to support the U.S. dollar as a reserve currency. U.S. defense agreements work the same way today. For example, when negotiating the 2011 free-trade agreement with South Korea, U.S. officials took advantage of Seoul's desire to use the agreement as a means of tightening its security relations with Washington. As one diplomat explained to us privately, "We asked for changes in labor and environment clauses, in auto clauses, and the Koreans took it all." Why? Because they feared a failed agreement would be "a setback to the political and security relationship." More broadly, the United States wields its security leverage to shape the overall structure of the global economy. Much of what the United States wants from the economic order is more of the same: for instance, it likes the current structure of the World Trade Organization and the International Monetary Fund and prefers that free trade continue. Washington wins when U.S. allies favor this status quo, and one reason they are inclined to support the existing system is because they value their military alliances. Japan, to name one example, has shown interest in the Trans-Pacific Partnership, the Obama administration's most important free-trade initiative in the region, less because its economic interests compel it to do so than because Prime Minister Yoshihiko Noda believes that his support will strengthen Japan's security ties with the United States. The United States' geopolitical dominance also helps keep the U.S. dollar in place as the world's reserve currency, which confers enormous benefits on the country, such as a greater ability to borrow money. This is perhaps clearest with Europe: the EU'S dependence on the United States for its security precludes the EU from having the kind of political leverage to support the euro that the United States has with the dollar. As with other aspects of the global economy, the United States does not provide its leadership for free: it extracts disproportionate gains. Shirking that responsibility would place those benefits at risk. CREATING COOPERATION What goes for the global economy goes for other forms of international cooperation. Here, too, American leadership benefits many countries but disproportionately helps the United States. In order to counter transnational threats, such as terrorism, piracy, organized crime, climate change, and pandemics, states have to work together and take collective action. But cooperation does not come about effortlessly, especially when national interests diverge. The United States' military efforts to promote stability and its broader leadership make it easier for Washington to launch joint initiatives and shape them in ways that reflect U.S. interests. After all, cooperation is hard to come by in regions where chaos reigns, and it flourishes where leaders can anticipate lasting stability. U.S. alliances are about security first, but they also provide the political framework and channels of communication for cooperation on nonmilitary issues. NATO, for example, has spawned new institutions, such as the Atlantic Council, a think tank, that make it easier for Americans and Europeans to talk to one another and do business. Likewise, consultations with allies in East Asia spill over into other policy issues; for example, when American diplomats travel to Seoul to manage the military alliance, they also end up discussing the Trans-Pacific Partnership. Thanks to conduits such as this, the United States can use bargaining chips in one issue area to make progress in others. The benefits of these communication channels are especially pronounced when it comes to fighting the kinds of threats that require new forms of cooperation, such as terrorism and pandemics. With its alliance system in place, the United States is in a stronger position than it would otherwise be to advance cooperation and share burdens. For example, the intelligence-sharing network within NATO, which was originally designed to gather information on the Soviet Union, has been adapted to deal with terrorism. Similarly, after a tsunami in the Indian Ocean devastated surrounding countries in 2004, Washington had a much easier time orchestrating a fast humanitarian response with Australia, India, and Japan, since their militaries were already comfortable working with one another. The operation did wonders for the United States' image in the region. The United States' global role also has the more direct effect of facilitating the bargains among governments that get cooperation going in the first place. As the scholar Joseph Nye has written, "The American military role in deterring threats to allies, or of assuring access to a crucial resource such as oil in the Persian Gulf, means that the provision of protective force can be used in bargaining situations. Sometimes the linkage may be direct; more often it is a factor not mentioned openly but present in the back of statesmen's minds." THE DEVIL WE KNOW Should America come home? For many prominent scholars of international relations, the answer is yes--a view that seems even wiser in the wake of the disaster in Iraq and the Great Recession. Yet their arguments simply don't hold up. There is little evidence that the United States would save much money switching to a smaller global posture. Nor is the current strategy self-defeating: it has not provoked the formation of counterbalancing coalitions or caused the country to spend itself into economic decline. Nor will it condemn the United States to foolhardy wars in the future. What the strategy does do is help prevent the outbreak of conflict in the world's most important regions, keep the global economy humming, and make international cooperation easier. Charting a different course would threaten all these benefits. This is not to say that the United States' current foreign policy can't be adapted to new circumstances and challenges. Washington does not need to retain every commitment at all costs, and there is nothing wrong with rejiggering its strategy in response to new opportunities or setbacks. That is what the Nixon administration did by winding down the Vietnam War and increasing the United States' reliance on regional partners to contain Soviet power, and it is what the Obama administration has been doing after the Iraq war by pivoting to Asia. These episodes of rebalancing belie the argument that a powerful and internationally engaged America cannot tailor its policies to a changing world. A grand strategy of actively managing global security and promoting the liberal economic order has served the United States exceptionally well for the past six decades, and there is no reason to give it up now. The country's globe-spanning posture is the devil we know, and a world with a disengaged America is the devil we don't know. Were American leaders to choose retrenchment, they would in essence be running a massive experiment to test how the world would work without an engaged and liberal leading power. The results could well be disastrous.

#### Statistics prove

**Owen 11** [John Owen, Associate professor in the University of Virginia's Department of Politics, recipient of fellowships from the Olin Institute for Strategic Studies at Harvard, and the Center for International Security and Cooperation at Stanford, and the Center of International Studies at Princeton, PhD in international relations from Harvard, February 11, 2011, “Don’t Discount Hegemony, [www.cato-unbound.org/2011/02/11/john-owen/dont-discount-hegemony/](http://www.cato-unbound.org/2011/02/11/john-owen/dont-discount-hegemony/)]

Andrew Mack and his colleagues at the Human Security Report Project are to be congratulated. Not only do they present a study with a striking conclusion, driven by data, free of theoretical or ideological bias, but they also do something quite unfashionable: they bear good news. Social scientists really are not supposed to do that. Our job is, if not to be Malthusians, then at least to point out disturbing trends, looming catastrophes, and the imbecility and mendacity of policy makers. And then it is to say why, if people listen to us, things will get better. We do this as if our careers depended upon it, and perhaps they do; for if all is going to be well, what need then for us? Our colleagues at Simon Fraser University are brave indeed. That may sound like a setup, but it is not. I shall challenge neither the data nor the general conclusion that violent conflict around the world has been decreasing in fits and starts since the Second World War. When it comes to violent conflict among and within countries, things have been getting better. (The trends have not been linear—Figure 1.1 actually shows that the frequency of interstate wars peaked in the 1980s—but the 65-year movement is clear.) Instead I shall accept that Mack et al. are correct on the macro-trends, and focus on their explanations they advance for these remarkable trends. With apologies to any readers of this forum who recoil from academic debates, this might get mildly theoretical and even more mildly methodological. Concerning international wars, one version of the “nuclear-peace” theory is not in fact laid to rest by the data. It is certainly true that nuclear-armed states have been involved in many wars. They have even been attacked (think of Israel), which falsifies the simple claim of “assured destruction”—that any nuclear country A will deter any kind of attack by any country B because B fears a retaliatory nuclear strike from A. But the most important “nuclear-peace” claim has been about mutually assured destruction, which obtains between two robustly nuclear-armed states. The claim is that (1) rational states having second-strike capabilities—enough deliverable nuclear weaponry to survive a nuclear first strike by an enemy—will have an overwhelming incentive not to attack one another; and (2) we can safely assume that nuclear-armed states are rational. It follows that states with a second-strike capability will not fight one another. Their colossal atomic arsenals neither kept the United States at peace with North Vietnam during the Cold War nor the Soviet Union at peace with Afghanistan. But the argument remains strong that those arsenals did help keep the United States and Soviet Union at peace with each other. Why non-nuclear states are not deterred from fighting nuclear states is an important and open question. But in a time when calls to ban the Bomb are being heard from more and more quarters, we must be clear about precisely what the broad trends toward peace can and cannot tell us. They may tell us nothing about why we have had no World War III, and little about the wisdom of banning the Bomb now. Regarding the downward trend in international war, Professor Mack is friendlier to more palatable theories such as the “democratic peace” (democracies do not fight one another, and the proportion of democracies has increased, hence less war);the interdependence or “commercial peace” (states with extensive economic ties find it irrational to fight one another, and interdependence has increased, hence less war); and the notion that people around the world are more anti-war than their forebears were. Concerning the downward trend in civil wars, he favors theories of economic growth (where commerce is enriching enough people, violence is less appealing—a logic similar to that of the “commercial peace” thesis that applies among nations) and the end of the Cold War (which end reduced superpower support for rival rebel factions in so many Third-World countries). These are all plausible mechanisms for peace. What is more, none of them excludes any other; all could be working toward the same end. That would be somewhat puzzling, however. Is the world just lucky these days? How is it that an array of peace-inducing factors happens to be working coincidentally in our time, when such a magical array was absent in the past? The answer may be that one or more of these mechanisms reinforces some of the others, or perhaps some of them are mutually reinforcing. Some scholars, for example, have been focusing on whether economic growth might support democracy and vice versa, and whether both might support international cooperation, including to end civil wars. We would still need to explain how this charmed circle of causes got started, however. And here let me raise another factor, perhaps even less appealing than the “nuclear peace” thesis, at least outside of the United States. That factor is what international relations scholars call hegemony—specifically American hegemony. A theory that many regard as discredited, but that refuses to go away, is called hegemonic stability theory. The theory emerged in the 1970s in the realm of international political economy. It asserts that for the global economy to remain open—for countries to keep barriers to trade and investment low—one powerful country must take the lead. Depending on the theorist we consult, “taking the lead” entails paying for global public goods (keeping the sea lanes open, providing liquidity to the international economy), coercion (threatening to raise trade barriers or withdraw military protection from countries that cheat on the rules), or both. The theory is skeptical that international cooperation in economic matters can emerge or endure absent a hegemon. The distastefulness of such claims is self-evident: they imply that it is good for everyone the world over if one country has more wealth and power than others. More precisely, they imply that it has been good for the world that the United States has been so predominant. There is no obvious reason why hegemonic stability theory could not apply to other areas of international cooperation, including in security affairs, human rights, international law, peacekeeping (UN or otherwise), and so on. What I want to suggest here—suggest, not test—is that American hegemony might just be a deep cause of the steady decline of political deaths in the world. How could that be? After all, the report states that United States is the third most war-prone country since 1945. Many of the deaths depicted in Figure 10.4 were in wars that involved the United States (the Vietnam War being the leading one). Notwithstanding politicians’ claims to the contrary, a candid look at U.S. foreign policy reveals that the country is as ruthlessly self-interested as any other great power in history. The answer is that U.S. hegemony might just be a deeper cause of the proximate causes outlined by Professor Mack. Consider economic growth and openness to foreign trade and investment, which (so say some theories) render violence irrational. American power and policies may be responsible for these in two related ways. First, at least since the 1940s Washington has prodded other countries to embrace the market capitalism that entails economic openness and produces sustainable economic growth. The United States promotes capitalism for selfish reasons, of course: its own domestic system depends upon growth, which in turn depends upon the efficiency gains from economic interaction with foreign countries, and the more the better. During the Cold War most of its allies accepted some degree of market-driven growth. Second, the U.S.-led western victory in the Cold War damaged the credibility of alternative paths to development—communism and import-substituting industrialization being the two leading ones—and left market capitalism the best model. The end of the Cold War also involved an end to the billions of rubles in Soviet material support for regimes that tried to make these alternative models work. (It also, as Professor Mack notes, eliminated the superpowers’ incentives to feed civil violence in the Third World.) What we call globalization is caused in part by the emergence of the United States as the global hegemon.