# Mexican Politics

#### PEMEX implementing legislation will pass now BECAUSE OF Nieto’s political capital --- its key to reform effectiveness

**PRNewswire 3-6** (“Mexico Business Forecast Report Q1 2014”, 2014, http://www.heraldonline.com/2014/03/06/5744719\_mexico-business-forecast-report.html)

We remain optimistic toward Mexico's long-term growth outlook on the back of a booming manufacturing sector, an increasingly strong private consumer and favourable demographics, though have increased our near-term caution due to a weak performance by the manufacturing sector. We **expect** energy sector reform to be **approved** over the coming months, though its ability to garner substantial foreign investment will be **highly dependent** on the terms set by its associated secondary legislation. Major Forecast Changes We have revised our real GDP growth forecast from 3.0% to 2.3% in 2013, and from 3.9% to 3.5% in 2014, as the manufacturing sector is struggling to gain traction, and the impact of delays in public spending have been greater than we initially expected. We have revised our monetary policy outlook from 3.75% to 3.50% for end-2013, as the Banco de México concludes its easing cycle, and we expect a hiking cycle to begin in late 2014, when forecast the policy rate to end at 3.75%. We have revised our 2013 average peso exchange rate forecast from MXN12.70/US$ to MXN12.85/US$, as deteriorating sentiment and the impending normalisation of US monetary policy will result in a weaker unit. We have also made adjustment to our 2014 average exchange rate forecast to MXN12.65/US$ from 12.50 previously, though we still expect a stronger peso next year due to an improvement in trade and investment dynamics. Key Risks To Outlook There are significant downside risks to our 2013 and 2014 real GDP forecasts. The disappointing performance by the manufacturing sector continues to weaken beyond our expectations and with the impact of deadly hurricanes in September, and policy uncertainty in the US, Mexican growth could come significantly below our forecast. Failure to pass energy sector reform by end-2013 also poses significant downside risks to our real GDP growth, exchange rate and balance of payments forecasts. Indeed, under such a scenario, trade and investment flows, as well as sentiment, would deteriorate significant, with a highly detrimental impact on macroeconomic dynamics. Executive Summary 5 Core Views 5 Major Forecast Changes 5 Key Risks To Outlook 5 Chapter 1: Political Outlook 7 SWOT Analysis 7 BMI Political Risk Ratings 7 Domestic Politics 8 Reforms To Move Forward Despite Rising Political Challenges 8 Despite rising political challenges from the opposition, we believe Mexican President Enrique Peña Nieto will have **enough political capital** to **pass key energy** and fiscal **reforms** **this year** However, intense political negotiation could lead to watered down reforms, and we therefore continue to believe that secondary legislation, which would be discussed next year, will be **key** in determining the success of energy sector liberalisation Table: Political Overview 8 Long-Term Political Outlook 10 Strengthening, But Challenges Remain 10 The next decade looks set to be challenging for Mexico owing to a weak security situation, high levels of income inequality and endemic corruption Chapter 2: Economic Outlook 13 SWOT Analysis 13 BMI Economic Risk Ratings 13 Economic Activity 14 Resilient Consumer Will Continue To Bolster Growth 14 We maintain our Mexico real GDP growth forecast of 2 3% in 2013 and 3 5% in 2014, compared to 3 8% in 2012 Real private consumption has held up relatively well despite the weakening of the overall economy in H113, and we expect household spending to pick up over the coming months In addition, we believe President Enrique Peña Nieto's reforms will attract significant investment over the coming years table: GDP CONTRIBUTION TO GROWTH 14 Fiscal Policy 16 Wider Fiscal Deficit In 2014, Consolidation To Resume Thereafter 16 We have revised our 2014 nominal fiscal balance forecast for Mexico to reflect a wider deficit of 2 3% of GDP, from 1 5% previously, and compared to 2 1% shortfall in 2013 table: FISCAL POLICY 16 Exchange Rate Forecast 17 MXN: Medium-Term Volatility, Modest Long-Term Appreciation 17 table: CURENCY FORECAST 17 table: CURENCY FORECAST 18 Balance Of Payments 19 Trade And Investment Dynamics To Improve In 2014 19 We are revising down our current account balance forecast for Mexico to a deficit of 1 7% of GDP in 2013, compared to 1 3 %previously, and to a shortfall of 1 0% of GDP in 2014, compared to 0 7% previously table: CURENT ACOUNT 20 Monetary Policy 22 Fragile Recovery And US Uncertainty To Prompt Another Rate Cut 22 Choppy economic activity in recent months and policy uncertainty in the US has prompted us to revise our monetary policy outlook for the Banco de México (Banxico) We now expect Banxico will cut its policy rate by 25 basis points to 3 50% by end-2013 We anticipate Banxico to shift gears in late 2014 and commence a hiking cycle as consumer price inflation and US interest rates head higher table: MONETARY POLICY 22 Regional Sovereign Risk Ratings 23 Latin America Sovereign Risk Ratings - Evolution Of Ability To Pay 23 A fundamental re-pricing of sovereign risk is underway in Latin America and the Caribbean, and we believe that further credit deterioration is likely Nevertheless, selectivity will be key, as economies with more robust and sustainable growth models are likely to benefit from stronger investment flows and superior 'Ability To Pay' dynamics in the coming years table: Sovereign Risk Ratings - Evolution Of Ability To Pay 24 table: Sovereign Risk Ratings - Evolution Of Willingness To Pay 26 Chapter 3: 10-Year Forecast 29 The Mexican Economy To 2022 29 Stronger Growth Ahead, But Reforms Still Needed 29 Mexico's booming manufacturing sector, increasingly strong private consumer and favourable demographics suggest that the country is well placed to see solid economic expansion in coming years, such that we forecast robust 3 8% average real GDP growth over the coming decade That said, we believe that the ability for Mexico to reverse its severe macroeconomic imbalances and generate the robust growth necessary to propel it to 'developed market' status still hinges on the passage of substantive energy sector reform table: Long-Term Macroeconomic Forecasts 29 Chapter 4: Business Environment 33 SWOT Analysis 33 BMI Business Environment Risk Ratings 33 Business Environment Outlook 34 Institutions 34 Infrastructure 35 Table: BMI Business And Operation Risk Ratings 35 Market Orientation 36 Table: BMI Legal Framework Rating 36 TABLE: LABOUR FORCE QUALITY 37 Operational Risk 38 Table: Top Export Destinations (US$mn) 38 TABLE: TRADE AND INVESTMENT RATINGS 39 Chapter 5: Key Sectors 41 Infrastructure 41 TABLE: Construction And Infrastructure Industry Data, 2011-2016 42 TABLE: Construction And Infrastructure Industry Data, 2011-2016 43 Oil & Gas 44 TABLE: Oil Production, Consumption And Net Exports, 2011-2016 45 TABLE: Oil Production, Consumption And Net Exports, 2016-2022 46 TABLE: Gas Production, Consumption And Net Exports, 2011-2016 47 TABLE: Gas Production, Consumption And Net Exports, 2017-2022 48 Other Key Sectors 49 TABLE: Pharma Sector Key Indicators 49 TABLE: Telecoms Sector Key Indicators 49 TABLE: Defence and Security Sector Key Indicators 49 TABLE: Autos Sector Key Indicators 50 TABLE: Food and Drink Sector Key Indicators 50 Table: Freight Sector Key Indicators 50 Chapter 6: BMI Global Assumptions 51 Increasing Confidence In Growth 51 Table: Global Assumptions 51 Table: Developed States, Real GDP GrowtH, % 52 Table: BMI VERSUS BLOOMBERG CONSENSUS REAL GDP GROWTH FORECASTS, % 52 Table: Emerging Markets, Real GDP Growth, % 53

#### Extensive new economic initiatives with the US are unpopular

Long 13(Tom Long 4-16-2013 Doctoral research fellow, Center for Latin American and Latino Studies, American University, "Will tensions over security spoil the Obama-Peña Nieto Summit?” American University Center for Latin American and Latino Studies, aulablog.net/2013/04/16/will-tensions-over-security-spoil-the-obama-pena-nieto-summit/)

Peña Nieto’s political incentives do not point to the same, high-profile cooperation with the United States that occurred under President Felipe Calderón, who had already begun shifting priorities last year.  Despite the major turnaround signified by the PRI’s signing NAFTA almost 20 years ago, Peña Nieto’s PRI still contains elements more skeptical of U.S. “intervention” than Calderón’s PAN.  Materially, moreover, most of the U.S. aid planned under the Mérida Initiative has been disbursed, and Congress exhibits little appetite for major new appropriations.  (Even at its height, U.S. spending was a fraction of Mexico’s contribution to the drug war.)  Thatreduction, coupled with growing awareness that the Calderón strategy actually fueled violence, diminishes the enthusiasm in and outside of government for continuing his policies.   Frustration from the left in both countries regarding persisting human rights violations and the slow pace of judicial reform could also grow more serious.

#### Secondary laws are necessary for investment and growth of Mexican Energy – key to Mexico’s economy

Rowley 13 (Joe Rowley, LatinLawyer.com, the definitive information resource for business law in Latin America. "Secondary laws will prove crucial in Mexico’s energy reform" August 15 2013. www.bstl.com.mx/en/las-leyes-secundarias-seran-cruciales-en-la-reforma-energetica-de-mexico/)

"We see this initiative as a very positive endeavour.., as the proposed amendments should attract and trigger private investment, which in turn will facilitate competition and economic efficiency in the country," says Baker & McKenzie partner Benjamin Torres-Barron. "If approved by our Congress, this will be by far the most important energy reform that Mexico has had inmanyyears."¶The government's recommendation comes almost a fortnight after the PRI's main opposition party, the conservative National Action Party (PAN), published its own proposals to reform the sector widely — viewed as being more radical and wider reaching than the government's offer. Both propose amendments to articles 27 and 28 of the constitution, but crucially, PAN's bill goes further and also recommends changes to article 25. "Under the PAN bill, Pemex is placed as a government-owned company that would no longer have a state monopoly over all activities and would thus face competition by private companies," explains Barrera, Siqueiros v Torres Landa SC partner Juan Francisco Torres Landa. "The PRI bill still keeps Pemex's monopoly, at least on exploration and exploitation activities." ¶The impact of this difference is most visible in the granting of oil & gas exploration rights, with PAN's proposal advocating the creation of a new, independent constitutional authority with the power to grant full oil & gas concessions to private companies, while the PRI bill would see the state offering private companies profit-sharing contracts with Pemex. Some oil and gas companies have questioned whether the new profit sharing contracts will allow private companies to book the oil reserves, a practice which is forbidden under current rules. ¶ "The devil is in the detail, so the secondary legislation should address the percentages, mechanisms and criteria to define the percentage of production that would be received by the contractors, in exchange for the investment, risks and discoveries found at the field," explains MCM Abogados partner Manuel Cervantes. "PRI keeps exploration at the contracts level, not concessions, but it is not limiting the participation of investors to challenging fields. This means that we may eventually see production-sharing contracts for conventional and non-conventional blocks, deepwater, ultradeepwater, shale gas & shale oil fields," he predicts. ¶ Mexico's third party, the leftist Democratic Revolution Party (PRD), is opposed to amending the constitution and believes oil and gas and electricity production should remain in the hands of the state. ¶ Translated into to the political realm, Mayer Brown's Salinas say the release of PAN's bill ahead of the PRI's served to "raise the bar in the energy reform debate in Mexico" and upped the pressure on the government. ¶ WithPAN's support likely to prove crucial in the safe passage of any energy reform package through Mexico's upper and lower houses, some lawyers are watching closely to see if any of PAN's proposals make it into the final version. "While the PRI's proposal is ambitious, it leaves many details to secondary legislation, including the soon-to-be-submitted fiscal reform," notes Mayer Brown partner Dallas Parker. "The question remains whether this secondary legislation will be as ambitious as the new constitutional provisions would allow it to be." ¶One concern expressed by lawyers that will need to be addressed by this legislation is the lack of clarity in the PRI's bill over how the relationship between private parties and Pemex will be administered. Goodrich, Riquelme Asociados partner David Enriquez says that while more detail is likely to emerge with the publication of secondary legislation later in the year, a question remains over what will happen with existing fields already under the management of Pemex, particularly whether there would be a so-called "round zero" which would hand the state-owned operator the exclusive right to certain fields. "If a round zero does take place, it will have to be very clear what the rules will be," he says. ¶ Enriquez also questions how Pemex will fare in newly competitive marketplaces, both upstream and downstream. With the government ruling out the possibility of Pemex tapping the capital markets for financing, and with Pemex already involved in a number of fields across the country, Enriquez notes the "great level of capitalisation" thatwill be required in order to maintain its own fields and also compete for new fields. "If we want Pemex to compete, then it will stand little chance without the same level of capitalisation as the oil majors," he says. ¶ Other lawyers note uncertainty on how the government plans to tackle Mexico's powerful petroleum labour union and a lack of detail on how the government plans to strengthen the country's upstream regulator. Last week, PRD leader Jesus Zambrano said his party would be contemplate curtailing the power the union wields over Pemex under its proposed plans for the sector. ¶ With Mexico's hydrocarbons undersecretary Enrique Ochoa revealing on Monday that profit-sharing contracts for oil and gas exploration and production could come into effect as early as next year, Basham Rinqe y Correa SC partner Juan Carlos Serra asks what this would mean for oil companies that have already signed incentivised contracts with Pemex under the previous rules. ¶ Serra rules out the possibility that such changes will lead to legal challenges, but he predicts a number of companies "will make a lot of noise" if the changes come into effect: "I don't think that the majors will invest under these changes," he adds, noting thatgreater reassurances will need to be offered through secondary legislation, although he say that the changes could see "big players" investing in midstream infrastructure, such as pipelines, due to its different risk profile. ¶

#### Mexican Energy is key to global economic stability

Moran 9 Michael Moran, vice president and executive editor of Roubini Global Economics and RGE's senior expert on geostrategic and political risk. From 2005-2009, Michael served as executive editor of CFR.org,. “Six Crises, 2009: A Half-Dozen Ways Geopolitics Could Upset Global Recovery”. Roubini Global Economics Monitor. July 31, 2009. http://fbkfinanzwirtschaft.wordpress.com/2009/08/07/six-crises-2009-a-half-dozen-ways-geopolitics-could-upset-global-recovery/

A story receiving more attention in the American media than Iraq these days is the horrific drug-related violence across the northern states of Mexico, where Felipe Calderon has deployed the national army to combat two thriving drug cartels, which have compromised the national police beyond redemption. The tales of carnage are horrific, to be sure: 30 people were killed in a 48 hour period last week in Cuidad Juarez alone, a city located directly across the Rio Grande from El Paso, Texas. So far, the impact on the United States and beyond has been minimal. But there also isn’t much sign that the army is winning, either, and that raises a disturbing question: What if Calderon loses? The CIA’s worst nightmare during the Cold War (outside of an administration which forced transparency on it, of course) was the radicalization or collapse of Mexico. The template then was communism, but narco-capitalism doesn’t look much better. The prospect of a wholesale collapse that sent millions upon millions of Mexican refugees fleeing across the northern border so far seems remote. But Mexico’s army has its own problems with corruption, and a sizeable number of Mexicans regard Calderon’s razor-thin 2006 electoral victory over a leftist rival as illegitimate. With Mexico’s economy reeling and the traditional safety valve of illegal immigration to America dwindling, the potential for serious trouble exists. Meanwhile, Mexico ranks with Saudi Arabia and Canada as the three suppliers of oil the United States could not do without. Should things come unglued there and Pemex production shut down even temporarily, the shock on oil markets could be profound, again, sending its waves throughout the global economy. Long-term, PEMEX production has been sliding anyway, thanks to oil fields well-beyond their peak and restrictions on foreign investment.

#### Economic decline causes war and miscalculation

Royal 10— Jedidiah Royal, Director of Cooperative Threat Reduction at the U.S. Department of Defense, M.Phil. Candidate at the University of New South Wales, 2010 (“Economic Integration, Economic Signalling and the Problem of Economic Crises,” *Economics of War and Peace: Economic, Legal and Political Perspectives*, Edited by Ben Goldsmith and Jurgen Brauer, Published by Emerald Group Publishing, ISBN 0857240048, p. 213-215)

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. ¶ First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. ¶ Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult [end page 213] to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 ¶ Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write,¶ The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) ¶ Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. ¶ Furthermore, crises generally reduce the popularity of a sitting government. “Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. ¶In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention. ¶This observation is not contradictory to other perspectives that link economic interdependence with a decrease in the likelihood of external conflict, such as those mentioned in the first paragraph of this chapter. [end page 214] Those studies tend to focus on dyadic interdependence instead of global interdependence and do not specifically consider the occurrence of and conditions created by economic crises. As such, the view presented here should be considered ancillary to those views.

# T

#### A. Violation - Engagement requires offering positive incentives and increasing engagement

**Haass and O’Sullivan, 2k** - \*Vice President andDirector of Foreign Policy Studies at the Brookings Institution AND \*\*a Fellow with the Foreign Policy StudiesProgram at the Brookings Institution (Richard and Meghan, “Terms of Engagement:Alternatives to PunitivePolicies” Survival,, vol. 42, no. 2, Summer 2000, <http://www.brookings.edu/~/media/research/files/articles/2000/6/summer%20haass/2000survival.pdf>

The term ‘engagement’ was popularised in the early 1980s amid controversy about the Reagan administration’s policy of ‘constructive engagement’ towards South Africa. However, the term itself remains a source of confusion. Except in the few instances where the US has sought to isolate a regime or country, America arguably ‘engages’ states and actors all the time simply by interacting with them.To be a meaningful subjectof analysis, the term ‘engagement’ must refer to something more specific than a policy of ‘non-isolation’. As used in this article, ‘engagement’ refers to a foreign-policy strategy which depends to a significant degree on positive incentives to achieve its objectives. Certainly, it does not preclude the simultaneous use of other foreign-policy instruments such as sanctions or military force: in practice, there is often considerable overlap of strategies, particularly when the termination or lifting of sanctions is used as a positive inducement. Yet the distinguishing feature of American engagement strategies is their reliance on the extension or provision of incentives to shape the behaviour of countries with which the US has important disagreements.

#### B. Violation- the plan is literally the opposite of economic engagement. The agency they create restricts engagement.

#### C. Voting issue –

#### 1. Limits – the allowing negative incentives creates a second topic – military force, sanctions and pressure are all huge and distinct areas of literature

#### 2. Ground – it requires a different set of disads to deal with a negative incentives topic than a positive incentives one, they also get out of Ks that are based on positive state action.

# CP

#### Text: The United Mexican States should withdraw from the North American Free Trade Agreement.

#### NAFTA is what enables money laundering- means only the CP solves

LaRouche PAC, 2008

(12/24/14, “Drug Money-Laundering Thrives in Mexico--Thanks to NAFTA,” Online: <http://larouchepac.com/node/7596>, Accessed: 4/4/14 FG)

In an article published on December 22, the Los Angeles Times draws attention to the fact that drug money-laundering is relatively easy to do in Mexico, given the lack of legislation that would allow authorities to go after the drug cartels' finances and the fact that even the weak laws that do exist aren't enforced.¶ The Times should have also mentioned NAFTA, the North American Free Trade Agreement, enacted in 1993, which George Bush criminally promoted as a model for all international trade. By eliminating government controls, financial or otherwise, and letting "the market" rule, NAFTA dismantled productive economic activity in Mexico, and gave the drug cartels the upper hand.¶ The challenge now is to reverse this, not only through appropriate laws, but also through the kind of infrastructure development projects that Lyndon LaRouche has identified—the Northwest Hydraulic Plan or PLHINO, for example—which must be built simultaneously with any offensive against the drug cartels.¶ At a recent meeting in Mexico City of public security officials from various Ibero-American governments, Colombia's Deputy Defense Minister Sergio Jaramillo Caro explained that legislation allowing government agencies to confiscate traffickers' property and assets provided Colombia with a crucial weapon in cracking the drug cartels. "It is a very powerful tool against narco-traffickers," he said, "because it hits their interests."¶ Mexican legislation is sorely lacking in this area. A new law that would give Mexican authorities the ability to go after the cartels' financial interests has only been voted up in Mexico City—a national version of the same bill has yet to be passed in Congress. In addition, the two main government agencies responsible for investigating and prosecuting suspected money-launderers are underfunded, and hamstrung by slow-moving bureaucratic procedures, the Times reported. Overall, the financial system is relatively unregulated.¶ An unnamed senior U.S. law enforcement official told the Times that the inability to go after the cartels' money-laundering capabilities has dangerous security implications: "Once you've set up the scheme, you can launder anything. Human slavery, arms trafficking—even terrorists."

# China DA

#### US-Sino relations high now

Forbes, 9/20/13

(9/20/13, “Biden Hails Importance Of U.S.-China Relationship,” Online: <http://www.forbes.com/sites/kenrapoza/2013/09/20/biden-hails-importance-of-u-s-china-relationship/>, Accessed: 9/26/13 FG)

Washington might love to hate China, but the U.S. relationship with the No. 2 economy is fast becoming our most important. Vice President Joe Biden basically said so on Friday when he met with Chinese Foreign Minister Wang Yi in the White House. Biden said he believed China’s development was in the interests not only of the United States, but for the rest of the whole world. This is not a shocker. With the exception of maybe a few countries in Western Europe and — perhaps — Japan, Biden’s comments are a no-brainer. Brazil loves China. All of Africa loves China. Russia loves China. Okay, maybe India is not that big a fan… Biden said he was optimistic about strengthening ties between the two countries, adding that President Barack Obama believed the success of humankind in the 21st century depends on how the U.S. and China handle global issues. Of course, the U.S. and China don’t see eye to eye on a number of important matters. Global warming is one. Both are the world’s top two emitters of CO2 into the atmosphere. China burns coal. The U.S. burns coal. But the U.S. won’t hop on board global initiatives to reduce emissions due to costs, saying that it makes them less competitive with the Chinese, who aren’t doing anything. Ironically, all of our multinationals are in China, so that makes us less competitive with ourselves? Then there’s Syria. China is not supportive of Washington’s military antics in the Middle East in general. On economic matters, hardly an election goes by without some American politician blaming China for our weak job market. It’s almost as if they forgot about the 2008 financial crisis, started by American banks and ignored by top level American policy makers. Weird, I know… Wang told reporters in Washington that one of the major goals of his visit was “sending out a signal that the two countries are willing to advance the new model of major-country relationship through concrete actions and practical cooperation,” Xinhua reported Friday. Wang also met with Secretary of State John Kerry, who later reportedly told DC journalists that the new model of China-U.S. relations was based on practical cooperation. He said the two needed to “avoid falling into a trap, of seeing one another as strategic rivals.”

#### US engagement in Latin America crushes relations – causes crowd out

Ellis, 12

[R. Evan, professor of national security studies at the Center for Hemispheric Defense Studies, May 2012, Center for Hemispheric Defense Studies, “The United States, Latin America and China: A ‘Triangular Relationship’?”, http://www.thedialogue.org/PublicationFiles/IAD8661\_China\_Triangular0424v2e-may.pdf, Accessed 7/2/13, ML]

At the political level, US engagement with Latin American countries has impacted the ability of the PRC to develop military and other ties in the region. Although journalistic and academic accounts often suggest that the 19th century Monroe Doctrine continues to be pursued by contemporary US policymakers, with a presumed desire to “keep China out” of the region,26 official US policy has repeatedly met Chinese initiatives in the hemisphere with a cautiously welcoming tone.27 Nonetheless, Latin America’s own leadership has responded to Chinese initiatives with a view of how engagement with China could damage its relationship with the United States. Colombia’s close relationship with the United States, for example, made the military leadership of the country reluctant to procure major military items from the PRC.28 The same logic has also applied to countries such as Venezuela, Ecuador and Bolivia, for whom embracing the PRC politically and economically signaled displeasure with the United States. The degree to which a “bad” relationship with the United States has propelled a “positive” relationship with China has increasingly gone beyond symbolism. The desire of Venezuelan President Hugo Chávez to diversify away from Venezuelan dependence on the United States as the nation’s primary oil export market, for example, opened the door for massive loan-backed Chinese construction projects, the purchase of Chinese commercial goods and greatly expanded participation by Chinese oil companies.29 US refusal to sell F-16 fighter aircraft and components to Venezuela in 2006 prompted Venezuela to engage with China, and other countries, to procure military hardware. Similarly, Bolivia purchased Chinese K-8s after the United States blocked it from acquiring a comparable aircraft from the Czech Republic.

#### Relations are key to solve a US-China war

Lawrence, 6/14/13

[Susan V. Specialist in Asian Affairs, June 14, Congressional Research Service U.S.-China Relations: Policy Issues http://www.fas.org/sgp/crs/row/R41108.pdf RC]

Hanging over the relationship is the larger question of whether, as China grows in economic and military power, the United States and China can manage their relationship in such a way as to avoid debilitating rivalry and conflict that have accompanied the rise of new powers in previous eras. On a visit to the United States in February 2012, Xi Jinping, who became China’s top leader later in the year, proposed that the two countries establish a “new type of great power relationship” that explicitly seeks to avoid conflict. President Obama has accepted the challenge. He described a June 7-8, 2013, summit with Xi in Rancho Mirage, CA, as an opportunity for conversations about “how we can forge a new model of cooperation between countries based on mutual interest and mutual respect.”1 Some principles for this “new model” U.S.-China relationship are already in place. The Obama Administration has repeatedly assured China that it “welcomes a strong, prosperous and successful China that plays a greater role in world affairs,” and China has stated that it “welcomes the United States as an Asia-Pacific nation that contributes to peace, stability, and prosperity in the region.”2 But the “new model” remains a work in progress, with many observers in both Washington and Beijing noting deep mistrust on both sides of the U.S.-China relationship. (See “Forging a “New Model of Cooperation” with China,” below.) Xi and his Chinese leadership colleagues assumed their Communist Party posts at the Party’s 18th Congress in November 2012, and added other posts, in Xi’s case the state presidency, at the annual meeting of the National People’s Congress in March 2013. In their early months in office, China’s new leaders have signaled a strong desire to strengthen the U.S.-China relationship. The Obama Administration credits them with being willing to go beyond their predecessors on several issues of concern to the United States. China has shown somewhat greater willingness to pressure North Korea over its nuclear program. A trip to China in April 2013 by the Chairman of the Joint Chiefs of Staff, General Martin Dempsey, elicited some of the most unambiguous language yet from China’s People’s Liberation Army signaling acceptance of the United States military presence in Asia.3 The Obama-Xi summit in June 2013 produced an agreement for the United States and China to work together to combat global climate change by reducing the consumption and production of hydrofluorocarbons (HFCs),4 and Secretary of State John Kerry’s April 2013 visit to China produced an unprecedented stand-alone joint statement on climate change.5 China has also agreed to the establishment of a high-level working group on cybersecurity, although the two presidents appeared to make little progress on the issue in their June 2013 meetings. The United States charges that cyber intrusions into U.S. government and private networks “appear to be attributable directly to the Chinese government and military.”

#### That escalates and causes nuclear winter– improving relations is the only solution

Wittner 12

[Dr. Lawrence Wittner, Professor of History emeritus at SUNY/Albany,11/10/12, Huffington Post http://www.huffingtonpost.com/lawrence-wittner/nuclear-war-china\_b\_1116556.html)]

While nuclear weapons exist, there remains a danger that they will be used. After all, for centuries international conflicts have led to wars, with nations employing their deadliest weapons. The current deterioration of U.S. relations with China might end up providing us with yet another example of this phenomenon. The gathering tension between the United States and China is clear enough. Disturbed by China's growing economic and military strength, the U.S. government recently challenged China's claims in the South China Sea, increased the U.S. military presence in Australia, and deepened U.S. military ties with other nations in the Pacific region. According to Secretary of State Hillary Clinton, the United States was "asserting our own position as a Pacific power." But need this lead to nuclear war? Not necessarily. And yet, there are signs that it could. After all, both the United States and China possess large numbers of nuclear weapons. The U.S. government threatened to attack China with nuclear weapons during the Korean War and, later, during their conflict over the future of China's offshore islands, Quemoy and Matsu. In the midst of the latter confrontation, President Dwight Eisenhower declared publicly, and chillingly, that U.S. nuclear weapons would "be used just exactly as you would use a bullet or anything else." Of course, China didn't have nuclear weapons then. Now that it does, perhaps the behavior of national leaders will be more temperate. But the loose nuclear threats of U.S. and Soviet government officials during the Cold War, when both nations had vast nuclear arsenals, should convince us that, even as the military ante is raised, nuclear saber-rattling persists. Some pundits argue that nuclear weapons prevent wars between nuclear-armed nations; and, admittedly, there haven't been very many -- at least not yet. But the Kargil War of 1999, between nuclear-armed India and nuclear-armed Pakistan, should convince us that such wars can occur. Indeed, in that case, the conflict almost slipped into a nuclear war. Pakistan's foreign secretary threatened that, if the war escalated, his country felt free to use "any weapon" in its arsenal. During the conflict, Pakistan did move nuclear weapons toward its border, while India, it is claimed, readied its own nuclear missiles for an attack on Pakistan. At the least, though, don't nuclear weapons deter a nuclear attack? Do they? Obviously, NATO leaders didn't feel deterred, for, throughout the Cold War, NATO's strategy was to respond to a Soviet conventional military attack on Western Europe by launching a Western nuclear attack on the nuclear-armed Soviet Union. Furthermore, if U.S. government officials really believed that nuclear deterrence worked, they would not have resorted to championing "Star Wars" and its modern variant, national missile defense. Why are these vastly expensive -- and probably unworkable -- military defense systems needed if other nuclear powers are deterred from attacking by U.S. nuclear might? Of course, the bottom line for those Americans convinced that nuclear weapons safeguard them from a Chinese nuclear attack might be that the U.S. nuclear arsenal is far greater than its Chinese counterpart. Today, it is estimated that the U.S. government possesses over 5,000 nuclear warheads, while the Chinese government has a total inventory of roughly 300. Moreover, only about 40 of these Chinese nuclear weapons can reach the United States. Surely the United States would "win" any nuclear war with China. But what would that "victory" entail? An attack with these Chinese nuclear weapons would immediately slaughter at least 10 million Americans in a great storm of blast and fire, while leaving many more dying horribly of sickness and radiation poisoning. The Chinese death toll in a nuclear war would be far higher. Both nations would be reduced to smoldering, radioactive wastelands. Also, radioactive debris sent aloft by the nuclear explosions would blot out the sun and bring on a "nuclear winter" around the globe -- destroying agriculture, creating worldwide famine, and generating chaos and destruction. Moreover, in another decade the extent of this catastrophe would be far worse. The Chinese government is currently expanding its nuclear arsenal, and by the year 2020 it is expected to more than double its number of nuclear weapons that can hit the United States. The U.S. government, in turn, has [plans](http://www.guardian.co.uk/world/2011/oct/30/nuclear-powers-weapons-spending-report" \t "_hplink) to spend hundreds of billions of dollars "modernizing" its nuclear weapons and nuclear production facilities over the next decade. To avert the enormous disaster of a U.S.-China nuclear war, there are two obvious actions that can be taken. The first is to get rid of nuclear weapons, as the nuclear powers have agreed to do but thus far have resisted doing. The second, conducted while the nuclear disarmament process is occurring, is to improve U.S.-China relations. If the American and Chinese people are interested in ensuring their survival and that of the world, they should be working to encourage these policies.

# Case

## Solvency

#### War is possible, maybe even likely, and will cause extinction.

#### Prefer specific scenarios- we isolate specific scenarios where conflict could break out. Prefer that to their blanket claims about war all over the world.

#### 2. War causes structural violence

**Schnabel 7** (Albrecht, Senior Research Fellow at Swiss peace and a Lecturer in International Organizations and Conflict Management at the University of Bern Institute of Political Science, “The human security approach to direct and structural violence” http://www.sipri.org/yearbook/2008/files/SIPRIYB0802C.pdf) CH

**Among the causes of insecurity, armed violence is a factor of unique significance because it: (a) causes human insecurity and prevents the adequate provision of human security through its debilitating direct and indirect effects; (b) acts as an accelerator of human insecurity, with knock-on effects that increase the negative impact of existing levels of violence and harm; and (c) is often the articulation of underlying, protracted and unresolved structural violence and thus an indicator of societal and political instability. Armed violence is a highly visible pointer to the long overdue necessity of addressing structural violence and its manifestations.**

#### 2. Great power rivalry makes war likely

Miller 11

(Paul Miller, asst. professor of international security studies at the National Defense University, 12/16/11, http://shadow.foreignpolicy.com/posts/2011/12/16/how\_dangerous\_is\_the\_world\_part\_ii)

Some scholars are unimpressed with the supposed threats from Russia and China. The end of the Cold War led to a plethora of theories that conventional war was dead, great power conflict was over, competition would take place through trade instead of war, the "end of history" had come, the face of war would be "new" war or a "war amongst the people," while the state was dead and non-state actors would define world politics. These fads have led most commentators to vastly under-appreciate the persistence of the old fashioned, conventional, state-centric threat that has defined world politics for centuries: great power rivalry. Even if the world is changing in the ways the new-fangled theories claim (and I think those changes are overstated), it is changing much more slowly than critics appreciate. Russia and China remain massive, powerful, and hostile to U.S. interests-like they were during the Cold War. The "Cold War," after all, was just a name given to typical great power relations in an atypically bipolar environment. What was unique was not the global-chessboard contest, the mutual suspicion and hostility, and the division of the world into spheres of influence. Those features tend to characterize great power relations in any era of history. What made the Cold War distinct was the presence of only two major powers and the ideological dimension to the contest. In the post-Cold War world, the sharp ideological divide has been dampened, but suspicion and competition among big states remains a permanent and dangerous feature of world politics.

#### 3. Even a limited nuclear war turns their impacts and causes extinction- most recent evidence flows neg

Starr 12

[Steven Starr - Director of the Clinical Laboratory Science Program at the University of Missouri-Columbia, Associate member of the Nuclear Age Peace Foundation, has been published by the Bulletin of the Atomic Scientists, his writings appear on the websites of the Nuclear Age Peace Foundation, the Moscow Institute of Physics and Technology Center for Arms Control, Energy and Environmental Studies, Scientists for Global Responsibility, and the International Network of Scientists Against Proliferation, “What is nuclear darkness?,” <http://www.nucleardarkness.org/web/whatisnucleardarkness/>]

In a nuclear war, burning cities would create millions of tons of thick, black smoke. This smoke would rise above cloud level, into the stratosphere, where it would quickly spread around the planet. A large nuclear war would produce enough smoke to block most sunlight from reaching the Earth's surface. Massive absorption of warming sunlight by a global stratospheric smoke layer would rapidly create Ice Age temperatures on Earth . The cold would last a long time; NASA computer models predict 40% of the smoke would still remain in the stratosphere ten years after a nuclear war. Half of 1% of the explosive power of US-Russian nuclear weapons can create enough nuclear darkness to impact global climate. 100 Hiroshima-size weapons exploded in the cities of India and Pakistan would put up to 5 million tons of smoke in the stratosphere . The smoke would destroy much of the Earth's protective ozone layer and drop temperatures in the Northern Hemisphere to levels last seen in the Little Ice Age. Shortened growing seasons could cause up to 1 billion people to starve to death. A large nuclear war could put 150 million tons of smoke in the stratosphere and make global temperatures colder than they were 18,000 years ago during the coldest part of the last Ice Age. Killing frosts would occur every day for 1-3 years in the large agricultural regions of the Northern Hemisphere. Average global precipitation would be reduced by 45%. Earth's ozone layer would be decimated. Growing seasons would be eliminated. A large nuclear war would utterly devastate the environment and cause most people to starve to death . Deadly climate change, radioactive fallout and toxic pollution would cause already stressed ecosystems to collapse. The result would be a mass extinction event that would wipe

#### 4. Interdependence and growth don’t check

Antov 11 (Michael Antov, Department of Political Science at Duke University, “Economic Interdependence and International Conflict: The Implications of Membership in International Economic, Financial, and Monetary Organizations and Multilateral Preferential Trade Agreements”, December 15th, 2011, <http://dukespace.lib.duke.edu/dspace/bitstream/handle/10161/5095/2011-12-15%20Milen%20Antov%20Senior%20Thesis.pdf?sequence=1>)

In contrast to the liberal arguments, realists have argued that in an anarchic world in which states are solely concerned with preserving their existence, the more interactions among states there are, the higher the likelihood of conflict (Mearsheimer, 1995). That is, economic interdependence provides yet another potential interstate asymmetry and is thus a reason for conflict initiation. Most notably in the economic interdependence – conflict debate, Katherine Barbieri’s empirical tests have shown that bilateral trade increases the probability of MIDs (militarized interstate disputes). (1996, 2001, 2002). Her central claim is that, “rather than inhibiting conflict, extensive economic interdependence increases the likelihood that dyads will engage in militarized interstate disputes” (1996: 29). Barbieri recognizes that low to moderate degrees of interdependence may reduce the likelihood of conflict, but she argues that, the more extensive the linkages become, the more likely interdependence will have the opposite effect. As Maoz points out, another powerful realist theory is that states’ strategic interests matter more than economic interdependence does – countries can be economically interdependent and still fight over non-economic interests (2009). Realists have focused on the causes of war and “have emphasized the conflictual aspects of international transactions whereas liberals clearly emphasize the beneficial aspects. From this different starting point, realists come to the conclusion that [economic] interdependence either increases the likelihood of war or is not related to war initiation” (McMillan, 1997: 40). Moreover, it should be noted that realists are above all concerned with war (in terms of armed conflict with at least 25 battle-related deaths or other much higher death thresholds), while liberals have considered a diversity of conflict types, primarily focusing on MIDs.

#### \*\*Utilitarianism is the only moral framework and alternatives are contradictory

Nye, 86

(Joseph S. 1986; Phd Political Science Harvard. University; Served as Assistant Secretary of Defense for International Security Affairs; “Nuclear Ethics” pg. 18-19)

The significance and the limits of the two broad traditions can be captured by contemplating a hypothetical case.34 Imagine that you are visiting a Central American country and you happen upon a village square where an army captain is about to order his men to shoot two peasants lined up against a wall. When you ask the reason, you are told someone in this village shot at the captain's men last night. When you object to the killing of possibly innocent people, you are told that civil wars do not permit moral niceties. Just to prove the point that we all have dirty hands in such situations, the captain hands you a rifle and tells you that if you will shoot one peasant, he will free the other. Otherwise both die. He warns you not to try any tricks because his men have their guns trained on you. Will you shoot one person with the consequences of saving one, or will you allow both to die but preserve your moral integrity by refusing to play his dirty game? The point of the story is to show the value and limits of both traditions. Integrity is clearly an important value, and many of us would refuse to shoot. But at what point does the principle of not taking an innocent life collapse before the consequentialist burden? Would it matter if there were twenty or 1,000 peasants to be saved?What if killing or torturing one innocent person could save a city of 10 million persons from a terrorists' nuclear device? At some point does not integrity become the ultimate egoism of fastidious self-righteousness in which the purity of the self is more important than the lives of countless others? Is it not better to follow a consequentialist approach, admit remorse or regret over the immoral means, but justify the action by the consequences? Do absolutist approaches to integrity become self-contradictory in a world of nuclear weapons? "Do what is right though the world should perish" was a difficult principle even when Kant expounded it in the eighteenth century, and there is some evidence that he did not mean it to be taken literally even then. Now that it may be literally possible in the nuclear age, it seems more than ever to be self-contradictory.35 Absolutist ethics bear a heavier burden of proof in the nuclear age than ever before.

## Poverty

#### We solve their structural violence claims and agree that its bad, we’re not excluding it. We solve it by stopping war, which is the root cause. In Iraq when we were with war in them, there was more structural violence.

#### They don’t access global spillover specifically because aff fails because its not a question of telling Mexico to get information on who launders. We know who is doing the laundering, but the US doesn't prosecute them, they only levee small fines because of the white mindset which has allowed corporations to take over politics.

Dylan **Murphy**, 13 May 20**13** Money Laundering and The Drug Trade: The Role of the Banks. The Center for research on Globalisation

Mexico is in the grip of a murderous drug war that has killed over 150,000 people since 2006. It is one of the most violent countries on earth. This drug war is a product of the transnational drug trade which is worth up to $400 billion a year and accounts for about 8% of all international trade.¶ The American government maintains that there is no alternative but to vigorously prosecute their zero tolerance policy of arresting drug users and their dealers. This has led to the incarceration of over 500,000 Americans. Meanwhile the flood of illegal drugs into America continues unabated.

One thing the American government has not done is to prosecute the largest banks in the world for supporting the drug cartels by washing billions of dollars of their blood stained money. As Narco sphere journalist [Bill Conroy has observed](http://narcosphere.narconews.com/notebook/bill-conroy/2012/12/banks-are-where-money-drug-war" \t "_blank) banks are ”where the money is” in the global drug war. HSBC, Western Union, Bank of America, JP Morgan Chase&Co, Citigroup, Wachovia amongst many others have allegedly failed to comply with American anti-money laundering (AML) laws. The Mexican drug cartels have caught the headlines again and again due to their murderous activities. The war between the different drug cartels and the war between the cartels and government security forces has spilled the blood of tens of thousands of innocent people. The drug cartels would find it much harder to profit from their murderous activity if they didn’t have too big to fail banks willing to wash their dirty money.

In March 2010 Wachovia cut a deal with the US government which involved the bank being given fines of $160 million under a ”deferred prosecution” agreement. This was due to Wachovia’s heavy involvement in money laundering moving up to $378.4 billion over several years. Not one banker was prosecuted for illegal involvement in the drugs trade. Meanwhile small time drug dealers and users go to prison. If any member of the public is caught in possession of a few grammes of coke or heroin you can bet your bottom dollar they will be going down to serve some hard time. However, if you are a bankster caught laundering billions of dollars for some of the most murderous people on the planet you get off with a slap on the wrist in the form of some puny fine and a deferred prosecution deal. Charles A. Intriago, president of the Miami-based [Association of Certified Financial Crime Specialists](http://www.acfcs.org/category/about-us/" \t "_blank) has [observed](http://narcosphere.narconews.com/notebook/bill-conroy/2012/12/banks-are-where-money-drug-war" \t "_blank), “… If you’re an individual, and get caught, you get hammered. “But if you’re a big bank, and you’re caught moving money for a terrorist or drug dealer, you don’t have to worry. You just fork over a monetary penalty, and then raise your fees to make up for it. “Until we see bankers walking off in handcuffs to face charges in these cases, nothing is going to change,” Intriago adds. “These monetary penalties are just a cost of doing business to them, like paying for a new corporate jet.” This failure on the behalf of the US government to really crack down on the finances of the drug cartels extends to British banks as well. In July 2012 the US Senate Committee on Homeland Security and Governmental Affairs issued a 339 [page report](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank) detailing an amazing catalogue of ”criminal ” behaviour by London based HSBC. This includes washing over $881 for the Mexican Sinaloa Cartel and for the Norte del Valle Cartel in Colombia. Besides this, HSBC affiliated banks such as HBUS repeatedly broke American AML laws by their long standing and severe AML deficiencies which allowed Saudi banks such as Al Rajhi to finance terrorist groups that included Al-Qaeda. HBUS the American affiliate of H[SBC supplied](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank) Al Rajhi bank with nearly $1 billion in US dollars. [Jack Blum](https://leaksource.wordpress.com/2013/02/14/how-hsbc-hooked-up-with-drug-traffickers-and-terrorists-and-got-away-with-it/" \t "_blank) an attorney and former Senate investigator has commented, “They violated every goddamn law in the book. They took every imaginable form of illegal and illicit business.” HSBC affiliate HBUS was repeatedly instructed to improve its anti-money laundering program. In 2003 the Federal Reserve Bank of New York took enforcement action that called upon HBUS to improve its anti-money laundering program. In September 2010 the Office of Comptroller of the Currency (OCC) sent a,”blistering supervisory letter” to HBUS listing numerous AML problems at the bank.

In October 2010 this was followed up with the OCC issuing a cease and desist order requiring HBUS to improve its AML program a second time. Senator Carl Levin chairman of the Senate investigation into HSBC has [commented](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank) that ,”HSBC’s Chief Compliance Officer and other senior executives in London knew what was going on, but allowed the deceptive conduct to continue.” Let us look at just a couple of the devastating findings in the [Senate report](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank). The main focus of the report is the multiple failures of HSBC to comply with AML laws and regulations: ”The identified problems included a once massive backlog of over 17,000 alertsidentifying possible suspicious activity that had yet to be reviewed; ineffective methods foridentifying suspicious activity; a failure to file timely Suspicious Activity Reports with U.S. law enforcement; … a 3-year failure by HBUS [a HSBC affiliate] , from mid-2006 to mid-2009, to conduct any AML monitoring of $15 billion in bulk cash transactions … a failure to monitor $60 trillion in annual wire transfer activity bycustomers …inadequate andunqualified AML staffing; inadequate AML resources; and AML leadership problems. Since many of these criticisms targeted severe, widespread,and long standing AML deficiencies,…..”The [report](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank) catalogues in great detail the failings of HSBC affiliates HBUS in America and HMEX in Mexico:”from 2007 through 2008, HBMX was the single largest exporter ofU.S. dollars to HBUS, shipping $7 billion in cash to HBUS over two years, outstripping larger Mexican banks and other HSBC affiliates. Mexican and U.S. authorities expressed repeated concern that HBMX’s bulk cash shipments could reach that volume only if they included illegal drug proceeds. The concern was that drug traffickers unable to deposit large amounts of cash in U.S. banks due to AML controls were transporting U.S. dollars to Mexico, arranging for bulk deposits there, and then using Mexican financial institutions to insert the cash back into the U.S. financial system. … high profile clients involved in drug trafficking; millions of dollars in suspicious bulk travelers cheque transactions; inadequate staffing and resources; and a huge backlog of accounts marked for closure due to suspicious activity, but whose closures were delayed.”In the [Senate hearing on 17 July](http://www.hsgac.senate.gov/subcommittees/investigations/hearings/us-vulnerabilities-to-money-laundering-drugs-and-terrorist-financing-hsbc-case-history" \t "_blank) 2012 Carl Levin Chairman of the Committee on Homeland Security and Governmental Affairs explained how HMEX helped the Mexican drug cartels:”Because our tough AML laws in the United States have made it hard for drug cartels to find a U.S. bank willing to accept huge unexplained deposits of cash, they now smuggle U.S. dollars across the border into Mexico and look for a Mexican bank or casa de cambio willing to take the cash. Some of those casas de cambios had accounts at HBMX. HBMX, in turn, took all the physical dollars it got and transported them by armored car or aircraft back across the border to HBUS for deposit into its U.S. banknotes account, completing the laundering cycle.”Senator Levin went on to note how:”Over two years, from 2007 to 2008, HBMX shipped $7 billion in physical U.S. dollars to HBUS. That was more than any other Mexican bank, even one twice HBMX’s size. When law enforcement and bank regulators in Mexico and the United States got wind of the banknotes transactions, they warned HBMX and HBUS that such large dollar volumes were red flags for drug proceeds moving through the HSBC network.”In December 2012 the Department of Justice cut a deal with HSBC which imposed a record $1.9 billion dollar fine. It may sound a lot to ordinary folks but it is a tiny fraction of its annual profits which in 2011 totalled $22 billion. Assistant Attorney General Lanny Bauer announced the settlement at a press conference on 11 December 2012. His comments reveal why the US government decided to go soft on such criminal behaviour and show quite clearly how there is one law for the richest 1% and one law for the rest of us. [Lenny Bauer said](https://leaksource.wordpress.com/2013/02/14/" \t "_blank): ”Had the U.S. authorities decided to press criminal charges, HSBC would almost certainly have lost its banking license in the U.S., the future of the institution would have been under threat and the entire banking system would have been destabilized.”Think about that statement for a moment. A bank that has quite clearly been caught out helping murderous drug criminals, terrorist groups, third world dictatorships and all sorts of criminal characters is to be let off with a slap on the wrist. No criminal prosecutions or even a mention of criminal behaviour due to the fears that to do so would put the world economy in jeopardy. So there you have it. Banksters who engage in such behaviour that is regarded as criminal by the vast majority of people on the planet are not only too big to fail they are also too big to jail. After the Department of Justice announcement of the deferred prosecution HSBC Chief Executive [Stuart Gulliver said](http://www.philstar.com/breaking-news/2012/12/12/885200/hsbc-pay-1.9b-settle-money-laundering-case" \t "_blank), “We accept responsibility for our past mistakes. We have said we are profoundly sorry for them, and we do so again.” Such statements will provide little solace to the families of the 150,000 people estimated by US Secretary of Defence Leon Panetta to have been killed in Mexico’s drug war. Nor will it help the hundreds of thousands of Mexican citizens who have been forced to flee their homes and escape the violence by going to the United Sates or moving to other parts of Mexico. Senator Elizabeth Warren appearing at a meeting of the Senate Banking Committee in February [expressed frustration](http://www.ianfraser.org/hsbcs-drugs-money-laundering-settlement-a-mockery-of-justice-says-sen-warren/" \t "_blank) with officials from the US Treasury Department and US Federal Reserve over the issue of why criminal charges were not pressed on HSBC or any of its officials. The officials were evasive when she tried to draw them on the issue of what it takes for a bank to have its licence withdrawn: ”HSBC paid a fine, but no one individual went to trial, no individual was banned from banking, and there was no hearing to consider shutting down HSBC’s activities here in the United States. So, what I’d like is, you’re the experts on money laundering. I’d like an opinion: What does it take — how many billions do you have to launder for drug lords and how many economic sanctions do you have to violate — before someone will consider shutting down a financial institution like this?” Senator Warren finished the session by [commenting](http://www.ianfraser.org/hsbcs-drugs-money-laundering-settlement-a-mockery-of-justice-says-sen-warren/" \t "_blank) on the glaring double standards within the US justice system:

“You know, if you’re caught with an ounce of cocaine, the chances are good you’re going to go to jail. If it happens repeatedly, you may go to jail for the rest of your life. But evidently, if you launder nearly a billion dollars for drug cartels and violate our international sanctions, your company pays a fine and you go home and sleep in your own bed at night, every single individual associated with this. I think that’s fundamentally wrong.” On 4 March 2013 HSBC announced profits of $20.6 billion in 2012 while it paid out a $3 million bonus to its CEO. This outrageous state of affairs beggars belief after HSBC has been clearly caught out engaging in activity on behalf of murderous drug lords, terrorist financing banks and brutal third world dictatorships. Where is the British Government’s condemnation of HSBC? You may be waiting a long time for that considering the fact that Chancellor George Osborne and his fellow ministers are intimately connected to the British banking elite. Long time observer of the Mexican drug war Bill Conroy [comments](http://narcosphere.narconews.com/notebook/bill-conroy/2012/12/banks-are-where-money-drug-war" \t "_blank) that the deal cut with HSBC by the Department of Justice, ”should illuminate for all the great pretense of the drug war — no matter how hard US prosecutors, via the mainstream media, attempt to convince us otherwise. …And it should lead us to conclude, if we are honest with ourselves, that the so-called drug war is little more than one immense “drug deal.

#### We control uniqueness – all indicators of human well being are increasing

Goklany, 04

Property and Environment Research Center, Julian Simon Fellow, Ph.D. in Electrical Engineering, Former Chief of Technical Assessment Division at National Commission on Air Quality (Indur, “It’s Getting Better”, Ed. Terry Anderson, http://members.cox.net/igoklany/Economic%20Growth%20Tech%20Change%20and%20Human%20Well-being%202004.pdf, KONTOPOULOS)

With this Neo-Malthusian vision of the future, the Global 2000 Report to the President (Barney 1980) began a chilling description of the problems that lay ahead for the world unless radical changes were made. Fifteen years later, Julian Simon (1995) quoted these words in his introduction to the monumental collection of essays, The State of Humanity. The point of that book, which Simon also edited, was to determine whether trends in human well-being and environmental quality were in accord with a Neo-Malthusian world view. PERC POLICY SERIES 2 **The State of Humanity, in fifty-eight chapters by more than fifty scholars, documented the tremendous strides in human wellbeing** over the centuries, as well as trends in natural resource use and environmental quality. Based on these discussions, Simon (1995, 1) wrote: **“Our species is better off in just about every measurable material way.”** Yet today anxiety about the future continues. Calls to restructure our economy to avoid the pending insurmountable problems are typical. “The challenge facing the entire world is to design an economy that can satisfy the basic needs of people everywhere without self-destructing,” said Lester Brown (1998, 4), president of World Watch Institute in 1998. This paper is a conscious effort to emulate, build upon, and update the work of Julian Simon and to provide empirical data to help evaluate the heated rhetoric of Lester Brown and other Neo- Malthusian alarmists. While no one can confidently predict the future, it is possible to scrutinize the past and present to determine the current state of humanity and identify which factors have helped, and which hindered, progress. Thus, the goal of this much smaller paper is to collect in a convenient and portable volume the historical trends for indicators that are widely used to illustrate human welfare. **These trends are presented not only across time, but, where data are available, across countries with different levels of economic development. In some cases, the data go back to when modern economic growth began— around 1800** (see Maddison 1999). This paper will address whether and to what extent modern economic growth has improved humanity’s lot, using the following indicators. Available food supplies per capita. Having sufficient food is the first step to a healthy society. It enables the average person to live a productive life, while hunger and undernourishment retard education and the development of human capital, slowing down technological change and economic growth. Life expectancy. To most people, this is the single most valuable indicator of human well-being. Longer life expectancy is also generally accompanied by an increase in disability free years. Infant mortality. Throughout history, high levels of death in early childhood have produced enormous sorrow, reduced population growth, and lengthened the time spent by women in child-bearing. Economic development. Gross domestic product (GDP) per capita is a measure of people’s income. Thus, it measures the wealth or level of economic development of a country. While wealth is not an end in itself, it indicates how well a nation can achieve the ends its people desire, from greater availability of food, safe water, and sanitation to higher levels of education and health care. Education. While education is an end in itself, it also adds to human capital and can accelerate the creation and diffusion of technology. Education (particularly of women) helps to spread knowledge about nutrition and public health practices. Political rights and economic freedom. The ability to conduct one’s life creatively and productively usually depends on having political rights and economic freedom. They are critical to maintaining liberty and the pursuit of happiness, which are among the inalienable rights of human beings. A composite human development index. Using an approach similar to that employed in the United Nations Development Program (UNDP), this index combines indicators for life expectancy, education, and per capita income.1 After examining trends in the above indicators, this paper will address whether differences in human well-being have widened between developed and developing countries and whether urban residents fare worse than rural residents. Finally, it will discuss the factors that appear to be responsible for the remarkable cycle of progress that has accompanied modern economic growth. HUNGER AND UNDERNOURISHMENT Concerns about the world’s ability to feed its burgeoning population have been around at least since Thomas Malthus’s “Essay on the Principle of Population” two hundred years ago. Several Neo-Malthusians of the twentieth century confidently predicted apocalyptic famines in the latter part of the century in the developing countries (Ehrlich 1968; Paddock and Paddock 1967). But **even though the world’s population is the largest it has ever been, the average person has never been better fed. Since 1950, the global population has increased by 90 percent, increasing the demand for food, but at the same time the real price of food commodities has declined 75 percent** (Mitchell and Ingco 1993; World Resources Institute 1998). **Greater agricultural productivity and international trade have made this possible** (Goklany 1998). As a result, **average daily food supplies per person increased 24 percent globally from 1961–98**, as indicated by Table 1. **The increase for developing countries was even larger**, 38 percent. The Food and Agriculture Organization (1996a) estimates the minimum daily energy requirement for maintaining health and body weight and engaging in light physical activity to be between 1,720 and 1,960 Calories (properly, kilocalories) per person per day. Adding to this threshold an allowance for moderate activity results in an estimate of the national average requirement from 2,000 to 2,310 Calories per person per day. (This assumes equal food provisions are likely to be equally available to the population.) **The improvements in India and China since the middle of the twentieth century are especially remarkable.** By 1998, China’s food supplies had gone up 82 percent from a barely subsistence level of 1,636 Calories per person per day in 1961. India’s food supplies went up 51 percent from 1,635 Calories per person per day in 1950– 51. Between 1969–71 and 1995–97 such increases in food supplies reduced the number of chronically undernourished people in developing countries from 920 million to less than 800 million (or from 35 percent to 19 percent of their population) despite a 70 percent growth in population (FAO 1996b, 1999). Figure 1, **based on cross-country data for 1961 and 1994 from the World Resources Institute** (1998), **shows that available food supplies per capita per day increase with GDP per capita** as well as with time. To better illustrate the change in food supplies for low income people, the scale on the graph ends at a GDP per capita of $10,000 (in 1995 dollars).2 The upward slope for each year probably reflects the fact that **the wealthier the country, the greater its ability to Afford more productive technologies to increase crop yields or purchase food in the global market.** The upward shift of the available food supply curve through time is consistent with the fact that increases in food production outpaced population growth, largely due to technological change (Goklany 1998). As a result, the real global price of food commodities declined 75 percent since 1950 (Mitchell and Ingco 1993; World Resources Institute 1998), making more food available for people in the lower rungs of the economic ladder. LIFE EXPECTANCY **Life expectancy at birth is probably the single most important indicator of human well-being. For much of human history, life expectancy was between 20 to 30 years** (Preston 1995). **By 1998 it had increased to 66.9 years** worldwide (UNDP 2000), as Table 2 indicates. For **the wealthiest group of nations**, the Organization for Economic and Co-operative Development (OECD), **life expectancy** at birth **was 76.4 years** in 1998. Life expectancy in the countries that are developed today fluctuated in the early nineteenth century, followed by small declines in the middle two quarters of the nineteenth century. Then, with a few notable exceptions and some minor fluctuations, it began a sustained improvement that continues to this day. In England and Wales, life expectancy was 35.9 years in 1801. After some ups and downs, it increased to 40.8 years in 1831 but then declined to 39.5 in 1851. After further fluctuations in the range of 40.2 to 41.2 years, it has been climbing since 1871 (Floud and Harris 1997, 116). The same broad pattern seems to fit the United States from the 1850s to the present, with steady improvements from 1880 on (Haines 1994). The nineteenth century fluctuations were probably due to a combination of factors. Urbanization, ignorance of germs, and poor sanitation helped spread infectious and parasitic diseases such as cholera, smallpox, malaria, tuberculosis, and typhoid. Once solutions to these diseases were identified—in some cases before understanding their causes—nations cleaned up their water supplies and instituted basic public health measures, such as sanitation, pasteurization, and vaccination. Mortality rates dropped rapidly in the late nineteenth and early twentieth century. Then, in the first half of the twentieth century, antibiotics, pesticides such as DDT, and an array of vaccines were added to the arsenal of weapons against disease. **Once the traditional infectious and parasitic diseases were essentially conquered, the developed countries turned to dealing with so-called diseases of Affluence: cancer, heart diseases and strokes** (plus HIV/AIDS, a nontraditional infectious disease). During the second half of the twentieth century, **the diffusion of technology from the developed to developing countries, as well as greater wealth in the developing countries, increased access to safe water and sanitation services in developing countries.** This is shown, for example, in Figure 2.3 Such access, coupled with increases in per capita food supplies (see Table 1 and Figure 1), basic public health services, and the newer weapons such as antibiotics reduced mortality rates (see, for example, Table 3). As a result, life expectancies lengthened worldwide, not just in the richest nations. Figure 3 shows that **life expectancy increases as GDP per capita increases, using data for 1962, 1980, and 1997. Average global life expectancy increased from 55.0 to 66.7 years between 1962 and 1997** (World Bank 1999), **as technology, including knowledge, was diffused around the world.** A country with a GDP per capita of $300 per year would have increased its citizens’ average life expectancy from 44.7 years in 1962 to 55.0 in 1997.4 Figure 3 also suggests that developing countries may have higher life expectancies than did the developed countries at equivalent levels of income. This, indeed, is the case for China and India, countries once synonymous with poverty and wretchedness. In 1913 when the United States had a GDP per capita of $5,305 (in 1990 dollars),5 life expectancy at birth was 52.5 years (Bureau of the Census 1975). In 1995, when China and India had GDP per capita of a mere $2,653 and $1,568 respectively (also in 1990 dollars), they had life expectancies of approximately 69 and 62 years (World Bank 1999).

## Trafficking

#### War causes structural violence, not the other way around

Goldstein ’01

(Joshua S. Goldstein (professor of International Relations at American University, Washington D.C. He is the author of a broad range of research works on international conflict, cooperation, and political economy, with a central focus on great-power relations and world order.) 2001 War and Gender: How Gender Shapes the War System and Vice Versa. Cambridge University Press. pp. 412)

First, peace activists face a dilemma in thinking about causes of war and working for peace. **Many peace scholars and activists support the approach, “if you want peace, work for justice.” Then, if one believes that sexism contributes to war, one can work for gender justice specifically (perhaps among others) in order to pursue peace. This approach** brings strategic allies to the peace movement (women, labor, minorities), but **rests on the assumption that injustices cause war**. The **evidence** in this book **suggests that causality runs at least as strongly the other way. War is not a product of capitalism, imperialism, gender, innate aggression, or any other single cause, although these influence wars’ outbreaks and outcomes. Rather, war has in part fueled and sustained these and other injustices**. So, “**if you want peace, work for peace**.” Indeed, **if you want justice (gender and others), work for peace**. Causality does not run just upward through the levels of analysis, from types of individuals, societies, and governments up to war. It runs downward too. Enloe suggests that changes in attitudes towards war and the military may be the most important way to “reverse women’s oppression.” The dilemma is that peace work focused on justice brings to the peace movement energy, allies, and moral grounding, yet, in light of this book’s evidence, **the emphasis on injustice as the main cause of war seems to be empirically inadequate**.10

#### Aff focuses on the wrong aspects of trafficking – can’t solve the unintended consequences of legal policy

Christoffersen 09

Unintended Consequences: Understanding Human Trafficking in the United States Lyndsey Christoffersen University of California, Irvine http://digitalcommons.unl.edu/cgi/viewcontent.cgi?article=1004&context=humtraffconf

**The United States** also **acknowledges** that immigration policy impacts **trafficking** throughout the world. “Despite these countries’ reliance on foreign labor, stringent immigration provisions combined with a bias against foreign workers often create a structure conducive to trafficking in persons” (TIP, 2008, 31). While this argument is beginning made about countries **in the Middle East, it should also be applied to the United States. The U.S. is not acknowledging that its strict borders are aiding human traffickers. This denial is the political part of human trafficking. Governments focus on the evil individuals involved in the crime so that they do not have to acknowledge the unintended consequences of their policies. “References to the abuses conducted by individual actors** – brutal traffickers and exploitative employers – **obscures the importance of formal citizenship**/legal **status, and the role of the state in constructing vulnerability through denial of legal status**” (Anderson & Andrijasevic, 2008, 144). Second, U.S. immigration policy has few protections for migrants. “Immigration controls produce groups of people that are ‘deportable’ and hence particularly vulnerable to abuse”(Anderson & Andrijasevic, 2008, 144). **The focus on trafficking has allowed both the government and citizens to ignore abuse of migrants. While migrants have** some **legal recourse for abuse, most do not attempt it for fear of deportation** (Human Rights Watch, 2007). Additionally, **trafficking victims must prove that they were subjected to a severe form of trafficking** (TVPA, 2000). Basically, until and unless a migrant is trafficked, they are not going to receive any significant help. Not only is this abuse bad by itself, **it creates vulnerability to trafficking.** There is little legal recourse for exploited migrants, so they are forced into situations where they are more likely to be trafficked.

#### Isolating gender as the root cause of their impacts essentializes women and reinscribes patriarchy by putting men into a protector role

Tickner ’92

(J. Ann Tickner, Professor of International Relations at University of Southern California, 1992, “Gender in International Relations: Feminist Perspectives on Achieving Global Security,” p. 58-9, Google Books)

Building on the notion of hegemonic masculinity, the notion of the citizen-warrior depends on a devalued femininity for its construction. In international relations, this devalued femininity is bound up with myths about women as victims in need of protection; the protector protected myth contrib-utes to the legitimation of a militarized version of citizenship that results in unequal gender relations that can precipitate violence against women. **Certain feminists have called for the construction of an enriched version of citizenship that would depend less on military values and more on an equal recognition of women's contributions to society. Such a no-tion of citizenship cannot come about, however, until myths that perpetuate views of women as victims rather than agents are eliminated. One such myth is the association of women with peace, an association that has been invalidated through consider-able evidence of women's support for men's wars in many societies,' In spite of a gender gap, a plurality of women generally support war and national security policies;** Bernice Carroll suggests that **the association of women and peace is one that has been imposed on women by their disarmed condition. In the West, this association grew out of the Victorian ideology of women's moral superiority and the glorification of motherhood**. This ideal was expressed by feminist Charlotte Perkins Gilman whose book Herland was first serialized in The Forerunner in 1915. Gilman glorified women as caring and nurturing mothers whose private sphere skills could benefit the world at large.. Most turn-of-the-century feminists shared Gilman's ideas. But **if the implication of this view was that women were disqualified from participating in the corrupt world of political and economic power by virtue of their moral superiority, the result could only be the perpetuation of male dominance. Many contem-porary feminists see danger in the continuation of these essentializing myths that can only result in the perpetuation of women’s subordination and reinforce dualisms that serve to make men more powerful. The association of femininity with peace lends support to an idealized masculinity that depends on constructing women as passive victims in need of protection**. It also contributes to the claim that women are naive in matters relating to international polities. An en-riched, less militarized notion of citizenship cannot be built on such a weak foundation.